



# SPAYUM HOLDINGS PROJECT UPDATES

**January 2024**

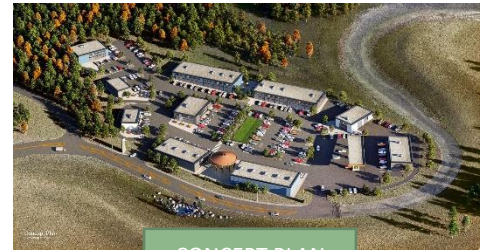
Prepared and reviewed by Spayum Board

## GATEWAY 286

The Spayum Board of Directors, Chair Susan Roline and Directors Chief Lee Spahan, Chief Stu Jackson and Chris Scott wish to advise the 5 First Nations Chief, Council and community members that Gateway 286, in spite of many hurdles, is advancing.

### Background

- Gateway 286 is a 25-acre parcel provided by the Province of B.C. to the five First Nation communities, Lower Nicola Indian Band, Upper Nicola Indian Band, Coldwater Indian Band, Nooaitch Indian Band and Shackan Indian Band.
- Servicing costs (sewer, water, shallow utilities) for the 25 acre site are approximately \$ 10 million with funds to pay for this servicing provided by the Federal Government, the Province of B.C., a prepaid lease of \$ 4.4 million, and the cost sharing with the adjacent property owner (54% of offsite infrastructure costs are paid by Palomino) who is benefitting from the infrastructure.
- The terms of a commercial lease with Troika have been settled and include:
  - \$ 4.4 million prepaid lease for 7 acres of land at Gateway
  - 15% equity in the operation which includes a gas station and retail stores.
  - A minimum gas royalty rising to \$100,000 by 2028 (and adjusted to CPI annually).
  - A First Nation preferential training and employment opportunity.
- Challenges over the past year include:
  - Covid, fires and floods complicate the approval process at the municipal level.
  - Agreement from Palomino (adjacent property owner) of their financial contribution to the costs to construct the infrastructure servicing the lands.
  - Settling various Right of Way Agreements.
  - Final Permit approvals.
  - Rising infrastructure costs due to the current inflation cycle in Canada.
- Current status of project:
  - The first phase of site clearing has been completed below budget.
  - All engineering has been completed. The off-site civil works project was tendered on July 6, 2023 and Extreme Excavating Ltd. was awarded the contract at \$7.14 million.
  - As a result of inflation all project costs are higher than originally budgeted. Spayum has sufficient funding for their portion of the off-site civil works and servicing of the Gateway site.
  - All legal agreements with Troika (the tenant) have been successfully negotiated.



CONCEPT PLAN



CONCEPT PLAN



LOWER NICOLA  
INDIAN BAND



## GATEWAY 286 (Continued)

### Benefits to the 5 First Nations include:

- Gas royalty and share of profits from the enterprises.
- Employment and training opportunities.
- Additional serviced and developable lands beyond the first 7 acres.
- Ownership of the commercial development and all the improvements at the end of 49 years.
- The Spayum Board has made an application to the Provincial Government for an additional \$1 million to service additional lands on the Gateway site.
- Media stories on the development are expected to be released in early 2024.

## GRASSLANDS

The concept for the development of the Grasslands site is to leverage the Nations ownership of the land into an equity stake in a Manufactured Home Park. Over the past two years Spayum Holdings has:

- Completed the initial layout, financial analysis, and engineering for such a Park.
- Completed the extensive rezoning approvals with the City.
- Tentatively agreed with the City on internal road allocations required by the City prior to a development and building permit being issued.
- Completed a call for proposals and conditionally entered a Letter of Intent with a builder:
  - To be provided a 33% equity in the Park based on the land values and cost to develop the park.
  - Reviewed the revenue stream from such a Park (up to \$ 200,000 annual revenue by year 12)
  - Negotiated the transfer of the entire park to Spayum Holdings at the end of 35 years at no further cost and with a revenue stream of over \$ 500,000 annually by that time.
- The developer for the Grasslands site passed away and currently there is no developer that has indicated an interest to lease Grasslands.



### Next steps:

- A Geotech report was required by the City and the underlying soil conditions were identified as being unstable for concrete foundations.
- Spayum Holdings is discussing the use of cribbing rather than foundations as a cost-effective solution to deal with the Geotech report.
- Ongoing negotiations with the Developers are being pursued, with currently no offers being made.

## SUMMARY

The Board for Spayum is a volunteer Board that is committed to minimizing cash expenditures and seeking financial contributions where available from Provincial and Federal agencies. Progress is being made under the challenging conditions of fires and floods in the Merritt region and the lockdown occurring during Covid.

*On behalf of the Board, we thank our shareholders for supporting the work of the Board to further advance the opportunities for their community members. **Chair Susan Roline, Director Chief Stu Jackson, Director Chief Lee Spahan, Director Chris Scott.***