

SCHEDULE “B” – ELIGIBLE AND INELIGIBLE COSTS

B.1 ELIGIBLE COSTS

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

- a) In Canada’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 may only include:

- a) The capital costs of acquiring, constructing or renovating a fixed capital asset;
- b) 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;
- c) The costs of environmental assessments and follow-up programs as required by the *Canadian Environmental Assessment Act*;
- d) The costs of any public announcement and official ceremony, or of any temporary or permanent signage; and
- e) 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 the 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.