



OVERVIEW

MAIN FEATURES OF THE PROPOSED HIWLP TRANSMISSION LINE LEASE

The lease for the HIWLP Transmission Line won't be created unless the package of four new Land Laws is ratified by the eligible voters. This overview sets out the main features which will likely be included in the lease, and is not part of the ratification vote – it is subject to change and is provided for your information only.

The Lease: The Lease is a legal document granted by the First Nation pursuant to its authority under the *First Nations Land Management Act* and its Land Code. The Lease provides the project proponent, **Henvey Inlet Wind LP**, with the legal rights necessary to build, operate, and decommission the portion of the transmission line which is to be located on Shawanaga First Nation Lands. The following is a summary of the basic terms of the Lease.

Landlord: Shawanaga First Nation, by its duly elected Band Council.

Tenant: Henvey Inlet Wind LP (by its general partner, Henvey Inlet Wind GP Inc.). This is a limited partnership owned on a 50/50 basis by Pattern Development and Nigig Power Corporation (wholly owned by Henvey Inlet First Nation). If the wind project and transmission line are ever sold or transferred to another company, this company would be fully obligated for all responsibilities under the Lease.

Leasehold Interest and Term: The Lease creates a leasehold interest in a portion of the Reserve which will be delineated and identified by an Canada Land Surveyor. The Lease does not give the Tenant ownership of any lands in the Reserve (and lenders of the Tenant would have no claim to ownership of any lands in the Reserve). The only rights the Tenant has in the reserve are temporary rights to use and occupy the Leased Lands for the purposes of the transmission project. The Tenant will have the right to construct and operate the transmission works, including temporary access roads to and from the system. All of the Tenant's use of the Leased Lands will be governed by an environmental permitting and protection regime that will be put in place and enforced by the First Nation, pursuant to the Land Code.

The Lease is set for an initial term of approximately twenty-two years – approximately two years for pre-construction activity, followed by twenty years, starting from the commercial operations date of the Henvey Inlet Wind project, for the transmission of power. This is the same term as the Project's power purchase agreement (or "FIT Contract") with the Ontario government.

At the end of the initial term, the Tenant has the option to renew the lease for up to five additional years while seeking a new power purchase agreement. If a new power purchase agreement is obtained, the Tenant can renew the lease for up to an additional 22 years – two years for refurbishing and 20 years for the transmission of power. The total of the initial term and all possible renewals is 47 years.

Environmental Responsibilities and Decommissioning: The Tenant is fully responsible for compliance with all environmental laws that apply on the Reserve, including the Band's



environmental regime pursuant to the Land Code, and Federal Species At Risk requirements. The Tenant will be responsible for remediating the land to the same or better environmental condition which existed at the commencement of the Lease, which will be verified by pre- and post- studies conducted by independent professionals.

The Tenant is responsible for removing and decommissioning the transmission system at the conclusion of the Lease, according to decommissioning standards which will be agreed to between the Landlord and the Tenant. The Tenant will agree to post a performance bond or similar cash security to ensure these obligations are met.

Tenant's Financing / Land Code Exemptions: A critical component of Henvey Inlet's success in completing the wind and transmission project is the successful financing of the project through a club of Canadian and international lending institutions. The lenders will take a security interest, similar to a mortgage, in the Tenant's leasehold interest in the Leased Lands. The lenders will be entitled to enforce its security to assume control / ownership of the transmission works and the lease, but the lenders will not have any rights to claim control or ownership of any of the Reserve lands.

In connection with the financing and the Tenant's investment in the project, certain components of the Land Code will require exemption for the purposes of the Lease. These exemptions are explained in the Summary of Draft Land Law 2017/18-002: First Amendment to the Shawanaga First Nation Land Code.

Other Terms and Conditions: The Lease also contains the following provisions which may be of interest to Members:

- The Tenant is obligated to maintain comprehensive insurance for the life of the project;
- The Landlord can place the Tenant in default of the Lease for failure to pay rents or perform other covenants and obligations under the Lease, subject to reasonable cure periods;
- The Landlord and the Tenant agree that the Lease will be governed by Ontario laws (even though Ontario laws would not normally apply with respect to the Reserve) and contractual disputes under the Lease would be heard in Ontario courts;
- The Landlord will agree that for the life of the Lease it will not use its governmental powers in a way that would interfere with or result in some other adverse or discriminatory action against the Project;
- The Lease will not prevent Members from making use of the leased lands for their accustomed uses. Usage by the Members at or near the transmission system will be at their own risk and will be subject to strict safety requirements, including requirements regarding the usage of firearms, in order to ensure the safety of Members and of people working with the transmission system.

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