

CANADA – MANITOBA
MUNICIPAL RURAL INFRASTRUCTURE FUND AGREEMENT
2004-2013

This Agreement made as of December 3, 2004,

BETWEEN: **HER MAJESTY IN RIGHT OF CANADA**, (“Canada”) represented by the Minister of State (Infrastructure and Communities) (“Federal Minister”) and the Minister of Western Economic Diversification

AND: **HER MAJESTY IN RIGHT OF THE PROVINCE OF MANITOBA** (“Manitoba”) represented by the Minister of Intergovernmental Affairs and Trade (“Provincial Minister”)

BACKGROUND

In the 2002 Speech from the Throne, the Government of Canada pledged to work with provincial, territorial, and municipal governments to put in place a ten-year initiative for infrastructure renewal to ensure that Canadian communities, large and small, are sustainable, competitive and healthy centres for economic growth and innovation.

In Budget 2003, the Government of Canada confirmed its ten-year commitment by providing \$1 billion to help meet the infrastructure needs of smaller communities. This new initiative is called the Municipal Rural Infrastructure Fund (MRIF). In Budget 2004, the Government of Canada accelerated its commitment to smaller communities to five years.

MRIF builds on the results and successes of the \$2.05 billion Infrastructure Canada Program (ICP). Since its launch in 2000, ICP has delivered almost 3,000 community public infrastructure projects through federal-provincial/territorial agreements, generating almost \$6 billion in total infrastructure investment from the partners.

In order to maximize the resulting infrastructure benefits to Canadian communities, Canada is negotiating with the provinces and territories to develop new joint agreements for the purpose of delivering the \$1-billion MRIF and to leverage this investment with provincial, territorial, municipal and non-governmental financial contributions.

Furthermore, to ensure an equitable distribution of funding and in order to address the individual needs of smaller communities, a minimum of eighty per cent of MRIF investments will be directed to projects that benefit municipalities with populations of less than 250,000.

Over the decades, Manitoba joined other jurisdictions in the call for ongoing, national infrastructure renewal programming, as well as participated in the various federal-provincial programs. Manitoba’s infrastructure programs are acknowledged for the high degree of federal, provincial and municipal cooperation, early program start-up, and quick project approval. While municipal involvement has remained a cornerstone of Manitoba’s project selection process, each generation of federal-provincial agreement has seen improvements – whether in the local consultative model, the project criteria, or program administration.

For example, with the Canada-Manitoba Infrastructure Program (CMIP), the consultative model was expanded to explicitly provide for a greater say from Manitoba’s remote, unincorporated communities; criteria were further defined to better allocate limited program resources to areas

of greatest need; and a joint federal-provincial Secretariat was established to provide single window program delivery to municipalities.

On the same premise (i.e., building on past successes), Manitoba is entering into a new Canada-Manitoba Infrastructure Program funded under the Municipal Rural Infrastructure Fund.

ACKNOWLEDGEMENTS

Canada and Manitoba recognize that Local Governments are best able to determine the community public Infrastructure required to enhance the quality of life of Canadians.

Canada and Manitoba wish to work with Local Governments and the non-governmental sector to maximize the use of their resources and expertise.

Manitoba's demography is unique from other provinces in that one large city dominates the Province, housing two-thirds of the population. The remainder of the population reside in small and rural communities – 199 incorporated municipalities (one-third have populations ranging from 500 – 1,000) and 50 unincorporated remote and northern communities (40% have a population under 50) with no tax base under the jurisdiction of Manitoba Aboriginal and Northern Affairs. Manitoba's demographic characteristics are especially relevant in the context of section 4.10, Exceptional Circumstances.

In delivering MRIF, Canada and Manitoba through this "Municipal Rural Infrastructure Fund Agreement" (Agreement) intend to continue to build on the success of the Canada-Manitoba Infrastructure Program, including:

- a joint Canada-Manitoba Application process;
- a material role for Manitoba-based municipal associations in Project selection and funding; and
- a framework to guide Project selection by leveraging governmental contributions to generate greater public benefits, including the reduction of manmade greenhouse gases as stated in the Kyoto Protocol.

The Lieutenant Governor in Council by OIC 126/2004 has authorized the Minister of Intergovernmental Affairs and Trade to enter into this Agreement on behalf of Manitoba.

Canada and Manitoba wish to continue their history of collaboration and working in partnership on enhancements to infrastructure, and wish to collaborate further in sound investments in infrastructure.

This Agreement relates to Canada and Manitoba's recognition of the need to provide long-term funding for modern community public Infrastructure in Manitoba.

NOW THEREFORE, in accordance with the principles set out above, Canada and Manitoba hereby agree as follows.

1. INTERPRETATION

1.1 DEFINITIONS

A capitalized term has the meaning given to it in this section unless the context clearly dictates otherwise.

"**Agreement**" means this Canada-Manitoba contribution agreement.

“Applicant” means:

- a) a Local Government or its agent, including a corporation that is wholly owned by the Applicant, that has applied for a contribution in support of a Project under MRIF; or
- b) a non governmental organization whose Application is supported by a resolution from a Local Government;

but does not include:

- a) departments, ministries and agencies of Canada or Manitoba, and federal or provincial departmental corporations or Crown corporations, except to the extent it fits within the definition of Local Government.

“Application” means a request for funding by an Applicant submitted in accordance with the Canada-Manitoba Application Form Guideline.

“Construction Works” means any physical changes to land (above or below ground level) or buildings.

“Contract” means a Contract between a Recipient and a Third Party whereby the latter agrees to contribute a product or service to a Project in return for financial consideration which may be claimed as an Eligible Cost.

“Contribution agreement” means an agreement between Manitoba and a Recipient whereby Manitoba agrees, on behalf of Canada and Manitoba, to contribute financially to an approved Project.

“Eligible Costs” means Project costs eligible for funding in accordance with Schedule B.

“Fiscal year” means the period beginning April 1 of a year and ending March 31 of the following year.

“Green Projects” means local Infrastructure Projects that:

- a) in the opinion of the Parties, improve the quality of the environment and contribute to clean water, soil or air; and
- b) fall in one of the following Schedule A categories: water and wastewater, solid waste, public transit or energy efficiency.

“Infrastructure” means publicly- or privately-owned fixed capital assets in Canada for public use or benefit;

“Local Government” means a municipality or local government district as defined in the *Interpretation Act (Manitoba)* C.C.S.M., c.180, a community or an incorporated community as defined in the *Northern Affairs Act (Manitoba)* C.C.S.M., c.N100, “The minister” as defined in the *Northern Affairs Act (Manitoba)* C.C.S.M., c.N100 when exercising the powers of a municipality in respect of local services under the said Act and any other public authority responsible for delivering local services in Manitoba if that authority has been given the said responsibility by statute and is approved by the Management Committee.

“Management Committee” means the committee established pursuant to Section 4.

“Ministers” means the Federal Minister and the Provincial Minister, and includes anyone authorized to act on their behalf.

“MRIF” means Canada's Municipal Rural Infrastructure Fund under which this Agreement is authorized.

“**Parties**” means Canada and Manitoba.

“**Project**” means a local Infrastructure Project, excluding the Infrastructure’s maintenance and operation, that is the subject of an Application.

“**Recipient**” means an Applicant whose Project is approved for funding under MRIF.

“**Third Party**” means any person, other than a Party to this Agreement or a Recipient, that participates in the implementation of a Project.

1.2 ENTIRE AGREEMENT

This Agreement supersedes and invalidates all other commitments, representations and warranties relating to the subject matter hereof, which may have been made by the Parties either orally or in writing prior to the date hereof, and all of which will become null and void from the date this Agreement is signed.

1.3 SCHEDULES

The following schedules are attached to form part of this Agreement:

- a) Schedule A, Project Review and Selection Framework;
- b) Schedule B, Eligible and Ineligible Costs.

1.4 GUIDELINES

The following Canada-Manitoba guidelines form part of this Agreement:

- a) Application Form Guideline;
- b) Business Case Guideline;
- c) Reporting – Audit – Evaluation Guideline;
- d) Information Management – SIMSI Guideline;
- e) Communication Protocol Guideline.

1.5 PRECEDENCE

In the event of a conflict, the part of this Agreement that precedes the signatures of the Parties will take precedence over the Schedules and the Guidelines.

1.6 ACCOUNTING PRINCIPLES

All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made and all financial data to be submitted will be prepared, in accordance with the generally accepted accounting principles (GAAP) in effect in Canada and Manitoba. GAAP will include, without limitation, those principles approved or recommended from time to time by the Canadian Institute of Chartered Accountants, or any successor institute, applied on a consistent basis.

2. PURPOSE

2.1 PURPOSE OF THE AGREEMENT

The purpose of the CMIP Canada-Manitoba Municipal Rural Infrastructure Fund is to improve local infrastructure primarily in rural and northern communities, as well as urban areas and provide a joint framework for the implementation of MRIF in Manitoba, which is made possible by Canada’s contribution, together with Manitoba’s contribution, as set out in Section 3.1.

2.2 FUNDING LIMITATIONS

For a Project to be eligible for funding under this Agreement, the Parties must be satisfied that their contribution is required to enable its implementation, enhance its scope, or accelerate its timing. The contribution will not exceed the minimum amount necessary for the Project to proceed, after taking into account other sources of funding available.

2.3 PROJECT FUNDING

The Parties agree that Projects:

- a) will be selected for funding in accordance with Schedule A; and
- b) may be funded by only one of the Parties if approved by the other.

3. FINANCIAL PROVISIONS

3.1 TOTAL CONTRIBUTION

- a) The Parties agree that the total contribution by:
 - i) Canada will not exceed \$41,000,000 (forty-one million dollars) as set out in Section 3.3, up to three percent (3%) of which Canada agrees to pay to Manitoba for 50% of the direct expenses incurred by it, after the execution, and for the administration of this Agreement; and
 - ii) Manitoba will equal the total amount contributed by Canada less the amount paid by Canada to Manitoba for direct expenses under subsection i).
- b) The Parties agree that, by the end of the Agreement, each Party's total financial contribution will not exceed one third (1/3) of the total of the Eligible Costs incurred by all approved Projects. However, the total contribution by a Party to a Project may be higher but may not exceed 50% of its total Eligible Costs. However, in projects from the Northern Association of Community Councils, where Manitoba pays the Local Government's contribution, this share is not tallied in Manitoba's contribution for this program.
- c) The Parties agree to dedicate up to one percent (1%) of each Party's total financial contribution to assist Local Governments with asset management planning and capacity building.
- d) Section 3.1 c) will come into effect upon written notice by Canada to Manitoba.

3.2 APPROPRIATIONS

A payment due by either party under this Agreement is conditional on a legislated appropriation for the Fiscal year in which the payment is due. Both Parties undertake to make their best efforts to cause their respective legislatures to enact the appropriation legislation required to carry out this Agreement.

3.3 **NOTIONAL ALLOCATION**

The Parties' total contribution will be allocated notionally as follows:

(\$000's)		
	Canada	Manitoba
2004-2005	\$6,834	\$0
2005-2006	\$6,834	\$6,834
2006-2007	\$6,834	\$ 6,834
2007-2008	\$6,834	\$ 6,834
2008-2009	\$6,834	\$ 6,834
2009-2010	\$6,834	\$ 6,834
2010-2011	\$0	\$ 6,834
TOTAL	\$41,000	\$41,000

3.4 **RE-PROFILING**

If any portion of a Party's annual allocation is not expended in a Fiscal year, and subject to Sections 3.1 and 3.2, the Party will contribute an additional amount equal to the portion in subsequent Fiscal years.

3.5 **FISCAL YEAR FORECASTS**

At the beginning of each Fiscal year, the Management Committee will present to the Parties a plan outlining the forecasted cash flow, the aggregate list of approved Projects and a forecast of the number and type of Projects recommended in the Fiscal year.

3.6 **FUNDING TARGETS**

- a) The Parties agree that Projects will be approved so that, by the termination of this Agreement, of the total contribution, as specified in Section 3.1, at least:
 - i) Forty per cent (40%) will have been committed to Green Projects; and
 - ii) Eighty per cent (80%) will have been committed to Projects implemented in areas served by Local Governments having populations of less than two hundred and fifty thousand (250,000).

The Parties agree that in Manitoba, only the City of Winnipeg has a population in excess of 250,000.

3.7 **LIMIT ON CANADA'S AGGREGATE FINANCIAL ASSISTANCE**

Manitoba agrees to inform Canada promptly of any other federal financial assistance offered or received in respect of Eligible Costs of a Project. Canada may reduce its contribution towards a Project to respect the 50 per cent limit of Eligible Costs, provided that in the case of connectivity Projects (category 10 of Schedule A), total federal assistance may be as high as 75 per cent.

3.8 DISCREPANCIES

The Parties agree to promptly correct any discrepancy between the amount payable and the amount paid by Canada under this Agreement.

4. MANAGEMENT COMMITTEE

4.1 ESTABLISHMENT

Within 60 days of the signing of this Agreement, the Parties will establish a Management Committee to administer and manage this Agreement. The Management Committee will consist of two members appointed by Canada and two members appointed by Manitoba. The Parties will notify each other of the appointments in the same delay. All members will be selected from each Party's senior officials. The Management Committee will operate until all terms of this Agreement have been fulfilled.

4.2 CO-CHAIRS

The Management Committee will be headed by two Co-chairs chosen from its members: one appointed by Canada ("Federal Co-chair"), and one appointed by Manitoba ("Provincial Co-chair"). If one Co-chair is absent or unable to act, he or she will be replaced by the other federally-appointed member or the other provincially-appointed member, as the case may be.

4.3 MEETINGS AND ADMINISTRATIVE MATTERS

The Management Committee will:

- a) Meet regularly, as agreed by the Co-chairs. Quorum will consist of the two Co-chairs.
- b) Establish rules and procedures with respect to its meetings and those of its sub-committees, including rules for the conduct of meetings and the making of decisions.
- c) Establish a fixed location where this Agreement will be administered, and maintain it until the Committee's activities have concluded.
- d) Ensure that all documents needed for the proper administration of this Agreement are prepared and retained at the location.

4.4 RECOMMENDATIONS AND DECISIONS

All decisions and recommendations of the Committee must be consensual and recorded in writing.

4.5 JOINT SECRETARIAT

- a) The Parties agree to continue with a joint secretariat to support the Management Committee in the administration of this Agreement, including the timely production and sharing of information about Applicants, Projects, financial cash flows, and other information; and
- b) Canada and Manitoba agree to pay the costs of the Secretariat and to provide the location mentioned in subsection 4.3 c).

4.6 ENHANCED PARTNERSHIP WITH MUNICIPAL ORGANIZATIONS

Canada and Manitoba agree to establish a local consultative committee to review and recommend project funding and implementation.

Specifically, for project selection in rural and northern Manitoba, a Rural/Northern Federal-Provincial Local Consultative Committee, consisting of representatives from the Association of Manitoba Municipalities (AMM), Northern Association of Community Councils (NACC), and Manitoba Aboriginal and Northern Affairs (ANA) will be established to review rural/northern applications and recommend project selection and funding to Management Committee.

4.7 JOINT GUIDELINES, PROCEDURES AND FORMS

The Management Committee will develop, in a timely manner, a series of guidelines, procedures and forms necessary that will reflect the joint nature of CMIP, for:

- a) Submitting Project Applications;
- b) Assessing, ranking, and recommending Applications for approval by Ministers;
- c) Entering into and recording Contribution agreements with Recipients;
- d) Reporting by Recipients on the implementation and evaluation of Projects;
- e) Submitting claims;
- f) Recording of claims and payments; and
- g) Carrying out any other of its duties under this Agreement.

4.8 JOINT APPLICATION REVIEW PROCESS

The Parties agree to put in place the following joint Application review process:

- a) Wherever possible, Applications must be filed online with the Parties, by completing the application form found at the following web site: <http://www.infrastructure.mb.ca>; or by downloading the application available on CD-ROM, and emailing it to the Canada-Manitoba Infrastructure Secretariat (<http://www.infrastructure.mb.ca>); or, if any electronic alternative is not available or not appropriate, by submitting a hard copy to the Secretariat at the following address:
Canada-Manitoba Infrastructure Secretariat
1140 – 363 Broadway
Winnipeg, Manitoba
R3C 3N9
- b) On behalf of the Management Committee, the Joint Secretariat will, after receipt of an Application:
 - i) advise the Applicant of receipt and of any additional information it requires;
 - ii) review and rank the Application against the mandatory screening criteria and the ranking criteria of its category as set out in Schedule A, and against all other requirements and criteria of this Agreement;
 - iii) note and record which requirements the Project fails to meet; and
 - iv) notwithstanding the advice of the local consultative committees, make a recommendation, with reasons, to the Parties, as to the Application's suitability for funding, and advise them as to any requirement that is not yet met.

4.9 ENVIRONMENTAL LEGISLATION REQUIREMENT

The Management Committee will ensure that no Contribution Agreement is entered into for a Project until all legislated environmental assessment requirements are fully met. Any corresponding mitigation measures, including monitoring and follow-up requirements, must be stipulated in the Contribution Agreement and funding will be conditional upon these mitigation measures being implemented. This does not prevent the Parties from making a funding commitment that is conditional upon completion of environmental assessment requirements.

4.10 EXCEPTIONAL CIRCUMSTANCES

Despite any other provision in this Agreement and after taking into account the detailed recommendation of the Management Committee, the Parties may approve an application which does not meet the mandatory requirements set out in Schedule A if:

- a) The Project is located in a rural or isolated area and its circumstance are exceptional such as the application of mandatory criteria is deemed by the Management Committee to be onerous or unattainable.
- b) The Project is in keeping with laws and regulations.

4.11 CHANGES DURING THE LIFE OF THE PROJECT

- a) In this Section, “significant change” includes, in respect of a Project:
 - i) any material change to its location, scope or timing;
 - ii) any other change that would trigger a further environmental assessment; and
 - iii) an increase in its Eligible Costs which, when added to any previous increase, would be greater than either \$50,000 or ten percent (10%) of the original Eligible Costs of the Project as set out in the initial Contribution agreement.
- b) A request for an amendment to a Contribution agreement will be reviewed by the Management Committee, and:
 - i) in the case of a request for a significant change, it will recommend to the Parties whether to approve it or not; and
 - ii) in the case of another change, it may approve or reject it.

4.12 INCORPORATION IN AGREEMENTS AND CONTRACT

- a) The Management Committee will ensure that all Contribution agreements and Contracts are consistent with this Agreement and incorporate its relevant provisions to the extent possible.
- b) A Contribution agreement will include a provision to the effect that the Recipient will begin its Project within six months of the date of the Contribution agreement, failing which it may be terminated by the Parties. If a Recipient fails to comply with the provision, Manitoba will notify the Committee which will recommend a course of action.
- c) Manitoba agrees to ensure that Contribution agreements will include language to the effect that the Recipient will complete the Project fully and in a timely manner.

4.13 INFORMATION MANAGEMENT SYSTEM

a) SIMSI

Canada has developed a Shared Information Management System for Infrastructure (SIMSI) to support the delivery of MRIF by providing online Project registration, approval, monitoring, and reporting capabilities. Costs associated with the implementation and maintenance of the system will be borne by Canada above and beyond the MRIF contribution. The Parties agree to use SIMSI in accordance with the Canada-Manitoba Information Management – SIMSI Guideline.

b) Information Management

The Parties agree to manage Application and Project information through its life cycle as required by the *Policy on the Management of Government Information* and applicable provincial policies. The Policy is available electronically at http://www.tbs-sct.gc.ca/pubs_pol/ciopubs/TB_GIH/mgih-grdg-PR_e.asp?printable=True.

5. PROJECT IMPLEMENTATION

5.1 TIMELY FASHION

Manitoba agrees to enforce all terms and conditions of Contribution agreements, save for breaches of Contribution agreements that, both Manitoba and Canada agree, are minor or inconsequential.

5.2 COMPLIANCE

The Parties agree to comply with, and Manitoba agrees to ensure that the Contribution agreements require Recipients and any Third Party comply with, all applicable legislation.

6. CONTRACT PROCEDURES AND PROVISIONS

6.1 AWARDING OF CONTRACTS

- a) The Parties agree that the Management Committee will develop policies and requirements concerning the awarding of Contracts and their content.
- b) The Parties agree that Contribution Agreements will stipulate that Contracts will be awarded in a way that is transparent, competitive, and consistent with value for money principles.

6.2 DATA GATHERING AND AUDITS

The Parties agree that all Contribution agreements and Contracts will include provisions authorizing Canada to gather data required under this Agreement, to perform audits and to monitor Projects as it sees fit.

6.3 ACCOUNTS AND RECORDS

Without limiting the generality of other relevant provisions, the Parties agree that Contribution agreements will ensure that:

- a) Proper and accurate accounts and records of the Project are maintained, as developed by the Management Committee; and
- b) All the Project's records and accounts are available to the Parties and any member of the Management Committee, for inspection, at all reasonable times.

6.4 **INDEMNIFICATION**

All Contribution agreements and Contracts will also include an indemnification clause to the effect that Canada and Manitoba, their officers, servants, employees, or agents will be indemnified and saved harmless from and against all claims and demands, loss, costs, damages, actions, suits, or other proceedings by whomsoever brought or prosecuted in any manner based upon, or occasioned by any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:

- a) This Agreement;
- b) The performance of a Contribution agreement or the breach of any term or condition of it by a Recipient, its officers, servants, employees and agents, or by a third party, and any of its officers, employees, servants or agents;
- c) The ongoing operation, maintenance and repair of the Infrastructure resulting from the Project; or
- d) Any omission or other wilful or negligent act of the Recipient, a third party, their respective employees, officers, servants or agents.

6.5 **INFRASTRUCTURE MAINTENANCE AND OPERATION**

Manitoba agrees that all Contribution agreements will stipulate that the assets resulting from the Project will be used, maintained and operated for a period of at least one half of the expected life of the asset after the completion of the Project.

6.6 **INFRASTRUCTURE DISPOSAL**

Manitoba agrees to include the following clauses in its Contribution agreements:

- a) *unless otherwise agreed to by the Parties, the Recipient will retain title to, and ownership of, the Infrastructure resulting from the Project for at least ten (10) years after Project completion; and*
- b) *in the event that, at any time within ten (10) years from the date of completion of the Project, the Recipient sells, leases, encumbers or otherwise disposes of, directly or indirectly, any asset constructed, rehabilitated or improved, in whole or in part, with funds contributed by Canada and/or Manitoba under the terms of this Agreement, other than to Canada, Manitoba, a Local Government, or a Crown corporation of Manitoba that is the latter's agent for the purpose of implementing this Agreement, the Recipient hereby undertakes to repay Canada and Manitoba, on demand, a proportionate amount of the funds contributed by Canada and Manitoba, as follows:*

<i>Where Project asset is sold, leased, encumbered or disposed of:</i>	<i>Repayment of contribution (in current dollars)</i>
<i>Within 2 Years after Project completion</i>	<i>100%</i>
<i>Between 2 and 5 Years after Project completion</i>	<i>55%</i>
<i>Between 5 and 10 Years after Project completion</i>	<i>10%</i>

At any time during the ten (10) years following the date of completion of the Project, each Party agrees to notify the other Party in writing as soon as practicable, of any transaction triggering the above-mentioned repayment of which the Party become aware.

7. CLAIMS AND PAYMENTS

7.1 PAYMENTS

Manitoba agrees to submit claims to Canada in accordance with the requirements of this Agreement and the procedures established by the Management Committee, and Canada will reimburse its share of Eligible Costs paid.

7.2 CLAIMS DATES

Canada will pay claims in respect of Eligible Costs provided they are received by Canada:

- a) No later than March 31 of the year following the Fiscal year in which the Eligible Cost was incurred; and
- b) In any event, no later than March 31, 2012.

7.3 CONTRIBUTION IMBALANCE

The Parties will ensure that by August 1, 2012, each has paid the same amount in contributions, and will correct any imbalance by October 1, 2012.

8. DISPUTE RESOLUTION

8.1 DISPUTE RESOLUTION

The Parties agree to keep each other informed of any disagreement or contentious issue, by notifying the Management Committee, which will attempt to resolve it.

8.2 REFERRAL

Any disagreement or contentious issue that cannot be resolved will be submitted to the Ministers for resolution.

8.3 APPLICABLE JURISDICTION

Any dispute in law regarding this Agreement will be submitted to the Court of Queen's Bench of Manitoba.

8.4 WAIVER

A Party may waive any right under this Agreement only in writing; and any tolerance or indulgence demonstrated by that Party will not constitute waiver of such right. Unless a waiver is executed in writing, that Party will be entitled to seek any remedy that it may have under this Agreement or under the law.

9. MONITORING AND REPORTING

9.1 RECORD KEEPING

Manitoba will ensure that proper and accurate accounts and records, including invoices, statements, receipts and vouchers, are kept for at least three (3) years after termination of this Agreement and will, upon reasonable notice, make them available to Canada for inspection or audit.

9.2 AUDITS

- a) The Management Committee will ensure that expenditures under this Agreement are audited in accordance with the Canada-Manitoba Reporting – Audit – Evaluation Guideline; and
- b) In addition, any Party, at its own expense, may audit all accounts, records, and claims for reimbursement relating to a project funded under this Agreement and may undertake reviews of the Agreement's administrative, financial and claim certification processes and procedures to ensure compliance.

9.3 EVALUATION

- a) Evaluation framework

The Parties agree to cooperate with respect to the evaluation of MRIF, the costs of which Canada will bear above and beyond the MRIF contribution. Canada agrees to consult with Manitoba on the design of the evaluation framework.

- b) Evaluation by the Parties

Manitoba agrees to participate with Canada in conducting prospective and retrospective evaluations of the Project in order to report on the objectives and results.

- c) Evaluation by Canada

In addition to the data to be inputted to SIMSI under Section 4.14, Manitoba will provide all relevant data and information that Canada may need for evaluation.

10. COMMUNICATIONS

The Parties hereby agree to follow the terms of the Communications Protocol in the Canada-Manitoba Communication Protocol Guideline.

11. MISCELLANEOUS

11.1 BINDING OBLIGATIONS

Each Party declares to the other that the signing and execution of this Agreement was duly and validly authorized, and that each has incurred a legal and valid obligation in accordance with the terms and conditions of the Agreement.

11.2 BEGINNING AND EXPIRY DATES

This Agreement will be effective when signed by the Parties and will end on March 31, 2013.

11.3 ULTIMATE APPROVAL DATE

Despite any other provision of this Agreement, no Project will be approved after March 31, 2010.

11.4 SURVIVAL

The Parties' rights and obligations set out in Sections 3.8, 6.4, 6.5, 6.6, 7.3, 8.4, 9.1, 9.2, 9.3, 11.1, 11.6 and 11.11 will survive the expiry or early termination of this Agreement.

11.5 GOVERNING LAW

This Agreement is governed by the laws applicable in Manitoba.

11.6 DEBTS DUE TO CANADA

Any amount owed to Canada under this Agreement will constitute a debt due to Canada, which Manitoba will reimburse forthwith, on demand, to Canada. Similarly, any amount owed to Manitoba under this Agreement will constitute a debt due to Manitoba, which Canada will reimburse forthwith, on demand to Manitoba.

11.7 NO BENEFIT

No member of the House of Commons or of the Senate of Canada will be admitted to any share or part of any Contract made pursuant to this Agreement or to any benefit arising therefrom.

11.8 NO AGENCY

It is understood, recognized and agreed that no provision of this Agreement and no action by the Parties will establish or be deemed to establish a partnership, joint venture, principal-agent relationship, or employer-employee relationship in any way or for any purpose whatsoever between Canada and Manitoba or between Canada, Manitoba and a Third Party.

11.9 NO AUTHORITY TO REPRESENT

Nothing in this Agreement is to be construed as authorizing one Party to contract for or to incur any obligation on behalf of the other or to act as agent for the other. Nothing in this Agreement is to be construed as authorizing any Recipient or any Third Party to contract for or to incur any obligation on behalf of either Party or to act as an agent for either Party and Manitoba will take reasonable steps to ensure that all Contribution agreements and Contracts contain provisions to that effect.

11.10 COUNTERPART SIGNATURE

This Agreement may be signed in counterpart, and the signed copies will, when attached, constitute an original Agreement.

11.11 VALUES AND ETHICS CODE

No person governed by the post-employment, ethics and conflict of interest guidelines of Canada will derive a direct benefit from this Agreement unless that person complies with the applicable provisions.

11.12 SEVERABILITY

If for any reason a provision of this Agreement that is not a fundamental term is found to be or becomes invalid or unenforceable, in whole or in part, it will be deemed to be severable and will be deleted from this Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.

11.13 LOBBYISTS AND AGENT FEES

Manitoba warrants that any person who lobbies or has lobbied on its behalf to obtain funding, or any benefit under this Agreement, and who is subject to the *Lobbyists Registration Act (Canada)*, is registered accordingly. Furthermore, Manitoba warrants that no remuneration based on a percentage of Canada's contribution will be paid to a lobbyist.

Manitoba will ensure that any contribution agreement entered into with an Applicant will include a provision in which the Applicant represents and warrants that any person who has lobbied on its behalf to obtain funding or any benefit under the contribution

agreement and who is subject to the *Lobbyists Registration Act* (Canada) is properly registered; and that the Applicant is not a lobbyist.

11.14 AMENDMENTS TO THE GUIDELINES

The Parties may, from time to time, mutually amend in writing the Guidelines provided that no amendment will expand the obligations of either Party under the Guidelines or impose upon either Party any obligation, which is not already set out in this Agreement.

11.15 AMENDMENTS TO THE AGREEMENT

This Agreement may be amended from time to time on written agreement of the Ministers.

11.16 NOTICE

Any notice, information or document provided for under this Agreement will be effectively given if delivered or sent by letter, postage or other charges prepaid. Any notice that is delivered will have been received on delivery; and any notice mailed will be deemed to have been received eight (8) calendar days after being mailed.

Any notice to Canada must be sent to both:

Director General, Intergovernmental Operations
Infrastructure Canada
90 Sparks Street
Ottawa (Ontario)
K1P 5B4;

and

Assistant Deputy Minister
Western Economic Diversification
620-240 Graham Avenue
Winnipeg MB
R3C 2L4

Any notice to Manitoba will be addressed to:

Deputy Minister
Manitoba Intergovernmental Affairs and Trade
309 Legislative Building
450 Broadway
Winnipeg MB
R3C 0V8

Each Party may change the address that it has stipulated by notifying the other Party in writing, of the new address.

SIGNATURES

This Agreement has been executed on behalf of Canada by the Minister of State (Infrastructure and Communities), and the Minister of Western Economic Diversification, and on behalf of Manitoba by the Minister of Intergovernmental Affairs and Trade.

GOVERNMENT OF CANADA
Original signed by:

GOVERNMENT OF MANITOBA
Original signed by:

John Godfrey
Minister of State
(Infrastructure and Communities)

Scott Smith
Minister
Intergovernmental Affairs and Trade

Stephen Owen
Minister of Western Economic Diversification

SCHEDULE “A” - PROJECT REVIEW AND SELECTION FRAMEWORK

This Schedule sets out the criteria to be used for the review and selection of Projects.

DEFINITION

In this Schedule, unless the context requires otherwise,

“Public-private partnership” (P3): means an arrangement between public and private sector entities for the purpose of providing Infrastructure and related services that is characterized by the sharing of risk and reward between the entities.

“Greenhouse Gas” (GHG): refers to a number of minor gases in the atmosphere, although relatively transparent to sunlight, which absorb most of the infrared heat energy transmitted by the Earth towards space. This phenomenon has been called the “greenhouse effect” and the absorbing gases that cause it “greenhouse gases”. Important greenhouse gases include: water vapour, carbon dioxide, methane, nitrous oxide, ozone, and halocarbons.

A.1 PROJECT SELECTION CRITERIA

A.1.1 ELIGIBLE PROJECTS

To be eligible for funding, a Project must:

- a) Be submitted by an Applicant who demonstrates that it will be able to operate and maintain the resulting Infrastructure over the long term;
- b) Fall within one of the applicable Project categories hereunder, be consistent with the objectives of that category, be directly related to one of its subcategories and meet its mandatory screening criteria;
- c) A Project will be ranked on how and to what extent it meets the category ranking criteria as outlined in the table shown section A.12;
- d) Be for the construction, renewal, expansion or material enhancement of a community public Infrastructure;
- e) Be supported by a business case that is comprehensive, credible and feasible and meets the requirements of the Canada – Manitoba Business Case Guideline;
- f) Stipulate a construction completion date of no later than March 31, 2011;
- g) Be duly authorized or endorsed by a resolution of the Applicant’s Council or Board of Directors and, in the case of a non-governmental Applicant, also by a resolution of the municipal Council where the Infrastructure is proposed to be located; and
- h) Meet the requirements of all applicable federal and provincial legislation.

A.1.2 NON-ELIGIBLE PROJECTS

- a) Projects dealing mainly with assets owned by Canada or Manitoba are only eligible for funding if, in the opinion of the Management Committee, the assets are of a type normally owned or operated by Local Governments for community use and benefit.
- b) Projects where Construction Works have started, prior to approval by Ministers, will not be eligible for funding.

A.2 CATEGORY 1: WATER

A.2.1 OBJECTIVE

The objective of this category is to construct, restore or improve public Infrastructure that improves water quality and ensures the sustainable use and management of Infrastructure and water resources.

A.2.2 SUBCATEGORIES

- a) Drinking water source of supply;
- b) Drinking water treatment systems; and
- c) Drinking water distribution systems.

A.2.3 MANDATORY SCREENING CRITERIA

- a) The drinking water quality expected as a result of the Project must meet the applicable *Guidelines for Canadian Drinking Water Quality* or provincial standards, whichever are more stringent;
- b) The business case must include consideration of alternatives to the Project being proposed as well as the long-term operating costs of the Infrastructure;
- c) The components of the resulting Infrastructure, which will be in direct contact with drinking water, must all conform to ANSI/NSF 61; and
- d) In the case of a Project where the resulting Infrastructure will serve a commercial operation, the business case must provide for full cost recovery, including operating and capital costs. If full cost recovery is not possible, the plan must provide alternative strategies for recovery.

A.3 CATEGORY 2: WASTEWATER

A.3.1 OBJECTIVE

The objective of this category is to construct, restore or improve Infrastructure that minimizes the potential impacts of effluent on sources of drinking water, aquatic ecosystems including fisheries resources and biodiversity, and that increases the efficiency of wastewater and stormwater collection and treatment systems.

A.3.2 SUBCATEGORIES

- a) Wastewater systems including sanitary and combined sewer systems;
- b) Separate storm water systems; and
- c) Centralized management of on-side sewage treatment systems.

A.3.3 MANDATORY SCREENING CRITERIA

- a) The Project is expected to improve effluent quality in wastewater and storm water discharge will reduce effluent contaminants, including those that have reached a toxic level, in wastewater treatment plant output.
- b) In the case of a Project where the resulting Infrastructure will serve a commercial operation, the business case must provide for full cost recovery. If full cost recovery is not possible, the plan must provide alternative strategies for recovery.
- c) In the case of projects that deal directly with on-side septic failure, the Project is expected to eliminate public health hazards.

A.4 CATEGORY 3: SOLID WASTE

A.4.1 OBJECTIVE

The objective of this category is to construct, restore or improve Infrastructure that improves solid waste management and increases the recovery and use of recycled and organic materials, reduces per capita tonnage of solid waste sent to landfill, reduces environmental impacts and enhances energy recovery.

A.4.2 SUBCATEGORIES

- a) Waste diversion - Material Recovery Facilities;
- b) Organics Management;
- c) Collection Depots;
- d) Waste disposal landfills; and
- e) Thermal treatment.

A.4.3 MANDATORY SCREENING CRITERIA

- a) The Project must be consistent with a sound strategy for local solid waste management.
- b) In the case of a Project where the resulting Infrastructure will serve a commercial operation, the business case must provide for full cost recovery. If full cost recovery is not possible, the plan must provide for alternative strategies for recovery.

A.5 CATEGORY 4: PUBLIC TRANSIT

A.5.1 OBJECTIVE

The objective of this category is to construct, restore or improve public transportation Infrastructure that will result in the reduction of environmental impacts, congestion, energy use or GHG emissions, and improved safety, support tourism and commerce, promote social and economic development of local areas, and help Canada lead in the use of innovative technologies for the operation and management of local transportation systems, including passenger and traffic information systems.

A.5.2 SUBCATEGORIES

- a) Rapid Transit: fixed capital assets and rolling stock (includes light rail, heavy rail additions, subways, ferries, transit stations, park and ride facilities, grade separated bus lanes and rail lines);
- b) Transit Buses: bus rolling stock, transit bus stations; and
- c) Intelligent Transport System (ITS) and Transit Priority Capital Investments:
 - i) ITS technologies to improve transit priority signalling, passenger and traffic information, transit operation, incident management and rescue systems;
 - ii) capital investments, such as transit queue-jumpers and High Occupancy Vehicle (HOV) lanes; and
 - iii) integration of two or more of these features for increasing efficiency of local transportation.

A.5.3 MANDATORY SCREENING CRITERIA

- a) The Project must be consistent with the applicable transportation and land use plans of Manitoba, region or Local Governments;
- b) The Project must be consistent with Canada's objectives with respect to sustainable growth, competitiveness and climate change;
- c) The Project business case must include the following:
 - i) submission of Project data, including GHG emissions, and Project costs;
 - ii) identification of near-term safety, efficiency, environmental and economic impacts of that Project, as well as potential impacts over a 5-to10-year horizon;
 - iii) demonstration of Applicant's ability to operate and sustain the resulting Infrastructure;
 - iv) confirmation of the Applicant's adherence, where applicable, to engineering guidelines (e.g., Transportation Association of Canada);
 - v) demonstration of Project's consistency with all applicable federal/provincial legislative and regulatory obligations; and
 - vi) demonstration of the accessibility provisions for persons with disabilities where applicable.

A.6 CATEGORY 5: LOCAL ROADS

A.6.1 OBJECTIVE

The objective of this category is to construct, restore or improve public roads that will result in the reduction of environmental impacts, congestion, energy use or GHG emissions; to improve safety, support tourism and commerce; promote social and economic development of local areas; and to help Canada lead in the use of innovative technologies for the operation and management of local transportation systems, including passenger and traffic information systems.

A.6.2 SUBCATEGORIES

- a) Local Government Roads, arterial roads, bridges and tunnels within local boundaries;
- b) ITS and Transit priority capital investments:
 - i) ITS technologies to improve transit priority signalling, passenger and traffic information, transit operation, incident management, and rescue systems;
 - ii) capital investments to support public transit on the local road network, such as queue-jumpers and High Occupancy Vehicle (HOV) lanes; and
 - iii) integration of two or more of these features for increasing efficiency of local transportation.

A.6.3 MANDATORY SCREENING CRITERIA

- a) The Project must be consistent with the applicable transportation, land use and comprehensive community plans of Manitoba, region or municipality;
- b) The Project must be consistent with Canada's objectives in respect of sustainable growth, competitiveness and climate change;
- c) The Project business case must include the following:
 - i) submission of Project data, including GHG emissions, and Project costs;
 - ii) identification of near-term safety, efficiency, environmental and economic impacts of that Project, as well as potential impacts over a 5-to10-year horizon;
 - iii) demonstration of Applicant's ability to operate and sustain the resulting Infrastructure;
 - iv) confirmation of the Applicant's adherence, where applicable, to engineering guidelines (e.g., Transportation Association of Canada);
 - v) demonstration of Project's consistency with all applicable federal/provincial legislative and regulatory obligations; and
 - vi) demonstration of the accessibility provisions for persons with disabilities where applicable.

A.7 CATEGORY 6: CULTURAL

A.7.1 OBJECTIVE

The objective of this category is to construct, restore or improve public arts and heritage Infrastructure to assist communities in the expression, preservation, development and promotion of their culture and heritage.

A.7.2 SUBCATEGORIES

- a) Museums (including art museums);
- b) Designated local heritage sites;
- c) Facilities for the performing arts;
- d) Cultural or community centres;
- e) Municipal libraries; and
- f) Other cultural Infrastructure that meet the category objectives.

A.7.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;
- b) The resulting Infrastructure must be accessible to persons with disabilities; and
- c) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%.

A.8 CATEGORY 7: RECREATION

A.8.1 OBJECTIVE

The objective of this category is to construct, restore or improve recreation, physical activity and sports public Infrastructure to encourage a higher proportion of Canadians, from all segments of society, to integrate sports and physical activities in their daily life.

A.8.2 SUBCATEGORIES

- a) Sports facilities excluding facilities used primarily by professional athletes;
- b) Community recreation spaces;
- c) Fields and parks, fitness trails, bike paths and lanes, playgrounds, and other facilities; and
- d) Other recreational Infrastructure that meets the category objectives.

A.8.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;
- b) The functionality requirements of the Project must be a product of consultation with key users of the proposed facility;
- c) The resulting Infrastructure must be accessible to persons with disabilities;
- d) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%; and
- e) In the case of a Project where the resulting Infrastructure will serve a combined commercial and community operation, the business case must provide for public funding in direct proportion to the level of public use of the facility for community activities and amateur sports (e.g., if 20% of the proposed facility is available for public use, then 20% of the Project costs will be eligible for funding).

A.9 CATEGORY 8: TOURISM

A.9.1 OBJECTIVE

The objective of this category is to construct, restore or improve tourism Infrastructure that is economically and environmentally sustainable to improve the quality of the tourism experience and thereby increase the number of visitors to Canada.

A.9.2 SUBCATEGORIES

- a) Basic local Infrastructure to support or provide access to tourist facilities;
- b) Community public attractions;
- c) Convention or trade centres;
- d) Exhibition buildings; and
- e) Other tourism Infrastructure that meets the category objectives.

A.9.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;
- b) The resulting Infrastructure must be accessible to persons with disabilities; and
- c) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%.

A.10 CATEGORY 9: ENVIRONMENTAL ENERGY IMPROVEMENTS

A.10.1 OBJECTIVE

The objective of this category is to construct, restore or improve Local Government-owned Infrastructure that optimizes the use of energy sources (e.g., in buildings and other installations) and reduces GHG emissions and air contaminants arising from local sources.

A.10.2 SUBCATEGORIES

- a) Retrofits of Local Government-owned buildings;
- b) Energy Systems such as renewable energy, combined heat and power (CHP), cogeneration and district energy; and
- c) Street Lighting.

A.10.3 MANDATORY SCREENING CRITERIA

- a) For retrofits, the Project must meet standards comparable to Natural Resources Canada's residential and commercial retrofit initiatives;
- b) Existing devices (e.g., ventilation, windows, heating, toilets) must be replaced by more energy efficient devices (e.g., Energystar), taking into account local context in Aboriginal and remote communities;
- c) Consideration has been given to the use of alternative sources of electricity, heat and cooling; and
- d) All new buildings must exceed the energy efficiency requirements of the Model National Energy Code for Buildings by at least 25%.

A.11 CATEGORY 10: CONNECTIVITY

A.11.1 OBJECTIVE

The objective of the category is to construct, restore or improve Infrastructure that supports Canada's objective to make broadband access widely available to all communities; to improve the delivery of public services such as e-government, e-health and e-education; and to improve the quality of life; and to promote social development, innovation and economic development in Canada's communities.

A.11.2 SUBCATEGORIES

- a) High-speed backbone (transport);
- b) Points of presence (access); and
- c) Local distribution within communities.

A.11.3 MANDATORY SCREENING CRITERIA

- a) The Business case must demonstrate the Applicant's ability to operate and sustain the resulting Infrastructure;
- b) To promote competitiveness, a commercially and technologically neutral and competitive tendering and contracting process has been or will be conducted for the Project;
- c) The Project's proposed solution provides for Third Party open access; and
- d) The publicly-accessible portions of the resulting Infrastructure of the Project must ensure accessibility for persons with disabilities.

A.12 RANKING CRITERIA

A project will be ranked on how and to what extent it meets the category ranking criteria outlined below.

RANKING CRITERIA PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
Shared criteria	1. Has broad support in the community;	•	•	•	•	•	•	•	•	•	•
	2. Addresses its impact on the various climate parameters and adapts to the potential risks posed by future climate change;	•	•	•	•	•	•	•	•	•	•
	3. Minimizes impact on climate change by: <ul style="list-style-type: none"> mitigating or reducing GHGs by using renewable energy sources, innovative technologies and practices that increase energy efficiency, or by other mitigation strategies; and cost-effectively minimizing GHG emissions attributable to the Project in both construction and operation; 	•	•	•	•	•	•	•	•	•	•
	4. Fosters alliances between public and private sector, and encourages a P3;	•	•	•	•	•	•	•	•	•	•
	5. Uses best practices for technologies and construction;	•	•	•		•					
	6. Improves energy usage and efficiency;	•	•	•							•
	7. Features closed-loop resource management (wastewater, biosolids and waste re-use and recycling, power generation derived from treatment process or solid waste, and passive energy sources);	•	•	•							
	8. Reduces or eliminates existing or potential health risks;	•	•								
	9. Is based on a strategy for local water and wastewater management providing for long-term sustainability, including appropriate conservation based metering and pricing;	•	•								
	10. Is supported by a business case that addresses: <ul style="list-style-type: none"> demand-management, including water metering and public education; and a sustainable approach to financing that ensures ongoing operation, maintenance and upgrading; 	•	•								
	11. Reduces or eliminates potential impacts or risks associated with disasters;			•	•	•	•	•	•	•	•
	12. Improves transportation system efficiency (e.g., cost per passenger-km, capacity for passenger throughput in corridors);				•	•					
	13. Gives consideration to alternatives to the Project being proposed;				•	•					
	14. Improves transportation and public safety and security;				•	•					
	15. Minimizes other air contaminants from transportation;				•	•					
	16. Improves access to business, employment and educational opportunities for local citizens, including Aboriginal peoples;				•	•					
	17. Promotes the use of innovative technology or processes in transportation, urban or rural, including the use of ITS technologies, where applicable;				•	•					
	18. Is a multi-use or multi-component facility.								•	•	
Water	19. Provides a multi-jurisdictional, multi-sectoral and integrated approach to drinking water that: <ul style="list-style-type: none"> addresses long-term sustainability; includes pricing and integrated watershed management; and includes the concept of Source to Tap. 	•									

RANKING CRITERIA PER CATEGORY OF PROJECTS		Water	Wastewater	Solid Waste	Public Transit	Local Roads	Cultural	Recreation	Tourism	Energy Improvement	Connectivity
Wastewater	20. Addresses the management of storm water by, for example, separating wastewater systems from storm water systems;		•								
	21. Diminishes the frequency of sanitary and combined sewer overflows during rainfall;		•								
	22. Proposes a wastewater system that is equivalent in performance to secondary treatment with additional treatment if appropriate.		•								
Solid waste	23. Reduces waste to disposal and increases waste recycled or composted per capita;			•							
	24. Is based on full cost accounting.			•							
Public transit	25. Increases public transit mode share and ridership;				•						
	26. Implements transportation demand strategies to increase transit ridership or technologies to encourage system efficiency through transferability and integration between modes (e.g., fare and service integration);				•						
	27. Increases efficiency of access to major transportation facilities (e.g., ports, airports, railway stations);				•						
	28. Has been the subject of a cost-benefit analysis, particularly for larger Projects.				•						
Local Roads	29. Considers the impact of the road investment on public transit within the same municipal and rural boundaries, and identifies mitigation strategies as appropriate.					•					
Cultural	30. Is coherent with a sound local cultural strategy;						•				
	31. Contributes to overall community sustainability;						•				
	32. Increases the Applicant's capacity to reach new audiences, and to enhance and diversify its program offerings;						•				
	33. Will have a positive overall impact on the availability of spaces for artistic creation, presentation or innovation, for the preservation and presentation of heritage collections, in a multi-use or multi-component environment;						•				
	34. Complements the local, provincial or national network of cultural Infrastructure for arts and heritage activities;						•				
	35. Benefits other artistic and heritage organizations locally, regionally, provincially, or nationally, and where applicable, internationally;						•				
	36. Contributes to the designation, preservation and renovation of heritage sites;						•				
	37. Is endorsed by arts and heritage communities;						•				
	38. Meets all applicable federal/provincial/municipal standards for the use of First Nations residents and Inuit.						•				

SCHEDULE “B” – ELIGIBLE AND INELIGIBLE COSTS

B.1 ELIGIBLE COSTS

B.1.1 Eligible Costs are all direct costs, which:

- a) In Canada’s and Manitoba’s opinion, are properly and reasonably incurred;
- b) Are paid by a Recipient and no other person; and
- c) Are paid under a Contract for goods or services necessary for the implementation of a Project.

B.1.2 Eligible Costs are:

- a) Costs incurred after the signing of this Agreement;
- b) The capital costs of acquiring, constructing or renovating a fixed capital asset;
- c) The fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake the surveying, design, engineering, manufacturing or construction of a Project Infrastructure asset and related facilities and structures;
- d) The costs of environmental assessments and follow-up programs as required by the *Canadian Environmental Assessment Act*;
- e) The costs of any public announcement and official ceremony, or of any temporary or permanent signage; and
- f) Other costs that are direct and necessary for the successful implementation of a Project and that have been approved in advance and in writing by the Management Committee.

B.2 INELIGIBLE COSTS

B.2.1. Notwithstanding any other provision in this Schedule other than B.2.2, costs related to the following are not eligible:

- a) Costs incurred before the signing of this Agreement;
- b) Services or works that, in the opinion of the Management Committee, are normally provided by the Recipient or a related party;
- c) Salaries and other employment benefits of any employees of the Recipient;
- d) Overhead costs, its direct or indirect operating or administrative costs and, more specifically costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its Recipient’s staff;
- e) Costs of feasibility and planning studies;
- f) Taxes for which the Recipient or a Third Party is eligible for a tax rebate, and all other costs eligible for rebates;
- g) Costs of land or any interest therein, and related costs;
- h) Financing charges and interest costs;
- i) Cost of leasing of equipment by the Recipient;

- j) Legal fees; and
- k) Routine repair and maintenance costs.

B.2.2 The cost of the Recipient's employees or equipment may be considered on an exceptional basis by Management Committee as an Eligible Cost if:

- a) The Project is located in a rural or isolated community governed by a Local Government;
- b) The Recipient satisfies the Management Committee that it is not economically feasible to tender a Contract;
- c) Employees or equipment are employed directly in respect of the work that would have been the subject of the Contract; and
- d) Approved in advance and in writing by the Management Committee.