



August 6, 2021

**PROJECT NO. 851- 513622**

**NORTHERN ONTARIO DEVELOPMENT PROGRAM  
REGIONAL AIR TRANSPORTATION INITIATIVE  
CONTRIBUTION AGREEMENT**

**Between:**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**

**And:**

**THE CORPORATION OF THE TOWN OF FORT FRANCES**

**CONTRIBUTION AGREEMENT UNDER THE  
NORTHERN ONTARIO DEVELOPMENT PROGRAM  
REGIONAL AIR TRANSPORTATION INITIATIVE**

This **Contribution Agreement** is made

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA** (“**Her Majesty**”),  
hereby represented by the Minister of Economic Development and Official  
Languages (“**Minister**”)

**AND:**

**THE CORPORATION OF THE TOWN OF FORT FRANCES** incorporated  
under the laws of Ontario having its head office located at 320 Portage  
Ave., Fort Frances, ON P9A 3P9 (“**Recipient**”)

**RECITALS**

**WHEREAS** the Government of Canada established the Regional Air Transportation Initiative (“**Program**”) to reinstate and maintain regional air routes and air connectivity access impacted by the COVID-19 pandemic;

**WHEREAS** the Recipient has applied for funding;

**WHEREAS** the Minister has determined that the Recipient is eligible for funding under the Program and that the Project (as defined below) qualifies for support under the Program;

**AND WHEREAS** the Minister has agreed to provide a non-repayable contribution to the Recipient to support the Project;

**NOW THEREFORE**, in consideration of the foregoing principles and their respective obligations set out below, the Parties hereto agree as follows:

**1. INTERPRETATION**

**1.1. Definitions**

In addition to those terms defined in Schedule A– *Statement of Work*, the recitals and elsewhere in this Agreement, a capitalized term in this Agreement has the meaning given to it in this section. Unless otherwise specified in the Agreement, words importing the singular include the plural and vice versa and words importing gender include all genders.

a) “**Agreement**” means this contribution agreement and all schedules attached hereto, as may be amended, supplemented or restated from time to time.

b) “**Assessment of Risk**” means the level of risk determined pursuant to the Minister’s evaluation of the Recipient’s and the Project’s risk, which is undertaken from time to time using the Minister’s then-current risk framework.

- c) **“Business Day”** means any day other than a Saturday, Sunday and Canadian statutory holiday to which the Recipient is subject.
- d) **“Contribution”** means the funding provided by the Minister to the Eligible Costs pursuant to the terms and conditions of this Agreement, in the amount set out in section 3.1.
- e) **“Date of Acceptance”** means the date on which the duplicate fully executed copy of this Agreement is received by the Minister.
- f) **“Eligible Activities”** means those eligible activities set out in the Schedule B – *Eligible and Ineligible Activities and Related Information*.
- g) **“Eligibility Date”** means the Project Start Date.
- h) **“Eligible Costs”** means those Project costs incurred by the Recipient that meet the criteria set out in the Schedule B – *Eligible and Ineligible Activities and Related Information*.
- i) **“Eligible and Supported Costs”** means Eligible Costs on which the contribution will be paid.
- j) **“Fair Market Value”** means the price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm’s length, who are fully informed and not under any compulsion to transact.
- k) **“Final Results Report”** means the report prepared in accordance with Schedule C – *Reporting Requirements*.
- l) **“Fiscal Year”** means the period beginning April 1<sup>st</sup> in any year and ending March 31<sup>st</sup> of the following year.
- m) **“Ineligible Costs”** means those costs relating to the Project that are not eligible for funding, as set out in Schedule B – *Eligible & Ineligible Activities and Related Information*.
- n) **“Interest Rate”** means the Bank Rate, as defined in the *Interest and Administrative Charges Regulations*, in effect on the due date, plus 300 basis points, compounded monthly. The Interest Rate for a given month can be found at: <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/taux-rates-eng.html>.
- o) **“Material Change”** is a significant change in the scope, timing, objectives, outcomes or benefits of the Project including without limitation, the following:
  - i) The Project is not completed or not expected to be completed by the Project Completion Date;
  - ii) the total estimated Eligible Costs set out in the Project Budget are expected to be reduced or are expected to be exceeded by twenty percent (20%) or more; or
  - iii) a change in the locations where the Project is to be performed as identified in Schedule A - *Statement of Work*;
- p) **“Minister”** means the Minister of Economic Development and Official Languages and any other person, duly authorized to act on his or her behalf.
- q) **“Overpayment”** means an amount paid by the Minister as part of the Contribution or which is treated as such pursuant to the terms and conditions of this Agreement, which the Recipient is not entitled to according to the terms of this Agreement and which is recoverable by the Minister in accordance with section 5.8.
- r) **“Party”** means the Minister or the Recipient, as the case may be, and **“Parties”** means the Minister and the Recipient.
- s) **“Program”** has the meaning set out in the recitals.

- t) **“Project”** means the activities carried out by the Recipient described in Schedule A – *Statement of Work*.
- u) **“Project Costs”** means the aggregate of all Eligible Costs and Ineligible Costs for the Project, as set out in Schedule A - *Statement of Work*.
- v) **“Project Completion”** means the point at which all components of the Project are completed in accordance with the specifications set out in Schedule A - *Statement of Work*.
- w) **“Project Completion Date”** means March 31, 2022
- x) **“Project Start Date”** means April 1, 2020
- y) **“Third Party”** means any legal entity, individual, partnership or organization, other than a Recipient and Her Majesty.
- z) **“Schedule”** means a schedule to this Agreement.

## 1.2. Entirety of Agreement

This Agreement constitutes the entire agreement between the Parties and supersedes all previous documents, discussions, negotiations, provisions, undertakings or arrangements in relation to the subject matter of this Agreement. If any inconsistency exists between the Schedules and the sections of this Agreement, the sections of this Agreement take precedence.

## 1.3. Term

The Agreement shall come into force as of the Date of Acceptance and, subject to section 1.5 will terminate:

- (a) twelve (12) months after the earlier of:
  - i) the Project Completion to the satisfaction of the Minister; or
  - ii) the Project Completion Date.
- (b) upon the date on which all amounts due by the Recipient to Her Majesty under this Agreement, have been paid in full,

whichever is the later, unless terminated earlier in accordance with the terms of this Agreement.

## 1.4. Schedules

The following Schedules are attached to, and form part of, this Agreement:

- a) Schedule A – Statement of Work
- b) Schedule B – Eligible and Ineligible Activities and Related Information
- c) Schedule C – Reporting Requirements

The following Annexes are attached to, and forms part of, Schedule C:

Annex C-1 – Claim Summary/Advance Form

Annex C-2 – RATI Cost Forecast

Annex C-3 - Final Statement and Detailed Transaction Listing

**1.5. Survival**

Notwithstanding anything else in this Agreement, the following rights and obligations shall survive the expiration or early termination of this Agreement for a period of six (6) years:

- Section 3.4 Other Government Financial Support
- Section 5.8 Overpayment
- Section 8 Default and Recovery
- Section 9 Audit and Evaluation
- Section 10 Information Management, Retention and Access
- Section 13 Representations, Warranties and Additional Covenants
- Section 14 Indemnification and Limitation of Liability
- Section 16 General Provisions

**1.6. Headings**

The headings used in this Agreement are inserted for convenience of reference only, and shall not affect its interpretation.

**2. PURPOSE**

**2.1. Purpose of the Contribution**

The purpose of the Contribution is to provide financial assistance to the Recipient solely for the purpose of carrying out the Project, in accordance with the terms and conditions set forth in this Agreement. The Recipient agrees to use the Contribution solely for this purpose.

**3. CONTRIBUTION AND PROJECT BUDGET**

**3.1. Contribution by the Minister**

- a) Subject to the terms and conditions of this Agreement, and the limitations as set out in paragraph (b), the Minister will make a non-repayable contribution to the Recipient in respect of the Project, in an amount not exceeding the lesser of:
  - i) 100 percent of the total Eligible and Supported Costs of the Project; and
  - ii) \$ 225,705.
- b) Payment of the Contribution will be made at the Minister's discretion, which shall not be unreasonably withheld, and will be subject to all terms and conditions of this Agreement.
- c) The Parties acknowledge that the Minister's role with respect to the Project will be limited to making a financial contribution to the Recipient in respect of the Project, and that the Minister shall have no involvement in the management or operation of the Project. The Minister is neither a decision-maker nor an advisor in respect of the Project.

**3.2. Budgeting and Allocation of Contribution**

The Minister will not contribute to any Eligible Costs that are incurred prior to the Eligibility Date or after the Project Completion Date. All costs incurred before the Eligibility Date will be deemed ineligible.

**3.3. Appropriations**

Any payment by the Minister under this Agreement is subject to there being an appropriation for the Fiscal Year in which the payment is to be made; and to cancellation or reduction in the event that departmental funding levels are changed by Parliament. If the Minister is prevented from disbursing the full amount of the Contribution due to a lack or reduction of appropriation or departmental funding levels, the Minister and Recipient agree to review the effects of such a shortfall in the Contribution on the implementation of this Agreement.

**3.4. Other Government Financial Support**

3.4.1 The Recipient confirms that, in addition to the Contribution, it has received or has been approved to receive the following federal, provincial / territorial, or municipal government (“Government”) financial assistance for the Project:

Federal:	\$0
Provincial:	\$0
Municipal:	\$0
<b>Total:</b>	<b>\$0</b>

The Recipient confirms that it has not requested nor received any Government financial assistance for the Project, other than as described above.

3.4.2 The Recipient agrees that, for the purposes of this section, Government financial assistance includes, and may not be limited to any grants, contributions, implicit subsidies, forgivable loans, investment tax credits and any other tax credits available to the Recipient in respect of the Project.

3.4.3 In no event will the total Government financial assistance towards the total Eligible Costs be allowed to exceed one hundred per cent (100%) of the Eligible Costs.

3.4.4 The Recipient agrees to promptly notify the Minister, within fifteen (15) Business Days, in the event that any Government financial assistance related to the Project, other than as described above is approved, or provided during the term of this Agreement. The Recipient acknowledges and agrees that, at the Minister’s sole discretion, the amount of the Contribution may be reduced the extent of any additional Government financial assistance, or the Minister may require the Recipient to repay the excess amount of the Contribution it received, and any such amount will be treated as an Overpayment..

**3.5. Other Financial Support**

The Recipient agrees to promptly notify the Minister, within fifteen (15) Business Days, in the event that any other financial assistance related to the Project, other than Government assistance set out in section 3.4, is approved or provided during the term of this Agreement. The Recipient acknowledges and agrees that, at the Minister’s sole discretion, the amount of the Contribution may be reduced to the extent of any additional financial assistance, or the Minister may require the Recipient to repay the excess amount of the Contribution it received, and any such amount will be treated as an Overpayment.

**4. OBLIGATIONS OF THE PARTIES**

**4.1. The Minister’s General Obligations**

The Minister will be responsible for disbursing the Contribution pursuant to the terms and conditions of this Agreement. The Minister may provide guidance, information and reporting templates, where practical, to assist the Recipient with the preparation of reports and claims required under this Agreement.

**4.2. Project Commitments by the Recipient**

The Recipient covenants and agrees to complete the Project in accordance with the terms and conditions of this Agreement. Without limiting the generality of the foregoing, the Recipient shall:

- a) carry out the Project, as described in Schedule A – *Statement of Work*, in a diligent, timely and professional manner and in general compliance with the Project Costs;
- b) complete the Project no later than the Project Completion Date;
- c) subject to the Minister’s commitment in section 3.1, allocate the Contribution toward certain Eligible Costs, be responsible for all Project Costs, including costs incurred in excess of the Project Costs specified in Schedule A – *Statement of Work*, if any;

- d) ensure that all goods and services, the cost of which are being contributed to by the Minister under this Agreement, will be purchased or acquired at competitive prices that are no greater than Fair Market Value after deducting all trade discounts and similar items;
- e) assume full responsibility at all times for the Project and all matters arising therefrom, as per appropriate standards; and
- f) when awarding contracts or hiring personnel for the Project, use a fair and competitive or otherwise justifiable and generally accepted sound business process that results in competent and qualified contractors and/or personnel working on the Project.

## **5. CLAIMS AND PAYMENTS**

### **5.1. Payment of Claims**

5.1.1 The Recipient shall submit claims for reimbursement of Eligible and Supported Costs and the Minister will pay the Contribution in respect of Eligible and Supported Costs incurred, provided that the Recipient is not in default hereunder.

- a) Claims will be submitted electronically using forms prescribed by the Minister as set out in Annex C-1 of Schedule C – *Reporting Requirements*;
- b) Subsequent/final claims will be accompanied by an itemized summary of Eligible and Supported Costs being claimed which have been incurred by the Recipient and which will be substantiated by such documentation, as may be required by the Minister as set out in Annex C-2 and Annex C-3 of Schedule C;
- c) Subsequent/final claims will be accompanied by details of funding sources for the Project, including amounts received or receivable, during the claim period and during the relevant Fiscal Year to date.

### **5.2. Requests for Advance Payments**

5.2.1 Where the Minister is satisfied and has determined that the Recipient's cash flow requirements justify the need for an advance against the Eligible and Supported Costs payable under this agreement, the Minister may, at his/her sole discretion, pay to the Recipient an initial advance. If the Minister elects to make an advance payment to the Recipient, the Minister will determine the amount of the advance to be paid in accordance with his/her customary payment practices based on the Assessment of Risk of the Contribution and upon receipt of the Recipient's forecasted cash flow requirements in the form set out in Annex C-1 and Annex C-2 of Schedule C of this Agreement.

5.2.2 The Minister shall determine the relevant advance period not to exceed twelve (12) months prior to making any advance payment of a portion of the Contribution, using the then-current Assessment of Risk. The advance payment will not exceed the immediate cash requirements of the Recipient for that period and will take into account any holdback that may be applied.

5.2.3 The Recipient shall provide and accounting for advances, both expended and unspent, within thirty (30) days of the end of each advance period through the submission of a report detailing the actual amounts of Eligible and Supported Costs incurred during the advance period.

5.2.4 The Recipient agrees to spend advances in the Fiscal Year the advance was made, failing which the Recipient agrees to reimburse Her Majesty any unspent amounts. If the amount of the advance exceeds the amount of Eligible and Supported Costs incurred during the previous advance period, the Minister may deduct the excess amount and any interest earned by such excess from any other payment under this Agreement.

### **5.3. Final Claim for Reimbursement of Eligible and Supported Costs**

The Recipient shall submit the final claim for Eligible and Supported Costs to the satisfaction of the Minister no later than forty five (45) days after the Completion Date or early Termination Date of the Project. The Minister shall have no obligation to pay any claims submitted after that date. The final claim will, in addition to the requirements set out in section 5.1, be accompanied by the following documents, prepared to the Minister's satisfaction:

- a) a final statement of total Project costs;
- b) a statement of the total funding provided from all sources for the Project, including total Canadian government funding received;
- c) a Final Activity Report on the Project;
- d) a Final Results Report on the outcomes and impacts of the Project for evaluation purposes; and
- e) a certification, by an authorized signatory of the Recipient, that this is the final claim for payment and includes all final Eligible and Supported Costs Incurred and Paid submitted for payment.

### **5.4. Payment Procedure**

5.4.1 The Minister shall review and approve the documentation submitted by the Recipient following the receipt of the Recipient's claim, or will notify the Recipient of any deficiency in the documentation submitted which the Recipient shall immediately take action to address and rectify.

5.4.2 Subject to the maximum Contribution amount set forth in subsection 3.1(a) and all other conditions set forth in this Agreement, the Minister shall pay to the Recipient the Minister's portion of the Eligible Costs supported by the Contribution set forth in the Recipient's claim, in accordance with the Minister's customary payment practices.

5.4.3 All requests for payment by the Recipient shall be accompanied by any other information, explanations and/or documentation related to the Project and/or in support of the claim as may be requested by the Minister, from time to time.

5.4.4 The Minister may require that any claim submitted for payment of any amount of the Contribution be certified by the Recipient's external auditors or by an auditor approved by the Minister.

### **5.5. Final Adjustments**

After the final claim has been received, to the Minister's satisfaction, the Minister will carry out a final review and reconciliation of all claims and payments made in respect of the Project and, at the Minister's sole discretion, the Minister may conduct an audit as provided in section 9.1. Upon completion of such review and/or audit to the Minister's satisfaction, the Minister will make any final adjustments required in these circumstances. If the amount of the Contribution that has been paid to the Recipient exceeds the total amount which the Recipient is entitled to receive under this Agreement, the Minister shall so advise the Recipient and such amount will be deemed an Overpayment.

### **5.6. Holdback**

Notwithstanding any other provision of this Agreement, the Minister may, at the Minister's discretion, withhold an amount of the Contribution from the total amount of Eligible and Supported Costs claimed at any point in time. The Minister shall determine the percentage of the holdback based on the amounts of the Contribution, as set out in the Project Budget, and using the then-current Assessment of Risk. The Minister may adjust the percentage of holdback during the term of the Agreement. The Minister shall release the holdback upon the Minister's receipt and acceptance of all deliverables and reports required under this Agreement and after the final adjustment under section 5.5 has been completed to the Minister's satisfaction.



### **5.7. Proceeds or Income Earned**

The Recipient shall report all proceeds or any income (not including income from operations), including interest earned, on the Contribution, including advance payments. Such proceeds, income or interest may, at the Minister's discretion, be applied to reduce the amount of the Contribution to be disbursed under this Agreement or alternatively may be treated as an Overpayment.

### **5.8. Overpayment**

The Recipient agrees to repay Her Majesty any amount which constitutes an Overpayment and until such Overpayment is repaid, it will constitute a debt due to Her Majesty. At the Minister's discretion, the Minister may deduct any Overpayment from subsequent payments of the Contribution, from the amount withheld as a holdback or, if the Overpayment is determined in or after the final Fiscal Year, the Recipient shall repay the amount within thirty (30) days of receiving written notification by the Minister. Interest on the Overpayment will be charged at the Interest Rate and be due and payable upon any amount of the Overpayment not repaid after thirty (30) days of receipt of written notice in accordance with the *Interest and Administrative Charges Regulations*.

### **5.9. Payable at Year End (PAYE) Set-Up**

On or before the end of each Fiscal Year, the Recipient shall provide the Minister a form ("PAYE form") prescribed by the Minister completed and certified by the Recipient with a year-end estimate of the Contribution amount that will be requested for reimbursement of Eligible and Supported Costs incurred or to be incurred up to March 31<sup>st</sup> of the current Fiscal Year so that funds for that Fiscal Year can be set-aside for the reimbursement of Eligible and Supported Costs incurred for that year.

The Minister may require that all PAYE forms be accompanied by any other information, explanation and/or documentation related to the Project and/or related to the year-end estimate of the Eligible and Supported Costs and/or estimated Contribution amount.

### **5.10. Aboriginal Consultation**

The Recipient acknowledges that Her Majesty's obligation to pay the Contribution is conditional upon Her Majesty satisfying any obligation that Her Majesty may have to consult with or to accommodate any Aboriginal groups, which may be affected by the terms of this Agreement.

## **6. RESULTS AND FINANCIAL REPORTING**

### **6.1. Final Results Report**

The Recipient shall provide to the Minister a *Final Results Report* as described in Schedule C – *Reporting Requirements*, to the Minister's satisfaction, no later than forty five (45) days following the Project Completion Date, and using the form prescribed by the Minister.

### **6.2. Financial Statements**

The Recipient agrees to provide the Minister, a copy of the Recipient's independently prepared audited annual financial statements (or if none is available unaudited annual financial statements) within one hundred and twenty (120) days of the Recipient's fiscal year end for the duration of this project.

### **6.3. Supplementary Information**

The Minister may, at any time, request supplementary information relating to any aspect of the Project, including but not limited to, financial management, expenditures, funding and investments, performance measurement.

## 7. COMPLIANCE WITH LEGISLATION, POLICIES AND REGULATIONS

### 7.1. Compliance with Laws

The Recipient shall comply with all federal, provincial, territorial, municipal and other applicable laws governing the Recipient and the Project, including but not limited to, statutes, regulations, by-laws, rules, ordinances and decrees.

### 7.2. Environmental Assessments

The Recipient represents that the Project is not a “designated project” as defined in the *Canadian Impact Assessment Act*, S.C. 2019, c. 28, s. 1 (IAA) and that an impact assessment (IA) or a determination under section 82 of IAA, are not required for the Project.

## 8. DEFAULT AND RECOVERY

### 8.1. Default

The Minister may declare that an event of default has occurred if:

- a) the Recipient neglects or fails to pay to her Majesty any amount due in accordance with this Agreement;
- b) the Project is not completed to the Minister’s satisfaction by the Project Completion Date or the Project is abandoned in whole or in part;
- c) the Recipient is insolvent, adjudged or declared bankrupt or if it goes into receivership or takes the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
- d) an order is made which is not being contested or appealed by the Recipient or a resolution is passed for the winding-up of the Recipient or the Recipient is dissolved;
- e) a representation, warranty or material statement contained herein or in any application or certificate, document or report delivered to the Minister hereunder or in connection therewith is at any time incorrect, false or misleading;
- f) the Recipient has, in the opinion of the Minister, ceased to carry on business or has sold all or substantially all of its assets;
- g) the Recipient fails to comply with the monitoring, audit and evaluation requirements, specified in this Agreement;
- h) the Recipient has not, in the opinion of the Minister, met or satisfied a term or condition of this Agreement;
- i) the Recipient makes a materially false or misleading statement concerning support by Her Majesty in any internal and/or public communication, other than in good faith; or
- j) the Project is carried out at locations, other than those mentioned in Schedule A - *Statement of Work*.

### 8.2. Notice and Rectification Period

Except in the case of a default under 8.1 (c) or (d) or (f), the Minister will not declare that an event of default has occurred unless it has given written notice to the Recipient of the occurrence which, in the Minister’s opinion, constitutes an event of default and the Recipient fails, within thirty (30) days of receipt of the notice, either to correct the condition or event or demonstrates, to the satisfaction of the Minister that it has taken such steps as are necessary to correct the condition.

### **8.3. Remedies**

If the Minister declares that an event of default has occurred, the Minister may exercise any one or more of the following remedies, in addition to any other remedies available at law or equity:

- a) suspend any obligation by the Minister to make a payment under this Agreement, including any obligation to pay any amount owing prior to the date of such suspension;
- b) terminate this Agreement, including any obligation by the Minister to make any payment under this Agreement, including any amount owing prior to the date of such termination; or
- c) require the Recipient to repay Her Majesty all or part of the Contribution paid by the Minister to the Recipient, together with interest from the day of demand at the Interest Rate.

### **8.4. Non-Waiver**

Any tolerance or indulgence demonstrated by one Party to the other, or any partial or limited exercise of rights conferred on a Party, shall not constitute a waiver of rights, and unless expressly waived in writing, the Parties shall be entitled to exercise any right and seek any remedy available under this Agreement or otherwise at law. Either Party may, by notice in writing, waive any of its rights under this Agreement.

### **8.5. Policy Objective**

The Recipient acknowledges the policy objectives served by the Minister's agreement to make the Contribution, that the Contribution comes from public monies, and that the amount of damages sustained by Her Majesty in an event of default is difficult to ascertain and therefore that it is fair and reasonable that the Minister be entitled to exercise any or all of the remedies provided for in this Agreement and to do so in the manner provided for in this Agreement, if an event of default occurs.

## **9. AUDIT AND EVALUATION**

### **9.1. Recipient Audit**

The Recipient agrees that the Minister may conduct periodic audits of the Recipient's compliance with the terms and conditions of this Agreement, including without limitation, compliance with the financial provisions. The Recipient will, at its own expense, preserve and make available for audit and examination by the Minister all books, accounts and records of the Project, the Recipient's administrative, financial and claim processes and procedures, and any other information necessary. The Minister will have the right to conduct such audits at the Minister's expense as the Minister considers necessary using internal audit staff or auditors selected by the Minister. The Recipient will make the necessary contractual arrangements with Third Parties to provide the Minister with similar audit rights in respect of those Third Parties.

Where the report of an audit conducted pursuant to this section identifies any deficiencies, or provides recommendations for improvements or redress, the Recipient shall, within sixty (60) days of receiving such report, implement timely corrective actions in respect of such findings or recommendations, and report back to the Minister.

### **9.2. Program Evaluation**

The Minister may engage in an evaluation of the Program for the purposes of assessing its relevance and impact. The Recipient shall assist the Minister to perform any such evaluation.

### 9.3. Auditor General Rights

The Recipient acknowledges that, pursuant to subsection 7.1 (1) of the *Auditor General Act*, the Auditor General of Canada may, at the Auditor General's own cost, conduct an inquiry respecting the Recipient's compliance with the terms and conditions of this Agreement or an inquiry into the Recipient's procedures to measure and report on performance with respect to this Agreement.

For the purposes of any such inquiry undertaken by the Auditor General, the Recipient shall provide, upon request and in a timely manner:

- a) all records held by the Recipient or by agents or contractors of the Recipient, relating to this Agreement or the use of the funds provided under this Agreement;
- b) all relevant information, as may reasonably be required to undertake a performance audit of the Program; and
- c) such further information and explanations as the Auditor General, or anyone acting on behalf of the Auditor General, may request relating to this Agreement or the use of the funds provided under this Agreement.

The Auditor General may discuss any concerns raised in such an inquiry with the Recipient and with the Minister. The results may be reported to Parliament in a report of the Auditor General.

### 9.4. Audits and Evaluations Carried Out by the Recipient.

Upon request, the Recipient shall provide the Minister with a copy of the report of any audit, evaluation or review carried out by the Recipient, related to the Project or the use of the Contribution.

## 10. INFORMATION MANAGEMENT, RETENTION AND ACCESS

### 10.1. Records Retention and Access

The Recipient shall keep and maintain books of account and other records in which all receipts, disbursements, costs and activities in relation to the Project are recorded in a segregated fashion, and in a manner which shall demonstrate the application of the Contribution received from the Minister to reimburse Eligible and Supported Costs. The Recipient shall establish and maintain sound financial and management practices that will ensure the Contribution is expended in accordance with the terms and conditions of this Agreement.

### 10.2. Access to Premises

The Recipient shall provide the Minister reasonable access to the Recipient's premises and those of any Third Parties, and any premises where the Project is being carried out in order to review Project records and assess the progress of the Project and the Recipient's compliance with the terms and conditions of this Agreement.

### 10.3. Disclosure

Subject to the *Access to Information Act* (Canada), the *Privacy Act*, the *Library and Archives Act* of Canada, and sections 10.4, 10.6 and 11 of this Agreement, the Parties shall keep confidential and shall not disclose the contents of this Agreement or the transactions contemplated hereby, without the consent of all Parties. Notwithstanding the foregoing, the Minister may publicly disclose the Recipient's name, the amount of the Contribution, a description of the nature of the Project, the date and value of this Agreement or any subsequent amendment, amounts advanced or paid for the reimbursement of Eligible and Supported Costs.

Notwithstanding the foregoing, the Recipient waives any confidentiality rights to the extent such rights would impede Her Majesty from fulfilling its notification obligations to a world trade panel for the purposes of the conduct of a dispute, in which Her Majesty is a party or a third party intervener. The Minister is authorized to disclose the contents of this Agreement and any documents pertaining thereto, whether predating or subsequent to this Agreement, or of the transactions contemplated herein, where in the opinion of the Minister, such disclosure is necessary to the defence of Her Majesty's interests in the course of a trade remedy investigation conducted by a foreign investigative authority, and is protected from public dissemination by the foreign investigative authority. The Minister shall notify the Recipient of such disclosure.

#### **10.4. Information Sharing**

The Recipient acknowledges that, in order to ensure efficiencies and effectiveness in the implementation, and administration of the Program, the Minister may collect and share with other federal departments and Governments who are providing funding for the Project, Recipient information for purposes that include, but are not limited to, the use of such information in the auditing, assessment, analysis and evaluation of the Recipient; the Recipient's performance of its contractual obligations, and, the Project and this Agreement. The Recipient hereby consents to the sharing of Recipient information for these purposes.

#### **10.5. Confidentiality**

The Recipient represents that any information which the Recipient has obtained in confidence from any Third Party, or any personal information contained in any records, information, audit and evaluation and other reports provided to the Minister under the terms of this Agreement, was obtained with the consent of the Third Party or individual consent. Any information containing such personal information or Third Party confidential information will be marked as "confidential". The Minister shall ensure that any disclosure respects all legal requirements relating to personal information and Third Party confidential information.

#### **10.6. Financing, Licensing and Subcontracting**

The Minister hereby consents to the Recipient disclosing this Agreement, and any portion or summary thereof, for any of the following purposes:

- a) securing additional funding; or
- b) ensuring that Third Parties, all agents, contractors and subcontractors of the Recipient agree to provide the Minister and the Auditor General with access to their records and premises.

### **11. PUBLIC COMMUNICATION**

#### **11.1. Public Dissemination**

The Minister has the right to release to the public, table before Parliament and publish by any means, any reports and other information the Minister has the right to receive or to produce in accordance with this Agreement (hereinafter referred to as "Information") as well as such excerpts or summaries of the Information as the Minister may, from time to time, decide.

#### **11.2. Public Recognition**

The Recipient shall, in all public communications (including but not limited to web sites, publications, news releases, presentations, annual reports, on-site signage) acknowledge the financial support of the Minister in a form that is satisfactory to the Minister.

Acknowledgement of the Minister's support to the Recipient will be in accordance with the Communications Requirements on the FedNor website: [www.fednor.gc.ca](http://www.fednor.gc.ca) The Recipient also agrees to limit the acknowledgement to applications agreed upon by the Minister and to terminate the acknowledgement upon request of the Minister.

### 11.3. Public Announcement

The Recipient shall give reasonable prior notice to the Minister of a proposed public announcement or ceremony relating to the Project. The Minister, or his/her designated representative, will be invited to participate in such announcement or ceremony to take place where possible at a mutually agreed date. Where the Minister or his/her representative wishes to participate in such an announcement or ceremony, the Recipient shall cooperate with the representative in respect of such announcement or ceremony.

## 12. OFFICIAL LANGUAGES

The Recipient may carry out the Project in the official language of the Recipient's choice.

## 13. REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS

### 13.1. Representations and Warranties

The Recipient represents and warrants that:

- a) no member of the House of Commons or Senate of Canada shall be admitted to any share or part of this Agreement or to any benefit arising from it, that are not otherwise available to the general public;
- b) the Recipient confirms that no current or former public servant or public office holder, to whom the *Values and Ethics Code for the Public Sector*, the *Policy on Conflict of Interest and Post-Employment* or the *Conflict of Interest Act* applies, shall derive direct benefit from the Agreement, including any employment, payments or gifts, unless the provision or receipt of such benefits is in compliance with such codes and the legislation. Where the Recipient employs or has a major shareholder, who is either a current or former (in the last twelve (12) months) public office holder or public servant in the federal government, the Recipient shall demonstrate compliance with these codes and the legislation;
- c) it has not paid, nor agreed to pay nor will it pay or agree to pay to any person, either directly or indirectly, a commission, fee or other consideration that is contingent upon the execution of this Agreement, or upon the person arranging a meeting with a public office holder;
- d) the Recipient or any persons who are or have been engaged by the Recipient to communicate or arrange meetings with public office holders, regarding the Project or this Agreement, are in full compliance with all requirements of the *Lobbying Act*;
- e) any persons who may be engaged by the Recipient to communicate or arrange meetings with public office holders, regarding the Project or this Agreement, will at all times be in full compliance with the requirements of the *Lobbying Act*;
- f) it is duly incorporated and in good standing under the laws of the Province of Ontario and is in good standing under the laws of each jurisdiction in which it is required to be registered;
- g) it has the requisite power and authority, and has met all legal requirements, necessary to carry on its business, to hold property, and to enter into, deliver and perform this Agreement;
- h) the entering into, delivery and performance of this Agreement, and its execution by the undersigned signatory, have been duly and validly authorized and when executed and delivered, this Agreement will constitute a legal, valid, and binding obligation of the Recipient enforceable in accordance with its terms;

- i) the execution and delivery of this Agreement, and the performance by the Recipient of its obligations hereunder will not, with or without the giving of notice or the passage of time or both:
  - i) violate any provisions of the Recipient's by-laws, any other governance document subscribed to by the Recipient, or any resolution of the Recipient;
  - ii) violate any judgment, decree, order or award of any court, government agency, regulatory authority or arbitrator; or
  - iii) conflict with or result in the breach or termination of any material term or provision of, or constitute a default under, or cause any acceleration under, any license, permit, concession, franchise, indenture, mortgage, lease, equipment lease, contract, permit, deed of trust or any other instrument or agreement by which it is bound;
- j) it is under no obligation or prohibition, nor is it subject to or threatened by any actions, suits or proceedings which could or would prevent compliance with this Agreement;
- k) it has acquired property and general liability insurance that is consistent with the level of risk exposure associated with the Project; and
- l) it did not commence the Project prior to the Project Start Date.

The Recipient acknowledges that the representations and warranties in this section are fundamental terms of this Agreement. In the event that a representation and warranty is determined to be untrue or incorrect at the time that it was made, the Minister may exercise the remedies set out in section 8.3.

### **13.2. Additional Covenants**

In addition to its other covenants and obligations in this Agreement, the Recipient covenants and agrees to:

- a) take all necessary action to maintain itself in good standing with respect to all legal requirements necessary to hold property, and to carry out the Project and perform all obligations under this Agreement, and to preserve its legal capacity, during the term of this Agreement;
- b) promptly inform the Minister forthwith of any fact or event that would or might compromise the Project or prevent compliance with this Agreement, including but not limited to, any kind of harassment, abuse or discrimination in the workplace;
- c) maintain and comply with all licenses, permits and registrations required or appropriate to conduct the Project; and
- d) take measures conducive to creating a workplace free from harassment, abuse and discrimination of any kind.

### **13.3. Material Change**

The Recipient shall not make a Material Change without the prior written consent of the Minister. Notice of a Material Change must be delivered promptly to the Minister and in no event later than fifteen (15) Business Days prior to the proposed Material Change.

### **13.4. Distributions**

The Recipient shall not make any distributions to any affiliates, payout any shareholder loans, declare or pay dividends without the prior written consent of the Minister.

## 14. INDEMNIFICATION AND LIMITATION OF LIABILITY

### 14.1. Indemnification

The Recipient shall at all times indemnify and save harmless, Her Majesty, his or her officials, employees and agents, from and against all claims and demands, losses, costs, damages, actions, suits or other proceedings (including, without limitation, those relating to injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights) by whomsoever brought or prosecuted, or threatened to be 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) the Project, its operation, conduct or any other aspect thereof;
- b) the performance or non-performance of this Agreement, or the breach or failure to comply with any term, condition, representation or warranty of this Agreement by the Recipient, its officers, employees and agents, or by a Third Party or its officers, employees, or agents;
- c) the design, construction, operation, maintenance and repair of any part of the Project or,
- d) any omission or other willful or negligent act or delay of the Recipient or a Third Party and their respective employees, officers, or agents, except to the extent to which such claims and demands, losses, costs, damages, actions, suits, or other proceedings relate to the negligent act or omission of an officer, official, employee, or agent of Her Majesty, in the performance of his or her duties.

### 14.2. Liability

Her Majesty shall have no liability under this Agreement, except for payments of the Contribution, in accordance with and subject to the provisions of this Agreement. Without limiting the generality of the foregoing, Her Majesty shall not be liable for any direct, indirect, special or consequential damages, or damages for loss of revenues or profits of the Recipient, regardless of however arising, whether in contract, tort, fiduciary duty, statute or otherwise.

Her Majesty, her agents, employees and servants will not be held liable in the event the Recipient enters into a loan, a capital or operating lease or other long-term obligation in relation to the Project for which the Contribution is provided.

## 15. INTELLECTUAL PROPERTY

Title to intellectual property resulting from the Project will be determined by the Recipient's policy on intellectual property, and by applicable Canadian law.

## 16. TERMINATION

The Minister may terminate this Agreement at any time without cause upon not less than three (3) months written notice of the intention to terminate the Agreement to the other parties. In the event that the Agreement is terminated:

- a) The Recipient shall make no further commitments in relation to the use of the Contribution and shall cancel or otherwise reduce, to the extent possible, the amount of any outstanding commitments in relation thereto; and
- b) The Recipient's costs of, and incidental to, the cancellation of obligations incurred by it as a consequence of the termination of the Agreement, to the extent that it is established to the satisfaction of the Minister that the costs mentioned herein were actually incurred by the Recipient and are reasonable and properly attributable to the termination of the Agreement will be paid by the Minister.



## 17. GENERAL PROVISIONS

### 17.1. Transfer and Assignment

The Recipient will not transfer or assign this Agreement or any part thereof, or its rights, duties or obligations under this Agreement, without the prior written consent of the Minister and without a written irrevocable undertaking, representation and warranty from the transferee or assignee, as the case may be, in which the transferee or assignee agrees to comply with all terms and conditions of this Agreement. Any attempt by the Recipient to transfer or assign any part of this Agreement, or the rights, duties or obligations of this Agreement, without the Minister's express written consent is void.

### 17.2. Dispute Resolution

If a dispute arises concerning the application or interpretation of this Agreement, the Parties will attempt to resolve the matter through good faith negotiation, and may, if necessary and the Parties consent in writing, resolve the matter through mediation or arbitration by a mutually acceptable mediator or arbitration in accordance with the *Commercial Arbitration Code* set out in the schedule to the *Commercial Arbitration Act (Canada)*, and all regulations made pursuant to that Act. Pending resolution, all payments and other obligations related to the issue in dispute will be suspended.

### 17.3. Disposition of Project Assets

The Recipient shall retain title to, and ownership of any assets, the cost of which has been contributed to by the Minister under this Agreement and shall not sell, assign, transfer, encumber, pledge, grant a security interest or otherwise dispose of same, unless:

- a) the Recipient has obtained the prior written consent of the Minister, on such conditions as the Minister may determine; or
- b) the asset was acquired at a cost less than \$1,000; or
- c) the asset is worn or outdated and is sold, transferred or disposed of in order to be replaced and the proceeds of sale of the asset are used for the acquisition of the replacement.

### 17.4. Debt due to Her Majesty

Any amount owed to Her Majesty under this Agreement will constitute a debt due to Her Majesty and will be recoverable as such. Unless otherwise specified herein, the Recipient agrees to make payment of any such debt within thirty (30) days of receiving written notification by the Minister.

Debts due to Her Majesty will accrue interest at the Interest Rate in accordance with the *Interest and Administrative Charges Regulations*. Interest shall be compounded monthly on overdue balances payable, from the date on which the payment is due, until payment in full is received by Her Majesty. Any such amount is a debt due to Her Majesty and is recoverable as such.

### 17.5. Set-Off

Without limiting the scope of set-off rights provided in the *Financial Administration Act*, the Minister may set off against the Contribution, any amounts owed by the Recipient to Her Majesty under any legislation or any agreements with Her Majesty at any time over the term of this Agreement and the Recipient shall declare to the Minister all amounts outstanding in that regard, when making any claim under this Agreement.

### 17.6. Binding Effect

This Agreement is binding upon the Parties, their successors and permitted assignees.

### 17.7. Amendment

No amendment to this Agreement shall be effective unless it is made in writing and signed by the Parties hereto.

#### **17.8. No Agency**

No provision of this Agreement or action by the Parties will establish or be deemed to establish any partnership, joint venture, principal-agent or employer-employee relationship in any way, or for any purpose, between Her Majesty and the Recipient, or between Her Majesty and any Third Party. The Recipient is not in any way authorized to make a promise, agreement or contract or to incur any liability on behalf of Her Majesty.

#### **17.9. Severability**

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

#### **17.10. Tax**

The Recipient acknowledges that financial assistance from government programs may have tax implications and that advice should be obtained from a qualified tax professional.

#### **17.11. Notice**

Any notice, information or document provided for under this Agreement may be delivered or sent by any pre-paid method, including regular or registered mail, courier, facsimile or email. Notice will be considered as received upon delivery by the courier or one (1) Business Day after being sent by facsimile or email, or five (5) Business Days after mailing provided that no message indicating that the notice was undeliverable is received. A Party may change its address below by notifying the other Party in writing.

Any notice to the Minister will be sent to:

FedNor (Innovation, Science and Economic Development)  
Attn: Heather McKeown  
Program Delivery  
100 Park St., P.O. Box 1610  
Kenora, ON  
P9N 3W9  
Email: [heather.mckeown@ised-isde.gc.ca](mailto:heather.mckeown@ised-isde.gc.ca)

Any notice to the Recipient will be sent to:

Mr. Rob Travis  
Attn: Manager of Operations and Facilities, Town of Fort Frances  
320 Portage Ave.,  
Fort Frances, ON  
P9A 3P9  
Email: [trob@fortfrances.ca](mailto:trob@fortfrances.ca)

Each of the Parties may change the address, which they have stipulated in this Agreement by notifying in writing the other party of the new address, and such change will be deemed to take effect fifteen (15) days after receipt of such notice.

#### **17.12. Applicable Laws**

This Agreement will be interpreted in accordance with the laws of the Province of Ontario and laws of Canada applicable therein.

#### **17.13. Counterparts**

This Agreement may be signed in counterparts and such counterparts may be delivered by facsimile or by other acceptable electronic transmission, each of which when executed and delivered shall constitute an original document; these counterparts taken together shall constitute one and the same Agreement.

18. ACCEPTANCE AND SIGNATURES

The Recipient agrees that unless the Minister receives a duly executed duplicate copy of this Agreement within fifteen (15) days of the date of execution by the Minister, this Agreement is revocable at the discretion of the Minister.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement by their duly authorized representative:

PROJECT NO. 851- 513622

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the Minister for Economic Development and Official Languages

Date: \_\_\_\_\_

Per: 

Duhaime,  
Stephanie

Digitally signed by Duhaime, Stephanie

Date: 2021.08.06 17:55:12 -04'00'

Name: Aime J. Dimatteo

Title: Director General, FedNor

THE CORPORATION OF THE TOWN OF FORT FRANCES

Date: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind The Corporation of the Town of Fort Frances

Date: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have authority to bind The Corporation of the Town of Fort Frances

SCHEDULE A  
STATEMENT OF WORK

The Corporation of the Town of Fort Frances

PROJECT DESCRIPTION:

The mitigation funding will be used for liquidity to bridge a financial gap caused by the pandemic until March 31, 2022.

The support is based on minimum operating costs required to maintain operations, deemed reasonable for the project to move forward, and not covered by other sources of funding.

PROJECT LOCATION: FORT FRANCES, ONTARIO

PROJECT START DATE: April 1, 2020

PROJECT COMPLETION DATE: March 31, 2022

PROJECT COSTS

<u>Project Costs</u>		<u>Financing</u>	
Eligible Costs		FedNor	\$225,705
Supported	\$225,705	Other Federal	\$0
Not Supported	\$0	Provincial	\$0
Ineligible Costs	\$0	Municipal	\$0
		Financial Institutions	\$0
		Applicant	\$0
		Other	\$0
Total	\$225,705		\$225,705

	<u>Supported</u>	<u>Not Supported</u>	<u>Total</u>
<u>Eligible Costs</u>			
Working Capital	\$225,705	\$0	\$225,705
Total Eligible Costs	\$225,705		\$225,705
<u>Ineligible Costs</u>			
Not Applicable			\$0
Total Ineligible Costs			\$0
Total Project Costs			\$225,705

## **OBJECTIVES AND EXPECTED RESULTS**

Recognizing that regional air transport is a critical success factor to regional socio-economic development and well-being of communities, the Initiative will support projects that ultimately assist communities impacted by the decisions of national carriers to suspend and cut services in the short-term, and support conditions for ensuring the sustainability of regional air transport in the long-term. As such, the two objectives are to:

- 1) Contribute to maintaining and enhancing regional and local air carrier operations/services and related regional ecosystem connectivity. Support efforts to develop short-term economic opportunities to better serve the regions and the people who call them home by focusing on maintaining and restoring regional routes to the communities impacted by cuts, and;
- 2) Assistance for small regional airports (not to be overlapped with the supports from TC) to help them maintain services

### **Outcomes and Indicators**

Outcomes of the Regional Air Transportation Initiative include:

- Associated regional air sector ecosystems and small and medium enterprises (SME) that adapt to new realities in order to better serve the socio-economic needs of the regions;
- Businesses and communities have reliable and affordable access to critical regional/local airport and air carrier operations and services; and
- Communities are economically diversified.

Indicators to measure success include:

- Number of jobs, in full-time equivalent (FTE), that will be maintained as a result of this project (including occupational category and industry sector);
- Number of businesses that will be maintained as a result of this project (including the sector in which they operate);
- Number of communities with air access maintained/restored;
- Number of air routes with service maintained/restored; and
- Passenger volumes on air routes maintained/restored.

## SCHEDULE B

### ELIGIBLE AND INELIGIBLE ACTIVITIES AND RELATED INFORMATION

#### 1. GENERAL PRINCIPLE

The Eligible Costs shall be the direct costs which, in the opinion of the Minister, are reasonably and properly incurred or allocated, to the performance of the Project, less any applicable credits as defined below. These costs shall be determined in accordance with the Recipient's cost accounting system as accepted by the Minister and applied consistently over time. The cost accounting system should clearly establish an audit trail that supports all Eligible Costs claims, as described below.

#### 2. ELIGIBLE ACTIVITIES

The primary goal of the Initiative is to ensure regional air routes and services are maintained and restored to the communities reliant on them for regional economic development such as business and economic development as well as tourism.

The RATI may support critical and continuing operations and services for certain regional airports (not already covered by supports announced or to be delivered through Transport Canada, namely, not for large sized airports), for instance:

- Operating costs (such as lease payments, salaries, and insurance); maintenance costs and reservation systems;
- Other airports-led projects can also be supported, such as putting in place measures to adapt to the new pandemic requirements, including protective equipment or digitalization of operations;
- Marketing support is excluded, unless deemed integral for regional connectivity consistent with program objectives and cannot be transferred to a third party;
- Enhanced customer experience or environmental improvements; and
- Support may be provided to air carrier/regional routes projects that involve eligible airports (except large-sized airports who do not qualify) only for the purposes of regional connectivity. For example, if a project includes costs incurred by an airport to adapt its services/infrastructure to accommodate the new regional route, those costs would be eligible.

#### 3. ELIGIBLE COSTS

Eligible costs include those already eligible under current RDA program authorities modified for COVID-19, and include all costs deemed reasonable and necessary for carrying out eligible projects that contribute to achieving program objectives. Costs will be eligible on a retroactive basis as of April 1, 2020.

Funding can support up to 12 months of eligible costs over the two years. The support period could be split into 2 periods of time (i.e. October 2020 to March 2021 and October 2021 to March 2022).

Airport eligible costs include:

- Mortgage and/or commercial rent (if not eligible under Transport Canada's rent support program);
- Equipment rental or lease costs;
- Salaries and benefits (if not eligible for the Canada Emergency Wage Subsidy);
- Insurances;
- Bank interest/charges and loan payments;
- Property taxes;
- Utility costs;
- Materials and supplies;
- Office supplies; Cleaning supplies; Service contracts (e.g. janitorial, security, snow removal, etc.); Professional fees (operational costs only, e.g. audit costs); Maintenance costs;
- Vehicle operating expenses (e.g. EMS fleets, snow plows, etc.);

- Other aircraft servicing costs;
- Traffic service costs (e.g. processing baggage, cargo);
- Reservation systems (if applicable);
- Adaptation and additional measures (e.g. PPE and/or one time stabilization costs); and
- Other fixed overhead costs.

#### **4. INELIGIBLE COSTS**

Ineligible costs include those already specified under current program authorities, and will also include the following:

- Compensation for eligible recipients' revenue losses;
- Refinancing of an existing debt;
- Purchase of aircraft and/ or aircraft fuel;
- Capital costs;
- Land and building acquisition;
- Goodwill;
- Entertainment expenses;
- Salary bonuses and dividend payments;
- Allowance for interest on invested capital, bonds, debentures, and other debts;
- Losses on investments, bad debts and associated expenses;
- Other projects and contracts;
- Refinancing of existing debts;
- Amortization or depreciation of assets;
- Federal and provincial income taxes, GST (recoverable portion), taxes or surtaxes on excess profit;
- Intermodal public transit projects;
- Provisions for contingencies;
- Lobbying activities or commissions paid to consultants to secure funding;
- Donations, dues and membership fees; and
- Marketing support is also deemed ineligible, unless deemed integral for regional connectivity consistent with program objectives and cannot be transferred to a third party.

**Costs incurred prior to April 1, 2020 are ineligible.**

#### **5. GOODS AND SERVICES TAX OR HARMONIZED SALES TAX**

Only that portion of the Goods and Services Tax or the Harmonized Sales Tax which is not refundable by Canada Revenue Agency as an Input Tax Credit or as a Rebate can be claimed as an Eligible Cost. Only that portion of the Provincial Sales Tax which is also not refundable by the respective provincial tax authority can be claimed as Eligible Cost.

#### **6. REASONABLE COSTS**

An Eligible and Supported Cost is reasonable if the nature and amount do not exceed what would be incurred by an ordinary prudent person in the conduct of a competitive business.

In determining the reasonableness of particular cost, consideration will be given to:

- a) whether the cost is of a type generally recognized as normal and necessary for the conduct of the Recipient's business or performance of the Project;
- b) the restraints and requirements of such factors as generally accepted sound business practices, arm's length bargaining, federal, provincial and local laws and regulations and Agreement terms;
- c) the action that prudent business persons would take in the circumstances, considering their responsibilities to the owners of the business, their employees, customers, the Government and public at large;
- d) significant deviations from the established practices of the Recipient which may unjustifiably increase the Eligible Costs; and

- e) the specifications, delivery schedule and quality requirements of the particular Project as they affect costs.

Eligible and Supported Costs claimed must reflect actual costs incurred by the Recipient and not include any allocation for profit (i.e. mark-up) or any allocation of general and administrative expenses.

## **7. CALCULATION OF DIRECT LABOUR COSTS**

The Recipient may claim only that time worked directly on the Project by its employees and may not claim for indirect time, non-project related time, holidays, vacation, paid sickness, etc. Paid overtime, where considered reasonable in the opinion of the Minister, may be claimed. Time in lieu of payment is eligible if taken and paid within the project period. Time claimed will normally be expressed in hours.

The payroll rate is the actual gross pay rate for each employee (normal periodic remuneration before deductions). The payroll rate excludes all premiums (e.g., overtime), shift differentials and any reimbursement or benefit conferred in lieu of salaries or wages except as noted in the last paragraph.

Employee benefits (CPP, EI, holidays, vacation, etc.) not exceeding 20% of direct labour costs may be claimed without supporting documentation. If employee benefits being claimed as costs incurred in support of the Project exceed 20% of direct labour costs, supporting documentation will be requested.



**SCHEDULE C**  
**REPORTING REQUIREMENTS**

**1. REPORTING**

The Recipient will ensure that appropriate data collection processes are in place to enable the capture and reporting of data necessary to complete the following report.

**2. FINAL RESULTS REPORT**

The Recipient shall submit a Final Results Report to the Minister that shall include results achieved between the Project Start Date and Project Completion Date, including:

- a) number of jobs, in direct full-time equivalent (FTE), were maintained (by occupational category and industry); and
- b) number of businesses were maintained (by sector).
- c) Number of communities with air access maintained/restored;
- d) Number of air routes with service maintained/restored; and
- e) Passenger volumes on air routes maintained/restored.

## ANNEX C-1

## CLAIM SUMMARY AND/OR ADVANCE FORM



Innovation, Science and  
Economic Development Canada

Innovation, Sciences et  
Développement économique Canada

## CLAIM SUMMARY and/or ADVANCE CLAIM

PROTECTED

- Submit Original to Innovation, Science and Economic Development Canada (ISED)/FedNor  
• Shaded Areas are for Department Use Only

Program: <input type="text"/>			Final Claim <input type="checkbox"/> Yes <input type="checkbox"/> No		Claim No. <input type="text"/>		Endeavour <input type="checkbox"/> Yes <input type="checkbox"/> No		Project No. <input type="text"/>		Sub-Project <input type="text"/>	
Project Start <input type="text"/>		Project Completion <input type="text"/>		Commercial Production <input type="text"/>		Eligibility Date <input type="text"/>		Offer Accepted Date <input type="text"/>		Holdback Threshold Reached <input type="checkbox"/> Yes <input type="checkbox"/> No		
Name of Recipient(s) and Joint Payee (if applicable)  Address <input type="text"/>     Postal Code <input type="text"/>  Contact <input type="text"/> Telephone Number <input type="text"/>						<b>CONTROL POINTS</b>						
						FCF 20 /20 <input type="text"/>			Eligible Costs <input type="text"/>			
						Less: CY <input type="text"/>			Authorized Assistance % <input type="text"/>			
						FCF Free Balance \$ <input type="text"/>			Less: Cumulative Net Approved Assistance <input type="text"/>			
						Outstanding Advance Available Balance \$ <input type="text"/>						
						Holdback Threshold % <input type="text"/>			\$ <input type="text"/>			
<b>CLAIM</b>												
<b>1. Eligible Costs</b>		<b>ELIGIBLE COSTS CLAIMED</b>				<b>* CMIS KEYED ENTRY</b>		<b>PAYMENT CALCULATION</b>				
<input type="checkbox"/> Incurred <input type="checkbox"/> Paid		Current		Total to Date				Current		Cumulative		
Period Covered <input type="text"/>		From (YYYY-MM-DD) <input type="text"/>		From (YYYY-MM-DD) <input type="text"/>		*Approved Eligible Costs		\$ <input type="text"/>		-		
		To (YYYY-MM-DD) <input type="text"/>		To (YYYY-MM-DD) <input type="text"/>								
Total Eligible Costs (as per "Detailed Claim" attached)						*Gross Approved Assistance %				-		
SED/echor share %						*Holdback %				-		
<b>2. ADVANCES</b>  (only when provided for in the Contribution Agreement - attach "Recipient's Cost Forecast")  SED/echor share - estimate cash requirements for period specified \$ <input type="text"/> - <input type="text"/>						NET APPROVED ASSISTANCE =		-		-		
						Outstanding Advance =						
						Reimbursements (receivable) =		-		-		
						*ADVANCE		-				
						Adjustments or Recoveries (explain below)		-				
						REQUESTED PAYMENT		\$ <input type="text"/> - \$ <input type="text"/>		-		
<b>CERTIFICATION</b> (by recipient for each claim) I certify that: (a) the costs described in this claim and considered eligible were or will be incurred under the contract; (b) generally accepted and consistently followed accounting practices have been used; (c) Her Majesty's payment will be applied to the project in accordance with the contract and costing memorandum; (d) if applicable, disclosure has been made of assets involved in or resulting from the project which ceased to be used or which were transferred to productive use, sold, leased or otherwise disposed of; (e) if applicable, environmental protection measures have been implemented and are maintained; requirements of all regulatory bodies have been satisfied.						<b>APPROVED and CERTIFIED</b> pursuant to Departmental Signing Authorities. The amount payable relates to costs that: <input type="checkbox"/> are eligible and reasonable. <input type="checkbox"/> will be incurred within the advance period; <input type="checkbox"/> are reasonable in step with work performed in a satisfactory manner; <input type="checkbox"/> all required terms and conditions of the agreement are being met.						
						<b>Recommended by</b> Title <input type="text"/> Officer Code <input type="text"/> FSA Number <input type="text"/> Signature <input type="text"/> Date <input type="text"/>						
						<b>Approved and Certified</b> pursuant to Section 34.1(b) of the FAA. Title <input type="text"/> FSA Number <input type="text"/> Signature <input type="text"/> Date <input type="text"/>						
						Signature of Authorized Official <input type="text"/> Title <input type="text"/> Date <input type="text"/>						
<b>REMARKS (DEPARTMENTAL USE)</b>												
Sample Requested Date <input type="text"/>				Sample Received Date <input type="text"/>								
Advance Authorized per <input type="text"/>												
Month/Quarter	Month/Quarter	Month/Quarter	Quarter									
				Total	%	Advance						
Advance (period above)												
plus Advance Retention-period												
less Advance Outstanding												
Total Advance				\$ <input type="text"/>								
<b>DEPARTMENT CASH FORECAST</b>												
CFY 20 /20		CFY+1 20 /20		CFY+2 20 /20		CFY+3 20 /20		CFY+4 20 /20				

## ANNEX C-2 RATI Cost Forecast



### COST FORECAST

FILL IN UNSHADED AREAS ONLY. SHADED AREAS ARE FOR DEPARTMENT USE.																			
Project number	FEDOR RATE OF ASSISTANCE	MONTH H	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	MONTH YEAR	TOTAL	TOTAL Forecasted and Claimed	VARIAN CE (Forecast Less Total Forecast)	ELIGIBLE E COSTS (Forecast Less Recovery)	
Mortgage and/or commercial rent (if not eligible under Transport Canada's rent support)																			
Equipment rental or lease cost																			
Salaries and benefits (if not eligible for the Canada Emergency Wage Subsidy)																			
Insurance																			
Bank interest charges and loan payments																			
Property taxes																			
Utility costs																			
Materials and supplies																			
Office supplies																			
Cleaning supplies																			
Service contracts (e.g. janitorial, security, maintenance, etc.)																			
Professional fees (operational costs only, e.g. audit costs)																			
Maintenance costs																			
Vehicle operating costs (e.g. DHS fleet, maintenance, etc.)																			
Other aircraft servicing costs																			
Travel services costs (e.g. processing baggage, cargo)																			
Reservation system, if applicable																			
Adaptation and additional measures (e.g. PPE and/or new time stabilization costs)																			
Other, specify:																			
Other, specify:																			
Other, specify:																			
TOTAL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
FEDOR AUTHORIZED ASSISTANCE	100.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL FEDOR AUTHORIZED ASSISTANCE		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
COMMENTS (if any)																			
The program period is from April 1, 2020 to March 31, 2022. Applicants to the RATI can request up to a maximum of 12 months of funding support during that period. The 12 months can be concurrent or divided into twelve-month blocks.																			
Please note, the following costs are ineligible for support under the RATI: compensation for eligible recipients' revenue losses; refinancing of existing debt; purchase of aircraft; and/or aircraft fuel; capital costs (liquidity programs); land and building acquisition; and goodwill; unimpaired revenue; property taxes; and dividend payments; allowance for interest on capital; bonds, debentures, and other debt; interest on investments; bond debt and secured debt; equipment; other principal and contract; refinancing of existing debt; amortization or depreciation of assets; Federal and provincial income taxes; GST (recoverable portion); losses or net losses; interest on excess profits; interest on public treasury provision for contingencies; liability activities or commissions paid to consultants; travel costs; funding; donations; dues and membership fees; and marketing unless transport is a new destination.																			

Ddl: [YYYY-MM-DD]

