



LAND LAW 2017/18-004

SPECIAL LEASE TERMS FOR THE HIWLP TRANSMISSION LINE LEASE

Subject to ratification of this Land Law by the Eligible Voters, the Council of Magnetawan First Nation shall have authority to create and grant a leasehold interest in Magnetawan First Nation Land for the Henvey Inlet Wind LP Transmission Line (the "Transmission Line Lease") which includes the following terms or features:

1. The effect of the development authorized by the Transmission Line Lease on heritage sites and environmentally sensitive property shall not exceed the terms of an Environmental Permit to be issued by Council.
2. The rate and criteria for the payment of fees or rent, or other compensation, set out in the Lease Compensation Term Sheet attached as Schedule "A" to this Land Law.
3. The term of the lease, inclusive of renewals and extensions, may exceed 25 years but shall not exceed 47 years, and the renewals, extensions and dispositions of the lease or any interests therein authorized by the lease's terms shall not require further community approval.

[End]

SCHEDULE “A” LEASE COMPENSATION TERM SHEET

The compensation that has been negotiated takes into account that the transmission line will traverse reserve lands and traditional lands subject to treaty and aboriginal rights, including the duty to consult and accommodate. The compensation payable to each of Magnetawan and Shawanaga First Nations for the Henvey transmission project shall be comprised of the following:

- 1) Lump Sum Payment: A one-time, lump-sum payment of \$1,000,000.00 shall be paid on the date that the Tenant starts construction on the Reserve. This payment shall be accommodation for impact on aboriginal and treaty rights in the traditional lands and consideration for the period between the Commencement of Construction and the Commercial Operations Date (“COD”).
- 2) Initial Term – Land Rent: The sum of \$200,000.00 shall be paid annually, commencing on the COD, for each year of the Initial Term of the twenty (20) year FIT Contract. This payment shall also be accommodation for impacts on aboriginal and treaty rights in the traditional lands.
- 3) Optional Search Extensions – Land Rent: At the end of the Initial Term, the tenant may extend the term, one year at a time, for up to three further years, to enable the tenant to search for a second Power Purchase Agreement or Offtake Agreement to sell power to a third party. The sum of \$50,000.00, adjusted by accumulated CPI, shall be paid annually for each Search Option Extension year.
- 4) Optional Extension for a Second PPA/Offtake Agreement– Land Rent: If the tenant obtains a new Power Purchase Agreement or Offtake Agreement after the end of the Initial Term (including any Search Extensions), the sum of \$200,000.00, adjusted by accumulated CPI, shall be paid annually for each year of the term of the PPA/Offtake Extension up to a maximum of 20 years, commencing on the COD under that second PPA/Offtake Agreement. This payment shall also be accommodation for impacts on aboriginal and treaty rights in the traditional lands. In no case can the total lease term, inclusive of extensions or renewals, exceed 47 years.

Notes:

- Annual Land rent payments shall be pro-rated for any partial year and paid to the Landlord in quarterly installments.
- Land Rents shall be adjusted annually in accordance with changes in the Consumer Price Index from the previous year, as published by Statistics Canada. The adjustments will take effect from 01 January of each year.
- At the end of the term including any extensions, the tenant will have two years to decommission, and will be required to provide security to ensure decommissioning performance.