



# Union Water Supply System Inc.

## Board of Directors Meeting

Friday, July 7th 2023

9:00 AM

Grovedale House, 103 Park Street,  
Kingsville, Ontario

## AGENDA

A. Call to Order:

B. Disclosures of Pecuniary Interest:

C. Business Arising Out of the Minutes

D. Items for Consideration:

1. UWSS/01/23 dated May 29, 2023 re: Approval of UWSS Inc. General By-Law No. 1  
Pages 3 - 4

General By-Law No. 1 Union Water Supply System Inc.  
Pages 5 - 40

2. UWSS/02/23 dated May 29, 2023 re: Appointment of Union Water Supply System Inc. Officers of the Corporation  
Pages 41 - 42

Schedule "A"  
Pages 43 - 44

3. UWSS/03/23 dated May 29, 2023 re: UWSS Inc. Board of Directors Related Policies  
Pages 45 - 46

- M01 - Code of Conduct and Conflict of Interest Policy for Board Members and Committee Members  
Pages 47 - 59
- M02 - Role and Responsibilities of the Board and Individual Board and Board Committee Members' Responsibilities and Expectations  
Pages 60 - 62

- M03 - Board of Directors Competencies and Board Member Attributes  
Pages 63 - 64
4. UWSS/04/23 dated May 29, 2023 re: UWSS Inc. Delegated Authority Policy  
Pages 65 - 66
    - M04 - Delegated Authority Policy  
Pages 67 - 75
  5. UWSS/05/23 dated May 29, 2023 re: Approval of UWSS Inc. Corporate  
Administrative Items  
Pages 76 - 78  
  
Schedule "A" Form of UWSS Inc. Share C  
Pages 79 - 81
  6. UWSS/06/23 dated May 29, 2023 re: Approval to Release "Request for  
Financing" Package  
Pages 82 - 84
  7. UWSS/07/23 re: Line of Credit between UWSS Joint Board of Management and  
UWSS Inc.  
To be provided under a separate cover

**E. New Business:**

**F. Adjournment:**

**G. Date of Next Meeting:** TBD

/kmj

To: UWSS Inc. Board of Directors  
From: Rodney Bouchard, UWSS Inc. CEO (acting)  
Date: May 29, 2023  
Re: Approval of UWSS Inc. General By-Law No. 1

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**Recommendation:**

It is recommended that the Union Water Supply System Inc. (UWSS Inc.) Interim Board of Directors resolve to approve UWSS Inc. General By-Law No. 1. and its attached schedules, as presented to the directors, as the by-laws of the Corporation.

**Background:**

UWSS Inc. (“the Corporation”) was incorporated on February 24<sup>th</sup>, 2023 as a Municipal Services Corporation under Ontario Regulation 599/06 of the Municipal Act, 2001. UWSS Inc. has 4 shareholders which include the Municipality of Leamington, Town of Kingsville, Town of Essex and Municipality of Lakeshore.

In order to establish proper corporate governance, a corporation needs to establish By-Laws that set out the “rules” for internal management and operation of the corporation. UWSS Inc. General By-Law No. 1 has been drafted to set out these “rules and procedures” for UWSS Inc.

**Discussion:**

UWSS Inc. was created by the four municipal shareholders as a “restructuring” of the existing Union Water Supply System Joint Board of Management (UWSS JBM). The functions of the UWSS JBM are currently being transitioned to UWSS Inc. and the process is scheduled to be completed by December 31st, 2023.

As part of the of the transitioning process, the UWSS JBM General Manager and its retained legal counsel, Willis Business Law, developed UWSS Inc. General By-Law No. 1 to establish the rules and internal management processes for UWSS Inc. This By-Law was drafted in consultation with and reviewed by legal counsel and administration from the 4 (four) shareholder municipalities.

UWSS Inc. General By-Law No. 1 and associated schedules set forth the following information, rules and procedures for UWSS Inc. Please note that the following list is not fully inclusive of all the items contained within the By-Law document, as attached.

- Ownership and Shareholders of UWSS Inc;
- Appointment and Composition of the Board of Directors;
- Election of Board Chairperson, Vice-Chairperson and appointment of Corporate Officers
- Board of Directors Voting Rights;
- Board Authority, Powers and Obligations;

- Board of Director Meetings and Procedures
- Authority and Duties of Corporate Officers such as the CEO
- Shareholders Meetings
- Rights and Obligations of Shareholders
- Establishing Shares
- Dividends and Rights

UWSS Inc. General By-Law No. 1 also includes Schedules that establish the following:

- Description of the Union Water Supply System
- Proportionate Water Consumption & Proportionate Shareholding
- Calculation of Proportionate Shareholding

### Comments

The Interim Board of Directors has full authority to approve By-Laws and policies needed for the Corporation to operate effectively. As such, it is recommended that the UWSS Inc. Interim Board of Directors adopt General By-Law No. 1, as attached.

Respectfully submitted,



Rodney Bouchard, CEO (acting)  
Union Water Supply System Inc.

/kmj

**GENERAL BY-LAW NO. 1**

being the General By-Laws of

**UNION WATER SUPPLY SYSTEM INC.**  
(hereinafter called the "**Corporation**").

**Article 1 - Registered Office**

1. Until changed in accordance with the *Business Corporations Act* (Ontario) (the "Act") the registered office of the Corporation shall be at the place specified in the Articles.

**Article 2 - Municipal Shareholders**

2. The initial shareholders of the Corporation shall be each of The Corporation of the Municipality of Leamington, The Corporation of the Town of Kingsville, The Corporation of the Town of Essex, and the Municipality of Lakeshore (each sometimes herein referred to as a "Municipality" or "Municipal Shareholder", or collectively "the Municipalities").

**Article 3 - Ownership**

3. The percentages of ownership of the Corporation by the Municipalities shall be in accordance with Schedule "B" attached. For certainty, to account for the respective proportionate water consumption from the Union Water Supply System (the "System") by end users residing within a Municipality (the "Users"), each Municipal Shareholder shall hold that number of Special Tracking Shares in the capital stock of the Corporation proportionate to the annual water consumption of the Users from the System. A redistribution of such Special Tracking Shares shall occur every four (4) years.

**Article 4 - Board of Directors**

- 4.1 **Board of Directors.** A Board of Directors (the "Board") is hereby established to govern the management of the Corporation and the System owned by the Corporation.
- 4.2 **Board Composition.**
  - (a) Each Municipal Shareholder shall be entitled to appoint a minimum of one (1) Director to the Board (the "Director(s)"). Each Municipal Shareholder may appoint one (1) additional Director to the Board for every ten percent (10%) of the proportionate shareholding of Special Tracking Shares held by that Municipal Shareholder in the previous year, as determined every four (4) years in accordance with Schedule "B" of these By-Laws.

- (b) Notwithstanding paragraph (a), at any given time, a Municipal Shareholder shall not appoint more than fifty (50) percent of the total number of Directors on, nor shall the Directors appointed by a Municipal Shareholder hold more than fifty (50) percent of the total vote of, the Board.
- (c) A Municipal Shareholder may appoint any individual as a Director, including, without limitation, a member of a municipal council or any expert from an industry or other representative that said Municipal Shareholder determines appropriate, subject to the restrictions set out in paragraph (d).
- (d) Each Municipal Shareholder that may appoint more than one (1) Director to the Board pursuant to paragraph (a) must ensure that at least one (1) of the Directors it appoints is independent of the Municipal Shareholder (the “Independent Directors”) and that no more than two (2) of the Directors it appoints are not independent of the Municipal Shareholder (the “Municipal Directors”).

For clarity, Independent Director means that the Director is not a staff member or a member of council of such Municipality, however an Independent Director may be a contractor or expert hired on behalf of the Municipality, a former staff member or a former member of council. For clarity, Municipal Director means that the Director is a staff member or a member of council of such Municipality.

For further clarity, each Municipal Shareholder, that is entitled to appoint only one (1) Director to the Board pursuant to paragraph (a), may appoint an Independent Director or Non-Independent/Municipal Director at its election and discretion.

- (e) When appointing Independent Directors, Municipal Shareholders shall consider the required competencies of prospective Directors, and the composition of the Board, including, without limitation, legal, accounting, information technology, and engineering competencies.

4.3 **Board Appointments.** The initial number of Directors of the permanent Board once established and votes apportioned to the Directors appointed by each of the Municipal Shareholders comprising the Board will be:

<u>Municipality</u>	<u>Number of Director(s) to be Appointed</u>	<u>Minimum Number of Independent Directors to be Appointed</u>

The Corporation of the Municipality of Leamington	Six (6)	Four (4)
The Corporation of the Town of Kingsville	Four (4)	Two (2)
The Corporation of the Town of Essex	One (1)	Not applicable
Municipality of Lakeshore	One (1)	Not applicable

- 4.4 **Chairperson and Vice-Chairperson.** The Chairperson and Vice-Chairperson of the Board will be elected by the Board in accordance with Article 8.1.
- 4.5 **Chairperson of the Board.** The Chairperson of the Board shall, when present, preside as chairperson at all meetings of the Board, any committee(s) of Directors, and the Municipal Shareholders meetings.
- 4.6 **Vice-Chairperson of the Board.** If the Chairperson of the Board is absent or is unable or refuses to act, the Vice-Chairperson of the Board shall, when present, preside as chairperson at all meetings of the Board, any committee(s) of Directors, and the Municipal Shareholders meetings. In the event that both the Chairperson and Vice-Chairperson of the Board are absent or unable or refusing to act, the Board shall elect, from among those Directors present, a Director to act as presiding chairperson of the Board by a simple majority vote.
- 4.7 **Votes.** Each Director will have one (1) vote. Except where otherwise specified in these By-Laws or any Unanimous Shareholder Agreement, the Board will make decisions by a simple majority vote on matters put before the Board. The presiding chairperson of the Board shall not have a second or casting vote.
- 4.8 **Director Mandate.** Directors will act in the best interest of the Corporation, which shall necessitate acting in the best interest of the System as a whole and of the System's Users.
- 4.9 **Compensation.** Directors will receive compensation based on meeting attendance in amounts to be determined by the Board from time to time; provided that a particular Municipal Shareholder may direct that one or more of its Municipal Director appointee(s) is not entitled to compensation in which case that particular Municipal Director appointee shall not be entitled to such compensation in which case the compensation will be paid directly to the Municipal Shareholder.
- 4.10 **Term.** Each Director shall serve for a four (4) year term subject to any removal from office in accordance with the terms set out in Section 4.03 of the Unanimous Shareholders Agreement. All Directors may be re-elected for a maximum term of up to eight (8) consecutive years, after which they must vacate their office for at least one (1) year.

- 4.11 **Board Meetings.** The Board will meet quarterly, or more often as requested by a majority of the Directors, or at the call of the Chairperson or Vice-Chairperson of the Board. A minimum of five (5) working days' notice of meetings will be provided, unless the meeting has been called on an emergency basis as determined by the Chairperson or Vice-Chairperson.
- 4.12 **Quorum.** A quorum of the Board is a simple majority of the Directors.
- 4.13 **Electronic Means.** A meeting of the Board may be held by telephonic or electronic means as may be agreed to by the Board from time to time, or any Director may attend a meeting of the Board (which meeting is otherwise convened in person) through such telephonic or electronic means, and any Director who, through such telephonic or electronic means, attends the meeting, shall be deemed for the purposes of the Act to be present at the meeting, and shall be counted as in-attendance for purpose of establishing quorum.
- 4.14 **Public Meetings.** Meetings of the Board shall be held in accordance with Subsections 239(1)-(6) of the *Municipal Act, 2001* (Ontario) as the same may be amended or replaced from time to time.

#### **Article 5 - Seal**

5. The Corporation may, but need not, adopt a corporate seal by way of resolution of the Board.

#### **Article 6 - Board Powers and Obligations**

- 6.1 **Authority of Board.** The Board will have full authority and necessary powers, to manage the business and affairs of the Corporation, including, without limitation, for the purpose of owning, constructing, operating, repairing, maintaining, improving, financing, and replacing the System including:
- (a) approving and controlling long-term System planning;
  - (b) approving and controlling System operations to meet applicable regulatory standards and other standards as adopted by the Board from time to time;
  - (c) obtaining required approvals;
  - (d) operating bank accounts and carrying out other financial transactions;
  - (e) entering into agreements and/or amending agreements with lenders, securing debt financing, and servicing debt financing in accordance with applicable agreements with lenders;
  - (f) approving and controlling annual operating and capital budgets; approving new capacity proposals and budgets;
  - (g) determining the annual System required revenue, and setting the associated service rates to be charged to System Users;



- (h) determining matters relating to permitting new municipalities to become shareholders of the Corporation as set out in Article (12), or Municipalities wishing to withdraw as shareholders of the Corporation as set out in Article (13);
- (i) acquiring new property; or disposing of surplus property; decommissioning property at end of life;
- (j) determining the equity investment, if any, required of the Municipal Shareholders, for projects or work undertaken by the Corporation, on or related to the System, from time to time;
- (k) determining the level of a reserve fund(s) and the manner of maintaining such fund(s);
- (l) preparing and submitting regular reports to the Municipal Shareholders;
- (m) all personnel matters including hiring, termination, compensation and all other relevant personnel matters;
- (n) considering all applications for large service connections or water main extensions; and
- (o) entering into agreements and/or amending agreements with individuals, corporations, the Municipalities and other governments or agencies for the activities listed above.

6.2 **Execution of Agreements.** Agreements and conveyances entered into by the Board on behalf of the Corporation may be executed by the Chairperson of the Board and one (1) other Director, or as otherwise directed by the Board. The proceeds of the disposition of any surplus property will be retained by the Corporation, unless otherwise determined by the Board.

6.3 **Committees.** The Board may establish committees composed of Directors or other persons and may delegate specific administrative functions to said committees, subject to such terms and conditions as the Board decides from time to time.

#### **Article 7 - Compliance with Approvals or Certificates of Approval**

7. The Board shall be responsible for compliance with all applicable laws including, without limitation, with approvals or certificates of approval for the System.

#### **Article 8 - Officers**

8.1 **Election and Appointment.** The Board shall elect a Chairperson and Vice-Chairperson of the Board. The Board shall appoint a Secretary, a Treasurer, and/or a Chief Executive Officer. The Board may also from time to time appoint such other officers and agents as it shall deem necessary who shall have such authority and shall perform such duties as may from time to time be prescribed by the Board.

The Chairperson of the Board and the Vice-Chairperson of the Board shall each be a member of the Board.

The Secretary, Treasurer, and Chief Executive Officer shall be employees of the Corporation, and two or more of such offices may be held by the same person. For greater certainty, the Secretary, Treasurer, and Chief Executive Officer shall not be Directors of the Corporation.

Each officer shall continue in office until the earliest of (a) his or her resignation, which resignation shall be effective at the time a written resignation is received by the Corporation or at the time specified in the resignation, whichever is later, (b) the appointment of his or her successor, (c) his or her ceasing to be a director if such is a necessary qualification of his or her appointment, (d) his or her removal, and (e) his or her death.

The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the duties and powers of any officer.

- 8.2 **Remuneration and Removal.** The remuneration of all officers appointed by the Board shall be determined from time to time by resolution of the Board. The fact that any officer is a Director shall not disqualify him or her from receiving such remuneration as may be determined. All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the Board at any time, with or without cause.
- 8.3 **Powers and Duties.** All officers shall sign in writing such contracts, documents or instruments which require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the Board.
- 8.4 **Duties May be Delegated.** In case of the absence or inability to act of any officer of the Corporation or for any other reason that the Board may deem sufficient, the Board may delegate all or any of the powers of such officer to any other officer or to any Director for the time being.
- 8.5 **Secretary.** The Secretary shall give or cause to be given notices for all meetings of the Board, any committee of Directors, and the Municipal Shareholders meetings when directed to do so and shall have charge of the minute and record books of the Corporation. The Secretary, shall, when present, act as secretary of meetings of the Board and of the Municipal Shareholders.
- 8.6 **Treasurer.** Subject to the provisions of any resolution of the Board, the Treasurer (or any other person having a similar function) shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depository or depositories as the Board may direct.
- 8.7 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer and may delegate to him or her full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the Board and/or by the Municipal Shareholders) and to employ and discharge agents and employees of the Corporation or may delegate to them any lesser authority. The Chief Executive Officer shall conform to all lawful orders given to him or her by the Board and shall at all reasonable times give to the Board,

or any Directors, all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a Chief Executive Officer shall be subject to discharge by the Board.

- 8.8 **Vacancies.** If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the Board may appoint a person to fill such vacancy.

### **Article 9 - Liability, Indemnity and Insurance**

- 9.1 **Liability.** No Director or officer of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited, or for any loss occasioned by or any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his or her office or in relation thereto, unless the same are occasioned by his or her own willful neglect or default, provided that nothing herein shall relieve any Director or officer of any liability imposed upon him or her by the Act.
- 9.2 **Indemnity.** In accordance with the provisions of the Act, except in respect of an action by or on behalf of the Corporation to procure a judgment in its favour, the Corporation shall indemnify a Director or officer of the Corporation, a former Director or officer of the Corporation, or a person who acts or acted at the Corporation's request as a Director or officer of another corporation of which this Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a Director or officer of the Corporation or another such corporation, if: (i) he or she acted honestly and in good faith with a view to the best interests of the Corporation, and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she has reasonable grounds for believing that his conduct was lawful.
- 9.3 The Corporation shall indemnify any person referred to in Article 9.2 in respect of an action by or on behalf of the Corporation or another corporation to procure judgment in its favour, to which he or she is made a party by reason of being or having been a Director or an officer of the Corporation or another corporation against all costs, charges and expenses reasonably incurred by him or her in connection with such action if he or she acted honestly and in good faith with a view to the best interests of the Corporation and in the case of a criminal or administrative

action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

- 9.4 **Insurance.** Subject to the limitations contained in the Act, the Corporation shall purchase and maintain such insurance for the benefit of its Directors and officers as the Board may from time to time determine.

#### **Article 10 - Shareholder's Meetings**

- 10.1 **Annual Meeting.** Subject to the provisions of Article 10.12, the annual meeting of the Municipal Shareholders shall be held on such day in each year and at such time as the Board may determine and, subject to the Articles and any Unanimous Shareholder Agreement, shall be held at any place in Ontario as the Board determine or, in the absence of such determination, at the place where the registered office of the Corporation is located.
- 10.2 **Special Meetings.** Subject to the provisions of Article 10.12, special meetings of the Municipal Shareholders may be convened by order of the Chairperson of the Board, the Vice-Chairperson of the Board, or by the Board at any date and time and, subject to the Articles and any Unanimous Shareholder Agreement, shall be held at any place in Ontario as the Board determines or, in the absence of such determination, at the place where the registered office of the Corporation is located.
- 10.3 **Notice.** A notice stating the day, hour and place of meeting shall be given by sending such notice to each Municipal Shareholder entitled to vote at such meeting, to each Director and to the auditor of the Corporation in the manner specified in Article 20.1 of these By-laws, not less than twenty-one days but in either case not more than fifty days (exclusive of the day on which the notice is delivered or sent and of the day for which notice is given) before the date of the meeting. Notice of a meeting at which special business is to be transacted shall state or be accompanied by a statement of (a) the nature of that business in sufficient detail to permit the Municipal Shareholder to form a reasoned judgment thereon, and (b) the text of any special resolution or by-law to be submitted to the meeting. Provided that a meeting of Municipal Shareholders may be held for any purpose on any day and at any time without notice if all of the Municipal Shareholders and all other persons entitled to attend such meeting are present in person or, where appropriate, represented by proxy at the meeting (except where a Municipal Shareholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all of the Municipal Shareholders and all other persons entitled to attend such meeting who are not present in person or, where appropriate, represented by proxy thereat waive notice before or after the date of such meeting as determined by Article 10.4. The Directors may fix a record date for determination of Municipal Shareholders entitled to receive notice of any meeting of Municipal Shareholders.

For clarity, the notice requirements set out in this Article 10.3 are in addition to any public notice required to comply with the requirements of Article 4.14 and 10.7 of these By-Laws.

- 10.4 **Waiver of Notice.** A Municipal Shareholder and any other person entitled to attend a meeting of Municipal Shareholders may in any manner and at any time waive notice of such meeting and attendance of any such person at such meeting shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- 10.5 **Omission of Notice.** The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any Municipal Shareholder or Municipal Shareholders, Director or Directors or the auditor of the Corporation shall not invalidate any resolution passed or any proceedings taken at any meeting of Municipal Shareholders.
- 10.6 **Electronic Means.** A meeting of the Municipal Shareholders may be held by telephonic or electronic means and a Municipal Shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting shall be deemed to be present at the meeting.
- 10.7 **Public Meetings.** Meetings of the Municipal Shareholders shall be held in accordance with Subsections 239(1)-(6) of the *Municipal Act, 2001* (Ontario) as the same may be amended or replaced from time to time.
- 10.8 **Votes.** Every question submitted to any meeting of Municipal Shareholders shall be decided in the first instance by a show of hands unless a person entitled to vote at the meeting has demanded a ballot and in the case of an equality of votes the Chairperson of the meeting shall both on a show of hands and on a ballot shall not have a second or casting vote.

A ballot may be demanded either before or after any vote by show of hands by any person entitled to vote at the meeting. If at any meeting a ballot is demanded, it shall be taken forthwith without adjournment. The result of a ballot shall supersede the result of the vote by show of hands in respect of which the ballot was demanded. A demand for a ballot may be withdrawn prior to the ballot process commencing.

At any meeting, unless a ballot is demanded, a declaration by the chairperson of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

- 10.9 **Chairperson of the Meeting.** In the event that the Chairperson of the Board and the Vice-Chairperson of the Board are absent, the persons who are present and entitled to vote shall

choose another Director as chairperson of the meeting and if no Director is present or if all the Directors present decline to take the chair then the persons who are present and entitled to vote shall choose one of their number to be chairperson.

- 10.10 **Proxies.** Votes at meetings of Municipal Shareholders may be given either by an individual authorized by a Municipal Shareholder to represent it at meetings of Municipal Shareholders of the Corporation or by proxy. At every meeting at which the Municipal Shareholders is entitled to vote, every individual authorized to represent a Municipal Shareholder who is present in person and/or person appointed by proxy shall have one vote for every Tracking Share held by such Municipal Shareholder on a show of hands. Upon a ballot at which a Municipal Shareholder is entitled to vote, every individual authorized to represent a Municipal Shareholder and/or person appointed by proxy shall (subject to the provisions, if any, of the Articles) have one vote for one vote for every Tracking Share held by such Municipal Shareholder.

A proxy shall be executed by the Municipal Shareholder, an officer, or attorney thereof duly authorized.

A person appointed by proxy need not be a Municipal Shareholder.

Subject to the provisions of the Act and the Regulations, a proxy may be in the following form:

The undersigned Municipal Shareholder of <> hereby appoints <> of <>, or failing him or her, <> of <> as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the <> meeting of the Municipal Shareholders of the said Corporation to be held on the <> day of <>, <> and at any adjournment thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment thereof. This proxy is not solicited by or on behalf of management of the Corporation.

DATED this <> day of <>, <>.

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Signature of Municipal Shareholder

The Board may from time to time make By-Laws regarding the lodging of proxies at some place or places other than the place at which a meeting, or adjourned meeting of Municipal Shareholders, is to be held, and for particulars of such proxies to be provided before the meeting or adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and

votes given in accordance with such By-Law shall be valid and shall be counted. The chairperson of any meeting of Municipal Shareholders may, subject to any By-Law made as aforesaid, in his or her discretion accept any legible form of communication as to the authority of any person claiming to vote on behalf of and to represent a Municipal Shareholder notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such communication accepted by the Chairperson of the meeting shall be valid and shall be counted.

- 10.11 **Adjournment.** The chairperson of any Municipal Shareholders meeting may with the consent of the Municipal Shareholders adjourn the same from time to time to a fixed time and place. Any business may be brought before or dealt with at any adjourned meeting for which no notice is required which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.
- 10.12 **Quorum.** No business shall be transacted at any Municipal Shareholders' meeting unless the requisite quorum be present at the time of the transaction of such business. Subject to this Article 10.12, a quorum at any meeting of Municipal Shareholders shall require a representative of each Municipal Shareholder. If a quorum is not present at the time appointed for a meeting of Municipal Shareholders or within such reasonable time thereafter as the Municipal Shareholders present may determine, the persons present and entitled to vote may adjourn the meeting to a fixed time and place but may not transact any other business and the provisions of Article 20.1 about notice shall apply to such adjournment. Upon such reconvened meeting, the presence of representatives of at least two (2) Municipal Shareholders, representing collectively at least a majority of votes attributable to the Special Tracking Shares, will constitute a valid meeting of the Municipal Shareholders that can duly make decisions.

### **Article 11 - Shares**

- 11.1. Every registered Municipal Shareholder shall be entitled to a certificate or certificates for the shares in the capital stock of the Corporation in the approved form annexed to the organizing resolutions of the Corporation as Schedule "A", for any or all of the shares standing in its name for the time being and from time to time. Share certificates shall be signed by the Chairperson of the Board and the Vice-Chairperson of the Board holding office at the time of signing and notwithstanding any change in the person holding said offices between the time of actual signing and the issuance of the certificate and notwithstanding that the Chairperson or Vice-Chairperson signing may not have held office at the date of the issuance of the certificate, certificates so signed shall be valid. The signature of the Chairperson or Vice-Chairperson may be engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid to all intents and purposes as if they had been manually signed.
- 11.2. The registered holder or holders of any share or shares shall insofar as the Corporation is concerned be deemed to be the absolute owner or owners thereof, and the Corporation shall not be bound to recognize any claim or any interest in such share or shares on the part of any other person or persons, whether or not it shall have express or other notice thereof, save as otherwise provided by law. The Directors may decline to recognize any instrument of transfer unless a fee as from time to time validly set by them is paid to the Corporation in respect thereof.
- 11.3. No transfer shall be recorded unless or until the certificate representing the shares to be transferred has been surrendered or cancelled or satisfactory indemnity given.
- 11.4. In case a certificate is lost, defaced or destroyed, a duplicate thereof may be issued on such terms as to evidence, indemnity and fee as the Directors may prescribe.
- 11.5. No transfer of any share shall be valid unless entered in the books of the Corporation kept by such transfer agent and registrar, if any.

### **Article 12 - New Municipal Shareholders**

- 12.1. **Admission.** Admission of a new municipality as a Municipal Shareholder to the Corporation shall only be permitted by a two-thirds majority vote of the Board at a special meeting called for that purpose with the approval of the Board expressed by a resolution passed at such meeting.
- 12.2. **Share Price.** The subscription or share purchase price for shares of the Corporation shall be determined by the Board. Where a municipality or municipal services corporation becomes a Municipal Shareholder, and the supply of water to end users residing within said municipality would affect the system service rate adversely for the Users residing within the existing Municipalities, the Board may request a capital payment from the new Municipal Shareholder



in order to stabilize the system service rate to the level which existed prior to the approved entry of the new Municipal Shareholder to the Corporation. Any new Municipal Shareholder must agree to be bound by all the agreements, terms and conditions governing the Corporation, including, without limitation, these By-Laws. If the entry of a new Municipal Shareholder would cause the system service rate to decrease, such a benefit must be passed on to Users residing within the existing Municipalities or be otherwise allocated and utilized as determined by the Board in its sole and absolute discretion.

**Article 13 - Municipal Shareholders Leaving the Corporation**

- 13.1 **Notice of Departure.** Any Municipal Shareholder wishing to withdraw from the Corporation as a shareholder shall provide the Corporation with one (1) year prior written notice of its intention to do so. Such notice is to be effective on December 31st of the year in which the one (1) year period ends.
- 13.2 **No Entitlement to any Payment.** A Municipal Shareholder will not be entitled to any capital payment or payment of equity upon withdrawal. The departing Municipal Shareholder shall transfer its shares in the Corporation to the Corporation for cancellation for one (\$1.00) dollar free and clear of any encumbrances.

**Article 14 – Rights and Obligations of Municipalities**

- 14.1 **State of Distribution System.** Each Municipal Shareholder shall repair, maintain and keep in good state of repair, and in accordance with good engineering practices, its water distribution system connected to the System and reaching the System’s Users residing within each Municipality that belongs to or is under the control of the Municipal Shareholder and that is supplied with water from the System.
- 14.2 **Contamination.** Each Municipal Shareholder shall use its best efforts to prevent the contamination of any kind to enter its water distribution system. In the event that any contamination shall enter the said distribution system, the Municipal Shareholder shall forthwith notify the Board and forthwith take such steps and bear any costs as may be necessary to correct such contamination, mitigate any damages related thereto or caused thereby, and to prevent such a condition from occurring in the future.
- 14.3 **Recording Equipment.** In the event that a Municipal Shareholder shall be required to install recording equipment in its distribution system, the Municipal Shareholder shall permit the Corporation’s representatives, employees, staff, servants or agents, access to such equipment at any time or times for the purpose of reading or testing such equipment.

- 14.4 **Records.** The records of the Corporation, including those kept by the Board, shall be audited on a regular basis. Municipal Shareholders and their auditors will have access to administrative and financial records related to the Corporation upon request.

**Article 15 - Budget Approval**

- 15.1 The Board will, on an annual basis and in accordance with guidelines prepared by the Board, prepare and submit to the Corporation:
- (a) a draft operating budget for the Corporation;
  - (b) a draft capital and capital funding budget for the Corporation; and
  - (c) draft system service rates related to the System.

The Board will review each draft budget and system service rate, and same will be subject to approval by the Board before being finalized.

**Article 16 - Reserve Funds**

- 16.1 **Reserve Funds.** One or more reserve funds shall be established for the purpose of ensuring that sufficient funds are held to properly maintain the Corporation and the System. Such fund(s) shall be held in dedicated interest-bearing accounts in the name of the Corporation.
- 16.2 **Collection of Funds.** The Board may collect funds for the reserve fund(s) through the system service rates, or in some other manner that the Board may decide from time to time.

**Article 17 - Changes to the System**

- 17.1. No Municipality will make changes or permit changes to works within such Municipality's water distribution system connected to the System, which changes shall affect the integrity and/or operation of the System, without the prior authorization of the Corporation. The Board in considering any such request shall take into account, among other things, whether such changes will have an adverse effect on the System or result in a larger demand being placed on the System than the System is designed to meet, and for the purposes of this article, the Board may, from time to time, allocate and reallocate any unused capacity in the System among the Users residing within the respective Municipalities in its sole and absolute discretion.

**Article 18 - System Service Rates**

- 18.1 The Board will establish rates for the System that will be charged by the Corporation to System Users to pay the costs of the System. Rates will be amended from time to time as agreed to by the Board.

**Article 19 - Dividends and Rights**

- 19.1 **Dividends.** The Municipal Shareholders agree that to the extent there are any retained earnings in the Corporation, such earnings shall be retained by the Corporation and reinvested into the System by way of reserves or otherwise. Dividends shall only be paid to the extent there are surplus funds that are not required for the System as determined in accordance with a dividend policy to be adopted by the Board and approved by the Municipal Shareholders. To the extent that any dividends are declared and paid, same shall be in an amount determined by the Board from time to time, and in accordance with the dividend policy adopted by the Board and approved by the Municipal Shareholders.
- 19.2 **Record Date.** The Board may fix in advance a date preceding by not more than fifty (50) days the date for the payment of any dividend as a record date for the determination of the persons entitled to receive payment of such dividend, and in every such case only such persons as shall be security holders of record at the close of business on the date so fixed shall be entitled to receive payment of such dividend or to exercise the right to subscribe for securities and to receive the warrant or other evidence in respect of such right, as the case may be, notwithstanding the transfer of any securities after any such record date fixed as aforesaid. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of such dividend shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.
- 19.3 **Unclaimed Dividends.** Any dividend unclaimed after a period of six (6) years from the date on which the same was declared to be payable shall be forfeited and shall revert to the Corporation.

**Article 20 - Notices**

- 20.1 **Service.** Any notice may be given by the Corporation to any Municipal Shareholder or Director either personally or by sending it through the post in a prepaid envelope or wrapper or by email addressed to such Municipal Shareholder or Director at his, her or its address as the same appears in the books of the Corporation, or if no address be given therein then to the last address of such Municipal Shareholder or Director known to the Secretary.
- 20.2 **Signatures to Notices.** The signatures to any notice to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

- 20.3 **Computation of Time.** Where a given number of days notice or notice extending over any period is required to be given the day of service or posting of the notice shall, unless it is otherwise provided, be counted in such number of days or other period.
- 20.4 **Proof of Service.** A certificate of the Secretary or other duly authorized officer of the Corporation in office at the time of the making of the certificate as to facts in relation to the mailing or delivery of any notice to any Municipal Shareholder, Director or officer or publication of any notice shall be prima facie evidence thereof and shall be binding on every Shareholder, Director or officer of the Corporation as the case may be.

**Article 21 - Fiscal Year**

- 21.1 The fiscal year of the Corporation shall be determined by the Board.

**Article 21 - Invalidity of By-Law**

- 22.1. If any provision of these By-Laws shall be contrary to the express provisions of the Act, the Articles or any Unanimous Shareholders Agreement (as defined in the Act) such provision of these By-Law shall be read subject to such provisions of the Act, Articles or Unanimous Shareholders Agreement (if any) as the case may be, but except as aforesaid, the said provisions of this By-Law shall be valid and binding.

**Article 23 - Interpretation**

- 23.1 In this By-Laws unless the context otherwise clearly requires:
- (a) "Articles" shall mean the articles of incorporation of the Corporation;
  - (b) "person" shall include individuals, partnerships, associations, corporations, trustees, executors, administrators or legal representatives; the male gender shall include the female and neuter gender; the female gender shall include the male and neuter gender; and the neuter gender shall include the male and female gender; and
  - (c) When any provision of the Act is referred to, the reference is to that provision as modified by any statute for the time being in force.
- 23.2 Where these By-Laws deals with any matter or thing which normally may be dealt with by the Directors or Municipal Shareholders without such a provision, such provision has been inserted only for convenience of reference, and in no way is intended to be a restriction or limitation on the powers of the Directors or Municipal Shareholders.

- 23.3. The articles and headings are inserted only as a matter of convenience and for ease of reference and in no way define, limit, or extend any of the provisions of these By-Laws nor are intended to affect its interpretation.

**Article 24 - General**

- 24.1 Municipal Shareholders shall cooperate with each other at all times by all means in their power to carry out the purpose of these By-Laws.

*[Remainder of page intentionally left blank. Signature page follows.]*

**PASSED AND ENACTED** the [ ] day of [ ], [ ].

\_\_\_\_\_  
Chairperson of the Board

\_\_\_\_\_  
Vice-Chairperson of the Board

The foregoing is made a by-law of the Corporation pursuant to the *Business Corporations Act* (Ontario) by the directors of the Corporation.

**DATED** the [ ] day of [ ], 20[ ].

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

*[Remainder of page intentionally left blank. Signatures of Shareholders follows.]*

The foregoing is confirmed as a by-law of the Corporation by the Municipal Shareholders of the Corporation entitled to vote on such matters at a meeting of the shareholders pursuant to the *Business Corporations Act* (Ontario).

**DATED** the [ ] day of [ ], [ ]

**THE CORPORATION OF THE MUNICIPALITY  
OF LEAMINGTON**

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

\_\_\_\_\_  
Name:  
Title:  
I/we have authority to bind the corporation

**THE CORPORATION OF THE TOWN OF  
KINGSVILLE**

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

\_\_\_\_\_  
Name:  
Title:  
I/we have authority to bind the corporation

**THE CORPORATION OF THE TOWN OF  
ESSEX**

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

\_\_\_\_\_  
Name:  
Title:  
I/we have authority to bind the corporation

**MUNICIPALITY OF LAKESHORE**

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

\_\_\_\_\_  
Name:  
Title:  
I/we have authority to bind the corporation



**General By-Law No. 1**  
**Schedule "A"**

**DESCRIPTION OF THE**  
**UNION WATER SUPPLY SYSTEM**  
**(as at the date of incorporation of the Corporation)**

**Overview**

The **Union Area Water Supply System** consists of two (2) surface water immersed intake structures and one (1) shoreline emergency intake structure, one (1) Low Lift Pumping Plant, one (1) drinking water treatment plant with two (2) in-ground reservoirs, one (1) booster pumping station (Cottam) with an in-ground reservoir, four (4) elevated storage tanks (Kingsville, Essex, Leamington and Albuna) and approximately 100 kilometers of trunk mains.

The Ruthven Water Treatment Plant (RWTP) is a chemically assisted conventional filtration plant, which draws water from Lake Erie. The RWTP supplies potable water to the Town of Kingsville, Municipality of Leamington, a portion of the Town of Essex and a portion of the Municipality of Lakeshore. The treatment process includes chemically assisted up-flow clarification, filtration with dual media filters, primary disinfection using chlorine gas and secondary disinfection using chloramination. Seasonally, the RWTP uses sodium hypochlorite at its intakes to control Zebra Mussel formation.

**Pumping Station and Surface Water Intake**

Name	Low Lift Pumping Station
Street Address	1391 Union Avenue, Kingsville, ON Town of Kingsville
System Type	Raw water (Lake Erie) intake system and pumping plant
Notes	Raw water is obtained from two intake structures that are located in Lake Erie; raw water is pumping to the Ruthven Treatment Plant

**Surface Water Supply**

**Intake Crib No. 1**

Description	Rock filled timber crib with coated steel cover
Dimension	Approximately 4.88 m x 4.88 m x 3.35 m high with steel cover
Notes	A chlorine solution diffuser ring located at the connection to the intake pipe.

**Intake Pipe No. 1**

Description	Coated corrugated steel pipe, buried approximately 1.49 m below the lake bottom
Dimensions	460 m long x 1350 mm diameter
Notes	

**Chemical Feed Lines (Intake No. 1)**

Description	Zebra mussel control
Dimensions	75 mm diameter pipe installed inside Intake Pipe No. 1
Notes	Sodium hypochlorite solution supply pipe connected to the diffuser in the intake crib and terminating just prior to the inlet chamber in the low lift pumping station

**Intake Crib No. 2**

Description	Concrete filled corrugated steel intake crib
Dimensions	Approximately 5.6 m high x 3.07 inside diameter and 7.32 m outside diameter with steel cover
Notes	A chlorine solution diffuser ring located at the connection to the intake pipe.

**Intake Pipe No. 2**

Description	Coated corrugated steel pipe, buried approximately 1.49 m below the lake bottom
Dimensions	1070 m long x 1350 mm diameter polyethylene intake pipe buried approximately 1.52 m below the lake bottom
Notes	

**Chemical Feed Lines (Intake No. 2)**

Description	Zebra mussel control
Notes	Sodium hypochlorite solution supply pipe connected to the diffuser in the intake crib and terminating just prior to the inlet chamber in the low lift pumping station

**Intake Crib No. 3**

Description	Emergency Intake located adjacent to the Low Lift Pump Station
Dimensions	1.83 m x 1.83 m x 6.5 m deep emergency intake structure with 750 mm diameter valved connection to intake system No. 2 pipe with top of intake 1.2 m above lake bottom
Notes	

**Low Lift Pumping Plant****Fixed Screens**

Description	Two (2) coarse bar screens
Dimensions	No. 1 - 1.98 m wide x 5 m high with 38 mm x 9mm bars at 76 mm centers
	No. 2 - 1.22 m wide x 3.96 m high with 50 mm x 15 mm bars at 89 mm centers
Notes	

**Traveling Screens**

Description	Three (3) Travelling Screens,
Dimensions	Screen No. 1 - 5 m high x 1.8 m wide with 10 mm mesh
	Screen No. 2 - 5 m high x 1.8 m wide with 10 mm mesh
	Screen No. 3 - 7.01 m high x 1.83 m wide with 10 mm mesh
Notes	

**Suction Chambers**

Description	Two (2) inlet chambers
Dimensions	No. 1 at 1.83 m x 2.74 x 5.34 m side water depth
	No. 2 at 3.51 m x 3.05 x 7.27 m side water depth
Notes	

**Low Lift Pumps**

Description	Seven (7) vertical turbine low lift pumps
Capacity	Pump No. LL – 1 rated at 227.3 L/s at 32 m TDH
	Pump No. LL – 2 rated at 318.2 L/s at 33.5 m TDH
	Pump No. LL – 3 rated at 227.3 L/s at 32 m TDH
	Pump No. LL – 4 rated at 113.6 L/s at 30.5 m TDH
	Pump No. LL – 5 rated at 318.2 L/s at 30.5 m TDH
	Pump No. LL – 6 rated at 424 L/s at 32.3 m TDH
	Pump No. LL – 7 rated at 424 L/s at 32.3 m TDH
Notes	Two (2) surge tanks

**Backup Power Supply**

Description	One (1) diesel generator rated at 600 kW at the low lift building
Notes	

**Treatment Plant**

Name	Ruthven Water Treatment Plant
Street Address	1615 Union Avenue, Ruthven, ON
System Type	Surface Water Treatment and Supply
Notes	Conventional filtration process consisting of chemical coagulation, rapid mixing, flocculation, sedimentation followed by filtration and primary disinfection by chlorination and secondary disinfection by chloramination. Powder activated carbon is applied for taste and odour control.

## Coagulation, Flocculation and Sedimentation

### Clarification

Description	Four (4) solids contact upflow clarifiers with domed covers
Dimensions	Each 28.7 m diameter x 5.79 m side water depth with approximate volume of 3,950 m <sup>3</sup>
Notes	Piping to facilitate addition of coagulant, polymer, activated carbon (PAC) chlorine

### Filtration

#### Filters

Description	Eight (8) dual media filters (sand and anthracite)
Dimensions	Each 5.5 m x 11.0 m x 4.06 m total depth
Notes	Eight (8) filters equipped with a backwash system

### Backwash Pumps

Description	Two (2) vertical turbine filter backwash pumps
Capacity	Pump WW-1 rated at 348 L/s at 8.8 m TDH
	Pump WW-2 rated at 368 L/s at 10.97 m TDH
Notes	

## Instrumentation and Control

### SCADA System

Description	Facility wide integrated process control system
Notes	Water treatment processes and distribution components controlled by dedicated SCADA computer system.

## Waste Residual Management

### Wastewater Chamber/Pump Well

Description	Clarifier sludge and filter backwash water waste management facility
Dimensions	Wastewater chamber/pump well 9.75 m x 9.75 m x 6.45 m side water depth
Equipment	Two (2) submersible wastewater pumps each rated at 162.9 L/s at 15.9 m TDH
Notes	Clarifier sludge and filter backwash water waste pumped to settling/storage ponds

### Settling/Storage Ponds

Description	Two (2) earthen settling/storage ponds
Dimensions	Each pond with a base dimension of 135.64 m x 47.85 m x 1.98 m total depth with 3:1 side slopes and a sludge storage capacity of 5,274 m <sup>3</sup> plus a liquid storage capacity of 3,483 m <sup>3</sup>
Notes	The supernatant is discharged to Lake Erie

## High Lift Works

### High Lift Pumps

Description	Treated water pumping station equipped with two (2) high lift pump wells and nine (9) high lift pumps
Equipment – Pump Well No. 1	High lift Pump HL 1 – 272.8 L/s @ 61 m TDH
	High lift Pump HL 2 – 204.6 L/s @ 61 m TDH

	High lift Pump HL 3 – 591 L/s @ 60 m TDH
	High lift Pump HL 4 – 204.6 L/s @ 61 m TDH
	High lift Pump HL 5 – 60.6 L/s @ 61 m TDH
	High lift Pump HL 6 – 142 L/s @ 64 m TDH
	High lift Pump HL 7 – 142 L/s @ 64 m TDH
Equipment – Pump Well No. 2	High lift Pump HL 8 – 552.7 L/s @ 64 m TDH
	High lift Pump HL 9 – 552.7 L/s @ 64 m TDH
Notes	There are two surge tanks for pump pressure surges

### On-Site Storage

#### Reservoir

Description	Two (2) in-ground treated water storage reservoirs
Dimensions	Reservoir No. 1 - 36.6 m x 54.8 x 5.3 deep with a volume of approximately 10,630 m <sup>3</sup>
	Reservoir No. 2 - 36.6 m x 108.5 m x 3.96 deep with a volume of approximately 15,725 m <sup>3</sup>
Notes	

### Emergency Power

#### Backup Power Supply

Description	Two (2) diesel generators rated at 135 kW and 750 kW at the Treatment Plant
	One (1) direct drive diesel engine on High Lift Pump HL-1
	One (1) portable diesel generator rated at 400 kW for emergency back up
Notes	

### Chemical Addition

**Coagulant**

Description	Two (2) coagulant feed systems (one primary and one secondary)
Equipment	Two (2) PVC lined concrete coagulant storage tanks for the primary coagulant feed system
	Four (4) polyethylene storage tanks for the secondary coagulant feed system
	Four (4) chemical metering pumps for primary coagulant system
	Four (4) chemical metering pumps for secondary coagulant system
Notes	

**Coagulant Aid**

Description	Two (2) fiberglass coagulant aid mixing and storage tanks
Equipment	Four (4) chemical metering pumps
Notes	

**Filter Aid**

Description	Four (4) chemical metering pumps and solution storage tank
Notes	Filter aid solution is fed into the clarifier effluent lines

**Disinfection**

Description	Chlorination for primary disinfection
Equipment	Three (3) V-notch chlorinators, each rated at 227 kg/day for pre-chlorination
	Two (2) V-notch chlorinators, each rated at 227 kg/day for post-chlorination
	One (1) V-notch chlorinator rated at 227 kg/day as standby
	Two (2) double one ton container scales, each rated at 2,268 kg
	Chlorinators capable of operating in an automated flow pacing mode
Notes	



**Chloramination**

Description	Chloramination system
Equipment	One (1) 18,000 L capacity stainless steel bulk storage tank and one (1) 700 L capacity stainless steel day tank for aqueous-ammonia
	Two (2) 40 L/hr capacity chemical feed metering pumps
	One Emergency scrubber system
Notes	Analyzers to measure monochloramine, free ammonia and total ammonia

**Powdered Activated Carbon**

Description	Powdered activated carbon system (PAC)
Equipment	Wet-down tank with mixer, 3.05 m x 3.05 m x 2.7 m deep, volume 25.1 m <sup>3</sup>
	Two (2) PAC slurry tanks with mixers, each 5.64 m x 6.25 m x 4.22 m deep, volume 148.8 m <sup>3</sup>
	One (1) slurry recirculation pump
	Four (4) chemical metering pumps, each having a maximum capacity of 3.5 L/min
Notes	

**Pumping and Booster Stations****Cottam Reservoir and Booster Pumping Station**

Location	Corporation of the Town of Kingsville
UTM Coordinates	NAD 83: UTM Zone 17, 356335m E, 4665168m N
Description	An in-ground reservoir and a booster pumping station with disinfection facility
Dimensions	A two (2) compartment in-ground concrete water storage reservoir with compartment No. 1 having dimensions 35 m x 26.6 m x 3.9 m swd with a volume of 3,630 m <sup>3</sup> and compartment No. 2 having dimensions 35 m x 37 m x 3.9 m swd with a volume of 5,050 m <sup>3</sup>
	A reservoir contact chamber with dimensions 10.1 m x 30.7 m x 3.9 m swd with a volume of 1,209 m <sup>3</sup>
Equipment (Booster pumps)	Vertical turbine pump BP-1 rated at 53 L/s at 55m TDH
	Vertical turbine pump BP-2 rated at 106 L/s at 55m TDH
	Vertical turbine pump BP-3 rated at 106 L/s at 55m TDH
	Vertical turbine pump BP-4 rated at 160 L/s at 55 m TDH
	Two (2) hydropneumatic surge suppression tanks, each 1.06 m diameter x 2.77 m high
Equipment (Emergency chlorination equipment)	Disinfection system consisting of one (1) sodium hypochlorite tank
	Two (2) chemical metering pumps
	One (1) sample pump
Analyzers	Two (2) chlorine residual analyzers
Miscellaneous	One (1) wastewater holding tank
Standby Power	One (1) 400 kW diesel generator
Notes	Cottam booster pumping station controlled and monitored from the Ruthven WTP via a SCADA system

**Elevated Storage Tanks****Leamington Tower**

Location	Municipality of Leamington
UTM Coordinates	NAD 83: UTM Zone 17, 356233.40 m E, 4655819.10 m N
Description	Steel elevated water storage tank

Total Useable Volume	1,514 cubic meters
Notes	Leamington Tower controlled and monitored from the Ruthven WTP via a SCADA system

### **Kingsville Tower**

Location	Town of Kingsville
UTM Coordinates	NAD 83: UTM Zone 17, 356344.75 m E, 4665171.65 m N
Description	Steel elevated water storage tank
Total Useable Volume	1,137 cubic meters
Notes	Kingsville Tower controlled and monitored from the Ruthven WTP via a SCADA system

### **Essex Tower**

Location	Town of Essex
UTM Coordinates	NAD 83: UTM Zone 17, 348948.05 m E, 4670819.20 m N
Description	Steel elevated water storage tank
Total Useable Volume	1,137 cubic meters
Notes	Essex Tower controlled and monitored from the Ruthven WTP via a SCADA system

### **Albuna Water Tower**

Location	Town of Kingsville
Address	Part of Lot 9, Concession 4, approximately 465 m West of County Road 31, just north of the former C&O Railway corridor
UTM Coordinates	NAD 83: UTM Zone 17, 363519 m E, 4657248 m N
Description	Steel elevated water storage tank
Total Useable Volume	6,820 cubic meters
Notes	Albuna Water Tower controlled and monitored from the Ruthven WTP via a SCADA system

### **Transmission Watermains**

Transmission watermains convey treated water to the Cottam Booster Station and the four elevated water towers and then subsequently to local distribution systems owned and managed by the municipalities of Leamington, Kingsville, Essex and Lakeshore.

Watermains within the transmission system comprise:

- 42-inch diameter: on Gosfield South 2<sup>nd</sup> Concession Road from WTP to dead end at east
- 42-inch diameter: Across from private property, and crossing COUNTY ROAD 34 from Gosfield South 2<sup>nd</sup> Concession Road to former C&O railway
- 42-inch diameter: on former C&O railway from NS easement to COUNTY ROAD 31
- 42-inch diameter: on County Road 31 from former C&O railway to 36-inch diameter watermain to east
- 42-inch diameter: on Gosfield South 2<sup>nd</sup> Concession Road from WTP to Peterson Sideroad
- 36-inch diameter: on County Road 31 from 42-inch to County Road 34 (Connection between 42-inch and 30-inch trunk watermains)
- 36-inch diameter: on County Road 31 from 42-inch to 30-inch watermain in former C&O railway
- 30-inch diameter: on former C&O railway from County Road 31 to former Penn Central railway
- 30-inch diameter: On Union Avenue from WTP to COUNTY ROAD34
- 30-inch diameter: on County Road 34, Union Avenue to Leamington Tower
- 30-inch diameter: on County Road 34 from Leamington Tower to Oak Street
- 30-inch diameter: on Oak Street from County Road 34 to Erie Street
- 24-inch diameter: on Gosfield South 2<sup>nd</sup> Concession Road from WTP to County Road 27 (Division Road)
- 24-inch diameter: on Peterson Sideroads and in easement from Gosfield South 2<sup>nd</sup> Concession to Gosfield South 4<sup>th</sup> Concession
- 24-inch diameter: On Gosfield South 4<sup>th</sup> Concession from easement to County rd 34
- 24-inch diameter: on former C&O railway from former Penn Central railway to Erie Street
- 20-inch diameter: on easement from Cottam PS to Nth Talbot Road
- 16-inch diameter: on County Road 27 (Division Road) from Gosfield South 2<sup>nd</sup> Concession to County Road 34

- 16-inch diameter: on County Road 34 from County Road 27 (Division Road) to Cottam Village
- 16-inch diameter: on County Road 27 (Division Road) from Gosfield South 2nd Concession Road to old Kingsville bdy
- 16-inch diameter: on Nth Talbot and Gosfield North 8th Concession Road, from Cottam PS to Graham Sideroad .
- 16-inch diameter: on Nth Talbot Road from Cottam PS to County Road 8
- 16-inch diameter: on Graham Sideroad Gosfield North from 8<sup>th</sup> Concession Road to COUNTY ROAD14 (Gosfield North 9<sup>th</sup> Concession Road)
- 12-inch diameter: on Union Avenue from WTP to County Road 20 (Seacliff Drive)
- 12-inch diameter: County Road 34 from Cottam PS to County Road 23 (Albuna Townline)
- 12-inch diameter: on County Road 34 from Ruthven to Cottam PS
- 12-inch diameter: through Essex from County Road 23 to Essex Tower via Talbot, Wellington, Alice, Victoria and Forest.
- 12-inch diameter: through Essex from Essex Tower to Meter Chamber 10
- 12-inch diameter: on County Road 8 from County Road 29 (Naylor Sideroad to Bell Avenue)
- 12-inch diameter: on Graham Sideroad from County Road 14 (Gosfield N Conc 9) to County Road 8
- 12-inch diameter: on Seacliff Drive (County Road 20) from Ruthven to County Road 31
- 12-inch diameter: on Division Road from old Kingsville bdy to Pulford, on Pulford from Division Road to Kingsville Tower
- 12-inch diameter: Erie Street from former C&O railway to Oak Street
- 12-inch diameter: from Oak Street (at Armstrong) to former C&O railway (at Hodgins) via Armstrong, Talbot and Fuller.
- 8-inch diameter: on County Road 27 (Belle River Road) from Nth Talbot Road to County Road 8

**General By-Law No. 1**  
**Schedule "B"**

UNION WATER SUPPLY SYSTEM  
PROPORTIONAL WATER CONSUMPTION & PROPORTIONATE SHAREHOLDING  
(as at the date of incorporation of the Corporation)

Municipality	Proportionate Shareholding	Classes of Shares Held
The Corporation of the Municipality of Leamington	53.00%	Tracking: 5,300
The Corporation of the Town of Kingsville	38.72%	Tracking: 3,872
The Corporation of the Town of Essex	4.92%	Tracking: 492
Municipality of Lakeshore	3.36%	Tracking: 336

1. Each Municipal Shareholder's holdings of Special Tracking Shares is and shall be determined in accordance with the proportional water consumption from the System of the end users residing within each respective Municipality.
  
2. Every four (4) years, this Schedule will be updated and the Special Tracking Shares redistributed between the Municipal Shareholders on the basis of the respective proportional water consumption of the end users residing within each Municipality over the previous four (4) year period in accordance with the illustrative example set out in Schedule "B-1" attached hereto. The previous redistribution of Special Tracking Shares occurred on January 1, 2021. The next scheduled redistribution of Special Tracking Shares shall occur on January 1, 2025 and shall continue to be updated every four (4) years thereafter.

**General By-Law No. 1**  
**Schedule "B-1"**

**Example for Calculation of Proportionate Shareholding**

1. The Proportionate Shareholding as at the date of incorporation was calculated based on the respective proportional water consumption of the end users residing within each Municipality over the four calendar years immediately preceding January 1, 2021.
2. The water consumption figures that were used in the January 1, 2021 calculation are shown in the table below:

	<b>Column A</b>	<b>Column B</b>	<b>Column C</b>	<b>Column D</b>
<b>Water consumption figures by municipality (m<sup>3</sup>)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Essex	810,454	799,894	814,877	886,036
Kingsville	6,577,524	6,197,613	6,207,842	7,053,244
Lakeshore	499,685	482,237	555,714	721,433
Leamington	7,378,995	8,669,381	9,238,004	10,349,473
<b>Total</b>	<b>15,266,657</b>	<b>16,149,125</b>	<b>16,816,437</b>	<b>19,010,186</b>

3. The Proportionate Shareholding was calculated by:
  - Calculating the Total 4 Year Water Consumption per Municipality by summing the values shown in Columns A, B, C and D above. Shown in Column E in the table below;
  - Dividing the Total 4 Year Water Consumption per Municipality by four (4) to derive the Average Annual Water Consumption per Municipality. Shown in Column F in the table below; and
  - Calculating the Proportionate Shareholding by dividing the Average Annual Water Consumption per Municipality by the Total Average Annual Water Consumption across each of the municipalities.

The calculation that was used to determine the Proportionate Shareholding as at January 1, 2021 is shown in the table below.

	<b>Column E</b>	<b>Column F</b>	<b>Column G</b>
	<b>Total 4 Year Water Consumption per Municipality (A + B + C + D)</b>	<b>Average Annual Water Consumption per Municipality (E / 4)</b>	<b>Proportionate Shareholding (F / Total of Column F)</b>
Essex	3,311,261	827,815	4.92%
Kingsville	26,036,223	6,509,056	38.72%
Lakeshore	2,259,069	564,767	3.36%
Leamington	35,635,853	8,908,963	53.00%
<b>Total</b>	<b>67,242,406</b>	<b>16,810,602 (Total Average Annual Water Consumption)</b>	<b>100.00%</b>

4. The Proportionate Shareholdings are calculated to two (2) decimal places.



To: UWSS Inc. Board of Directors  
From: Rodney Bouchard, UWSS Inc. CEO (acting)  
Date: May 29, 2023  
Re: Appointment of Union Water Supply System Inc.  
Officers of the Corporation

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**Recommendation:**

It is recommended that the Union Water Supply System Inc. (UWSS Inc.) Board of Directors (“Board”) undertake an election to appoint the Board Chairperson and Vice-Chairperson;

That the Board appoint the following UWSS Inc. Officers of the Corporation:

Rodney Bouchard	- Chief Executive Officer
Rodney Bouchard	- Treasurer
Rodney Bouchard	- Secretary

**Background:**

Union Water Supply System Inc. (“the Corporation”) was incorporated on February 24th, 2023 as a Municipal Services Corporation under Ontario Regulation 599/06 of the Municipal Act, 2001. UWSS Inc. has four (4) shareholders which include the Municipality of Leamington, Town of Kingsville, Town of Essex and Municipality of Lakeshore.

In accordance with the By-laws of Union Water Supply System Inc. (“the Corporation”), the Board of Directors shall elect a Chairperson and Vice-Chairperson of the Board, and appoint a Secretary, a Treasurer, and a Chief Executive Officer.

**Discussion:**

As per the By-laws of the Corporation, the Chairperson of the board and the Vice-Chairperson of the board shall each be a member of the Board of Directors, and the Secretary, Treasurer and Chief Executive Officer shall be employees of the Corporation. Appointment of the Corporation’s Chairperson and Vice-Chairperson of the Board shall be through an election process as per Schedule A, attached to this report.

It is noted that the UWSS Inc. was created by the four (4) municipal shareholders as a “restructuring” of the existing Union Water Supply System Joint Board of Management (UWSS JBM). The functions of the UWSS JBM are currently being transitioned to UWSS Inc. and the process is scheduled to be completed by December 31<sup>st</sup>, 2023. The UWSS JBM has delegated the overall day to day management and administration of the Union Water Supply System to the UWSS JBM General Manager. The existing UWSS JBM General Manager has been employed by the UWSS JBM since 2011. It is noted that the

existing UWSS JBM General Manager is currently in the Acting Chief Executive Officer (CEO) position for UWSS Inc.

Based on current UWSS JBM General Manager's extensive knowledge of UWSS operations and financial systems, including short and long term capital infrastructure needs and funding requirements, it is recommended that the UWSS JBM General Manager be appointed as UWSS Inc. Chief Executive Officer. It is also noted that UWSS Inc. will have minimal staffing complement during transition from UWSS JBM to UWSS Inc. and for at least the first year of UWSS Inc. operations. Thus, it is recommended that the UWSS JBM General Manager also be appointed as Treasurer and Secretary of UWSS Inc. for the time being.

### **Legal Considerations**

In accordance with the By-laws of the Corporation, the Corporation shall indemnify an officer of the Corporation, a former officer of the Corporation, or a person who acts or acted at the Corporation's request as an officer of another corporation of which this Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been an officer of the Corporation or another such corporation, if: (i) he or she acted honestly and in good faith with a view to the best interests of the Corporation, and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she has reasonable grounds for believing that his conduct was lawful.

Respectfully submitted,



Rodney Bouchard, CEO (acting)  
Union Water Supply System Inc.

/kmj

## **SCHEDULE "A"**

### **Election Procedures for the Election of Union Water Supply System Inc. Board of Directors Chairperson and Vice-Chairperson**

In accordance with Article 8.1 of the Union Water Supply System, Inc. General By-Law No. 1, the Board of Directors are to elect a Board Chairperson and Vice-Chairperson.

The Chairperson's role and responsibilities are as follows:

- Providing leadership to the board
- Taking responsibility for the board's composition and development
- Ensuring proper information for the board
- Planning and conducting board meetings effectively
- Engaging all directors in the board's work
- Ensuring the board remains focused on its key tasks and responsibilities
- Overseeing the induction and development of new directors
- Conduct the CEO's Performance Appraisal
- Signing authority for UWSS Inc. as per General By-Law No. 1
- Various other responsibilities as identified in General By-Law No. 1

The Board Chairperson is to be knowledgeable and experienced in Board governance and possess familiarity with the Corporation's business activities.

The Vice-Chairperson shall act on behalf of the Chairperson in the absence of the Chairperson.

### **Election Procedure**

The recommended procedure for the election of the Chair and Vice-Chair of the UWSS Inc. Board of Directors is as follows:

- The UWSS Inc. Chief Executive Officer (CEO) will chair the meeting until the election of the new Chair.
- The CEO will call the meeting to order.
- The first order of business is the election of the Chair.
- The CEO will ask for nominations from the Board for the position of Chair. Nominees must have a proposer and a seconder and the nominee will be asked if they are willing to accept the nomination. The list of candidates will be made up of those nominees who accept their nomination

- If there is only one (1) successful nomination, that candidate will be acclaimed as Chair.
- If there are two (2) or more nominations, there will be an election. The CEO will state the names of the nominees in alphabetical order by surname. After each name is announced there will be a show of hands by those wishing to vote for that candidate. Board members shall only vote for one candidate. Candidates can vote for themselves.
- The Recording Secretary will record the number of votes for each candidate.
- If there is a tie for the most votes cast, the name of each nominee who is tied will be written on a slip of paper by the CEO and the slips will be placed in a hat or box. The Administrative Assistant will draw one slip and the name on that slip will be declared as the new Chair.
- The CEO will ask for a motion confirming the appointment of the successful candidate as Chair.
- The new Chair will then take charge of the meeting.
- The Chair will then proceed with the election of the Vice-Chair. The same election procedure will be used for election of the Vice-Chair. Again, it is noted that nominees for Vice-Chair cannot be an appointee from the same Shareholder as the Chair.
- Immediately after the election of the Vice-Chair, the meeting will proceed with the rest of the business on the Agenda.

To: UWSS Inc. Board of Directors  
From: Rodney Bouchard, UWSS Inc. CEO  
Date: May 29, 2023  
Re: UWSS Inc. Board of Directors Related Policies

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### **Recommendation:**

It is recommended that the Union Water Supply System Inc. (UWSS Inc.) Interim Board of Directors adopt the following UWSS Inc. policies:

- M01 - Code of Conduct and Conflict of Interest Policy for Board Members and Committee Members;
- M02 - Role and Responsibilities of the Board and Individual Board and Board Committee Members' Responsibilities and Expectations;
- M03 - Board of Directors Competencies and Board Member Attributes;

### **Background:**

The function of a board of directors is to represent the interests of a company's shareholders and provide guidance and advice of the organization's CEO and executive team. A board sets the strategic goals of the corporation. It also provides general management oversight, so the organization can reach its goals and achieve its mission, without getting involved in day-to-day operations. In order to achieve these objectives, Board of Directors need to demonstrate transparency, accountability and competency. These tenets are achieved through establishment of Corporate policies for Board member Code of Conduct, Roles and Responsibilities and Director Competencies.

### **Discussion:**

UWSS Inc (or the Corporation) was incorporated on February 24<sup>th</sup>, 2023 as a Municipal Services Corporation under Ontario Regulation 599/06 of the Municipal Act, 2001. UWSS Inc. has 4 shareholders which include the Municipality of Leamington, Town of Kingsville, Town of Essex and Municipality of Lakeshore. The UWSS Inc. Board of Directors currently consists of an Interim Board with one (1) director appointed by each of the municipal shareholders. The Interim Board will remain in place until the full Board of Directors, including independent directors, has been appointed by the Shareholders, which is anticipated to be completed before September 2023.

As a newly created corporation with the important function of delivering treated drinking water to the public, UWSS Inc. should strive to ensure that proper corporate governance is established for the Corporation. The Board of Directors of UWSS, Inc. has a very important role in regard to setting direction and oversight for UWSS Inc. and, as such, it is important to establish policies for Board members to ensure effective operation of the Board of Directors.

The following policies have been drafted to guide UWSS Inc. Board member activities and responsibilities and are attached to this report.

- M01 - Code of Conduct and Conflict of Interest Policy for Board Members and Committee Members;
- M02 - Role and Responsibilities of the Board and Individual Board and Board Committee Members' Responsibilities and Expectations;
- M03 - Board of Directors Competencies and Board Member Attributes;

### Comment

The Interim Board of Directors has full authority to adopt policies needed for the Corporation to operate effectively. It is recommended that UWSS Inc. policies M01, M02, and M03, as attached be adopted by the Interim Board.

Respectfully submitted,



Rodney Bouchard, CEO (acting)  
Union Water Supply System Inc.  
/kmj



## Union Water Supply System Joint Board of Management

POLICY No: M01 - Board Member Code of Conduct and Conflict of Interest

Date Adopted:

Amended:

### **1. Purpose**

The purpose of this Policy is:

- (a) to facilitate the Board and its Committees maintaining the highest business and ethical standards;
- (b) to facilitate the protection of the integrity of the Corporation, the Board, and its Committees;
- (c) to provide guidance to each Board and Board Committee member in exercising their responsibility to identify and address perceived, potential, and actual conflict; and
- (d) to refer the Board and Board Committee members to the appropriate process for dealing with conflict situations.

### **2. Definitions**

*For the purpose of this policy:*

"Board" means the Board of Directors.

"Board member" means a member of the Board of Directors.

"Board Committee member" means a member of a Committee of the Board of Directors

"Chair" means the Chairperson of the Board or a Committee, as applicable.

"Close Relative" means a Board or Board Committee Member's spouse or common-law partner; a Board or Board Committee Member's, or a Board or Board Committee Member's spouse or common-law partner's, parent, stepparent, foster parent, adoptive parent, child, step-child, foster child, adopted child, grandparent, step-grandparent, grandchild or step-grandchild; the spouse or common-law partner of a Board or Board Committee Member's child, step-child, foster child, or adopted child; a Board or Board Committee Member's brother or sister; a relative of a Board or Board Committee Member who is dependent on the Member for care or assistance; or a person whom a parent, step-parent, foster parent, adoptive parent has demonstrated a settled intention to treat as a member of their family.

"Committee" means a committee of the Board.

"members" means members of the Board or members of any Committee.

"Conflict" means an actual, potential, or perceived conflict of interest. A conflict of interest may arise in a situation in which a Private Interest or Outside Duty of a Board or Board Committee Member conflicts, potentially conflicts, or appears to conflict with or influence the objectivity of the Board or Board Committee Member or the proper discharge of the Board or Board Committee Member's duties and obligations to the Corporation. Conflicts are generally divided into the following categories:

1. An actual conflict of interest refers to a situation where a Board or Board Committee Member takes a course of action that results in an opportunity to further their Private Interest, or results in a conflict with the Member's Outside Duty.
2. A potential conflict of interest refers to a situation where a Private Interest or Outside Duty of a Board or Board Committee Member could influence the exercise of the Board or Board Committee Member's duties to the Corporation.
3. A perceived conflict of interest refers to a situation where a reasonable person would apprehend that an actual or potential conflict of interest exists on the part of a Board or Board Committee Member, whether or not such an actual or potential conflict of interest exists.

"Contract" means a contract or a proposed contract with the Corporation.

"Corporation" means Union Water Supply System Inc.

"Disclosure of Conflict of Interest Form" means the disclosure process as outlined in section 5 of this document.

"Employee" means any individual employed by the Corporation.

"Meeting" means a meeting of the Board or a Board Committee, as applicable.

"Outside Duty" means a duty that a Board or Board Committee member owes to someone other than the Corporation.

"Policy" means this Code of Conduct and Conflict of Interest Policy.

"Private Interest" means a pecuniary interest or advantage and includes any real or tangible benefit that befalls a Board Member, their associates or a Related Person.

"Procedure" means the process of determining whether a conflict exists following disclosure, as outlined in section 7.

"Related Person" means a Close Relative; a Corporation of which the Board or Board Committee Member or Close Relative of a Board or Board Committee Member is a director, officer, or has direct or indirect material ownership, control, or direction of securities; a partnership of which the Board or Board Committee Member or a Close Relative of a Board or Board Committee



Member is a partner, other than a limited partnership in which any such person is a limited partner; or a trust or estate in which the Board or Board Committee Member or a Close Relative of the Board or Board Committee Member serves as a trustee or in a similar capacity or has a beneficial interest.

### **3. Duty of each Board and Board Committee Member**

Board and Board Committee members hold fiduciary duties and responsibilities towards the Corporation, which means they have:

- (a) A duty of loyalty towards the Corporation.
- (b) A duty to adhere to the highest business and ethical standards in carrying out their duties, including a duty to act honestly, in good faith and in the best interests of the Corporation.
- (c) A responsibility, when carrying out their responsibilities as Board and Board Committee members, to exercise the care, diligence, and skill that a reasonable prudent person would exercise.
- (d) A duty to disclose any and all conflicts of interest (actual, potential, or perceived) that would place the Board or Board Committee Member in breach of the Board's policies, including any known or perceived breach by another Member.

### **4. Application of Code of Conduct**

The following standards of conduct apply to members of the Board of Directors, members of Board Committees, including any non-board members appointed to a Committee.

Board and Board Committee members shall:

- (a) abide by the Board's Confidentiality Policy (see 4.1 below).
- (b) foster a collegial and respectful working environment that ensures Board members have the opportunity to speak fully and candidly in front of the Board in a climate that is respectful and free of intimidation.
- (c) conduct themselves in a manner that demonstrates respect for different perspectives, builds on the contribution of others and constructively puts forward alternative considerations.
- (d) respect decisions of the Board once made.
- (e) refrain from taking action that is harmful to the reputation of the Corporation.
- (f) not accept gifts, benefits, hospitality, or favours that influence or may appear to influence the ability of the Board and Board Committee Member to carry out their duties. Board and Board Committee Members shall not provide gifts, benefits, hospitality, or favours in order to secure preferential treatment for the Corporation. The receipt and provision of gifts, benefits, hospitality, and favours of nominal value in a manner that is consistent with accepted practices in the broader public sector is permitted.
- (g) abide by both the letter and spirit of this Policy.

Board and Board Committee members are in a position of trust and as fiduciaries are accountable for fulfilling their duties to the Corporation with integrity. As such, individual Board and Board Committee Members have a responsibility to recognize, avoid and manage conflicts of interest in a manner that is consistent with their duties to the Board and Corporation. This includes a responsibility to refrain completely from any attempt to influence the outcome of a matter with

which a Board and Board Committee Member has a conflict. In exercising this responsibility, Members should be guided by the principle that preserving the appearance of integrity is as important as integrity itself. (See appendix A for examples of conflicts of interest).

#### **4.1 Duty of each Board and Board Committee Member with Respect to Confidentiality**

- (a) Each Board and Committee Member owes to the Corporation a duty of confidence not to disclose or discuss with another person or entity, or to use for their own purposes, confidential information concerning the business, activities and affairs of the Corporation received in their capacity as a Board Member and a Committee Member unless otherwise authorized by the Board.
- (b) Each Board and Committee Member shall ensure that no statement not authorized by the Board is made by the Board and Committee Member to stakeholder groups, the media, or public. The Chairperson (or designate) is the spokesperson for the Corporation. In matters pertaining to the Chairperson or the functioning of the Board, the Chair (or Vice-Chairs when acting in the capacity of Chair) is the spokesperson for the Corporation.

A breach of this Confidentiality Policy may result in consequential measures (up to and including removal from the Board or Board Committee).

This confidentiality requirement is not absolute and must be read and interpreted consistent with the Ontario Human Rights Code and the Corporation's bylaws and policies, which continue to apply and to which members continue to be held accountable even in the context of confidential proceedings. Members have an obligation to report behaviours or procedures that breach institutional policies or the Ontario Human Rights Code. Where a Board or Board Committee member believes that a procedural irregularity has occurred or proceedings, discussion or behaviours may be racist or discriminatory or otherwise breach institutional policies, this should be reported to the Board Chair, Chair of the Board Committee, or the Secretary. There shall be no retribution against a Board or Board Committee member who raises such concerns. This caveat to the confidentiality requirement is vital to safeguarding fairness and equity.

### **5. Conflict of Interest Disclosure and Process for Resolution**

#### ***5.1 General***

5.1.1 The purposes of the Disclosure of Conflict of Interest Form are to facilitate the consideration by each Board and Board Committee member of their relationships, Board positions, interests in companies, interests in contracts, and other matters with a view to assessing whether they have a conflict; and to facilitate the disclosure of conflicts as contemplated by this Policy.

5.1.2 Each Board and Board Committee member shall complete and submit, at the time of joining the Board or Board Committee and by the start of each academic year, to the Secretary a Disclosure of Conflict of Interest Form listing personal interests which could give rise to a conflict (actual, potential or perceived), direct or indirect, with the Board or

Board Committee member's duties to the Corporation. If a Board or Board Committee member is uncertain whether a conflict exists, they shall err on the side of disclosure.

- 5.1.3 The interest, direct or indirect, of a Close Relative of the member shall, if known to the member, be deemed to be also the pecuniary interest of the member.
- 5.1.4 Each Board or Board Committee member shall notify the Secretary in writing of any changes to that list in a timely fashion or to a change in relationship to the Corporation (e.g., change in role, office, job or position within the Corporation or cessation of employment at the Corporation.)
- 5.1.5 If any Board or Board Committee member believes that another Board or Board Committee member has a conflict or was in a conflict of interest on a matter on which they failed to disclose their conflict, the former shall disclose the potential conflict to the Secretary by completing the relevant sections of the Disclosure of Conflict of Interest Form at the earliest opportunity. In such cases, the Chair of the Board or Board Committee will address the matter with the member considered to have the conflict using the Conflicts Assessment Process. If it is determined that the Board or Board Committee Member's involvement has, or could be perceived to have, influenced the decision, the Board or Board Committee shall re-examine the matter and may rescind, vary, or confirm its decision, which shall be clearly reflected in the minutes.
- 5.1.6 Conflicts disclosed shall be communicated at the earliest opportunity by the Secretary to the relevant Chair(s).
- 5.1.7 The completion and submission of a Disclosure of Conflict of Interest Form does not negate the responsibility of the Board or Board Committee member to declare conflicts of interest at the beginning of each meeting at which a matter which may give rise to a conflict is the subject of consideration. If a Board or Board Committee member fails to declare a conflict at a meeting at which a matter which may give rise to a conflict is the subject of consideration, the Chair shall disclose the conflict, if known. The disclosure of the conflict of interest shall be included in the minutes of the meeting in question.
- 5.1.8 All Board and Board Committee members must disclose conflicts of interests as they arise and not later than the meeting at which the matter which gives rise to the conflict is to be considered.

## **5.2 When present at meeting at which matter considered**

- 5.2.1 Where a member, either on their own behalf or while acting for, by, with or through another, has an interest, direct or indirect, in a matter and is present at a meeting of the Board or Board Committee at which the matter is the subject of consideration, the member shall
  - (a) prior to any consideration of the matter at the meeting, disclose the interest and the general nature thereof;

(b) not take part in the discussion of, nor vote on any question in respect of the matter and shall absent themselves from the meeting when the matter is being discussed, with the exception of matters under section 5.4 which provides for specific matters; and

(c) not attempt in any way whether before, during or after the meeting to influence the voting on any such question.

5.2.2 Any Board or Board Committee member who considers that there may be a conflict of interest on the part of another Board or Board Committee member shall report the matter to the Chair of the Board or Board Committee, or the Secretary. Where it cannot be informally resolved with the member, the matter shall proceed to the Board or Board Committee for consideration. The Chair of the Board or Board Committee shall describe the nature and extent of the alleged conflict and provide the Board or Board Committee member considered to have the conflict the opportunity to address the alleged conflict, prior to the Board or Board Committee making a determination on the question of conflict of interest by majority vote of the members present. The Board or Board Committee member considered to have the conflict shall absent themselves from the meeting while the conflict is discussed or a vote taken.

#### **5.4 Specific Matters and Exceptions**

5.4.1 In the case of matters relating to remuneration, benefits, terms of employment, and rights or privileges related to employment and pensions which affect a Board or Board Committee member who is an employee or retiree of the Corporation or a Close Relative of an employee or retiree of the Corporation, the Board or Board Committee member may not participate in such matters and shall absent themselves from the portion of the meeting when the matter is being discussed and voted upon.

5.4.2 Services offered by the Corporation to the general public, to which a Board or Board Committee member subscribes, shall not, in and of itself, constitute a conflict of interest.

5.4.3 An interest of a Board or Board Committee member which is so remote or insignificant in its nature that it cannot reasonably be regarded as likely to influence the member shall not constitute a conflict of interest.

#### **6. Quorum**

Where the number of Board or Board Committee members who, by reason of the provisions of these rules, are disqualified from voting in a meeting is such that at the meeting there are not sufficient members to constitute a quorum, then the remaining members shall be deemed to constitute a quorum, provided the number is not less than one third of the voting membership.

## **7. The Conflicts Assessment Process and Potential Breaches**

Where a Board or Board member discloses a potential or perceived conflict to the Secretary, the Secretary shall make a determination as to whether a conflict of interest exists, and if so, whether it will be permitted to continue under any applicable conditions.

The Secretary shall make a determination on the course of action that is in the best interests of the Corporation. This may include an assessment of any possible harm to the interests of those served by Board and Corporation at large, as well as any potential reputational, or economic consequences. In the course of the assessment process, the Secretary may request additional documents or information and may consult with other parties.

The Secretary shall communicate the decision in writing, identifying the appropriate next steps and any applicable conditions. These conditions may include a withdrawal from deliberation, abstention on voting, or even resignation as a member depending on the nature and seriousness of the conflict.

Should the Secretary find themselves unable to address or resolve the conflict informally, or should they find or confirm an allegation of a breach of this Code, they may refer the matter for resolution to the Chairperson.

**BOARD OF DIRECTORS ACKNOWLEDGEMENT AND UNDERTAKING  
REGARDING CONDUCT AND CONFLICT OF INTEREST AND DISCLOSURE OF  
CONFLICT OF INTEREST FORM**

**FOR COMPLETION BY MEMBERS OF THE BOARD OF DIRECTORS  
AND BOARD COMMITTEES**

**SUBMIT THIS FORM TO:**     **Secretary**

**PREAMBLE**

An actual, potential, or perceived conflict of interest may arise in a situation in which a Private Interest or Outside Duty of a Board or Board Committee Member conflicts, potentially conflicts, or appears to conflict with or influence the objectivity of the Board or Board Committee Member or the proper discharge of the Board or Board Committee Member's duties and obligations to the Corporation. Conflicts are generally divided into the following categories:

1. An actual conflict of interest refers to a situation where a Board or Board Committee Member takes a course of action that results in an opportunity to further their Private Interest, or results in a conflict with the Member's Outside Duty.
2. A potential conflict of interest refers to a situation where a Private Interest or Outside Duty of a Board or Board Committee Member could influence the exercise of the Board or Board Committee Member's duties to the Corporation.
3. A perceived conflict of interest refers to a situation where a reasonable person would apprehend that an actual or potential conflict of interest exists on the part of a Board or Board Committee Member, whether or not such an actual or potential conflict of interest exists.

*See Appendix A for examples of actual, potential or perceived conflicts of interest.*

To assist in identifying actual, potential or perceived conflicts of interest and, in so doing, to ease the operation of the Board of Directors and its Committees in the conduct of their work, all members of the Board of Directors and its Committees are asked each year to review the Corporation's "Code of Conduct and Conflict of Interest Policy for Board Members and Board Committee members" and to disclose any obligation, commitment, relationship or interest that may *conflict, potential conflict, or may be perceived to conflict* with their duties as a member of the Board of Directors or a Board Committee.

In requesting this information, the Corporation acknowledges its responsibilities to protect the privacy of personal information. Personal information that you provide in completing the form below is collected for the purpose of administering the conflict of interest policy of the Corporation's Board of Directors. At all times it will be protected in accordance with the *Freedom of Information and Protection of Privacy Act* ("FIPPA"). If you have questions about

the collection, use and disclosure of personal information, you are encouraged to speak directly with the Board of Directors or to the Secretary.

### **GENERAL UNDERTAKING**

This declaration and disclosure is pursuant to the *Code of Conduct and Conflict of Interest Policy for Board Members and Board Committee Members*, which applies to all members of the Board or Committees of the Board of Directors.

I acknowledge that, as:

- (a) a Board member on the Board of Directors of the Corporation (the "Board");
- (b) a Committee member of a Committee of the Board of Directors (a "Board Committee");

I have read the relevant Board policy documents pertaining to Board member and Board Committee member code of conduct and conflict of interest.

I acknowledge that I must adhere to the highest level of conduct in carrying out my duties and responsibilities to the Corporation, including acting honestly, in good faith and in the best interests of the Corporation. I acknowledge that, in carrying out my duties and responsibilities to the Corporation, my obligation is to act in accordance with this Acknowledgement and Undertaking and with relevant Corporation bylaws and policies, as applicable, while offering my perspective as an individual derived from my personal and work experience. For greater certainty, I acknowledge that the obligations of confidentiality arising out of such fiduciary obligations (per section 4.1) override any perceived conflicting obligation(s) I may have to report confidential information to others.

I undertake to disclose any actual, potential, or perceived conflicts of interest as they arise in accordance with the *Code of Conduct and Conflict of Interest Policy for Board Members and Board Committee Members*.

### **DISCLOSURE REPORT**

#### **1. Involvement with the Board of Directors**

Name:  
Memberships (ie; Board, Committees, etc.):

#### **2. Occupation**

Employer:  
Position Title and Occupation:

**3. Involvement with Other Organizations**

Organization and Involvement/Position:  
Organization and Involvement/Position:  
Organization and Involvement/Position:  
Organization and Involvement/Position:  
Organization and Involvement/Position:

**Disclosure of Known Conflicts (Actual, Potential, or Perceived)**

A Board or Board Committee Member shall have an actual, potential, or perceived conflict where a Private Interest or Outside Duty of the Board or Board Committee Member conflicts, potentially conflicts, or appears to conflict with or influence the objectivity of the Board or Board Committee Member or the proper discharge of the Board or Board Committee Member’s duties and obligations to the Corporation.

\_\_\_ I have no conflict of interest to report.

\_\_\_ I have the following real or potential conflict to report:

*Describe any relationships, contracts, transactions, gifts, or circumstances you believe could contribute to a conflict of interest.*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Acknowledgement and Undertaking**

I confirm that I have read, understand, and agree to abide by the Corporation’s Code of Conduct and Conflict of Interest Policy for Board Members and Board Committee members, and that I have disclosed all actual, potential, or perceived conflicts to the best of my knowledge.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Signature: \_\_\_\_\_

Please print name: \_\_\_\_\_



## **Appendix A**

The following are examples of real, potential or perceived conflicts of interest. Situations where a conflict might arise cannot be listed exhaustively. As such, this list is not exhaustive and shall not be taken as in any way limiting the definition of conflict of interest or the scope and application of the policy.

Conflicts of interest may arise in relation to pecuniary and personal matters including, but not limited to:

- directorships or other employment;
- interests in business enterprises or professional practices;
- share ownership;
- existing professional or personal associations with the Corporation;
- professional associations or relationships with other organizations;
- personal associations with other groups or organizations, or family relationships.

### **Examples of Types of Conflicts:**

**The following is a non-exhaustive list of examples of situations where conflicts of interest may arise:**

1. Indirect pecuniary interest: A Board or Board Committee member has an indirect pecuniary interest in any matter in which the Board or Board Committee, as the case may be, is concerned, if, the member
  - (a) is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public, and that has a pecuniary interest in the matter; or
  - (b) has a controlling interest in or is a director or senior officer of a corporation that offers its securities to the public, and that has a pecuniary interest in the matter; or
  - (c) is a member of a body that has a pecuniary interest in the matter; or
  - (d) is a partner of a person or is in the employment of a person or body that has a pecuniary interest in the matter.

“Senior officer” of a corporation under 1(a) and 1(b) means the Chair or any Vice-Chair of the Board, the President, any Vice-President, the Secretary, the Treasurer or the General Manager of a corporation or any other person who performs functions for the corporation similar to those normally performed by a person occupying any such office.

“Controlling interest” under 1(b) means the interest that a person has in a corporation when the person beneficially owns, directly or indirectly, or exercises control or direction over, equity shares of the corporation carrying more than 10 per cent of the voting rights attached to all equity shares of the corporation for the time being outstanding.

2. Contracts: When a Board or Board Committee member is directly or indirectly interested in an existing or proposed contract.

3. Acting for an Improper Purpose: When a Board or Board Committee member acts in self-interest or for a purpose counter to the interests of the Corporation.
4. "Wearing Two Hats": When a Board or Board Committee member diverts to their own use, or a Related Person's use, a benefit or opportunity in which the Corporation has an interest.
5. Serving on Competing Organizations: When a Board or Board Committee member has a conflict of "duty and duty". This might arise when, for example:
  - (i) the Board or Board Committee member serves on the board of another organization that has a contractual relationship with the Corporation; or
  - (ii) the Board or Board Committee member serves on the board of another organization and possesses confidential or non-public Corporation information that is of importance to a matter being considered by the board of the other organization.
7. Personal or Familial Gain: When a Board or Board Committee member will gain or be personally affected by a decision of the Board or the relevant Board Committee or when a Board or Board Committee member is aware that a Close Relative will gain or be personally affected by a decision of the Board or the relevant Board Committee.
8. Influencing the purchase of goods or services for the Corporation from a company or firm in which a Board or Board Committee Member or a Related Person has a financial interest.
9. Using confidential or non-public information obtained as a Board or Board Committee Member to further the Board or Board Committee Member's Private Interest.
10. Taking action that creates the perception of, or results in, a Related Person, associate or outside organization receiving preferential treatment in their dealings with the Corporation.
11. Using the Corporation's resources to further the Board or Board Committee Member's Private Interest or for the benefit of Related Persons.
12. Using one's role as a Board or Board Committee Member to obtain employment with or admission to the Corporation.
13. Involvement in, or attempted influence over, an appointment, hiring, promotion or evaluation process relating to a Close Relative.
14. Representing the interests of a specific group in a manner that conflicts with or calls into question the Board or Board Committee Member's ability to fulfill their duties to the Board or Corporation.
15. Attempting to influence the treatment of a specific program or facility of the Corporation with which the Board or Board Committee Member or a Related Person has a significant

employment relationship or to which the Board or Board Committee Member or a Related Person has made a significant financial contribution.

16. Any association or activity, including political activity, that is, or may reasonably be seen to be, incompatible with the Board or Board Committee Member's duties, or may otherwise be seen to impair the ability of the Board or Board Committee Member to discharge their duties in an impartial fashion, or cast doubt on the independence, integrity or impartiality of the Board or the Corporation.



## Union Water Supply System Joint Board of Management

POLICY No: M02 - Roles & Responsibilities of the Board of Directors and Board Members

Date Adopted:

Amended:

### **Role and Responsibilities of the Board**

- To appoint the Chairperson
- To review the Chief Executive Officer's goals and performance
- To retain overall accountability for the performance of the Corporation
- To provide oversight to ensure that the Corporation's actions support the mission, vision, values and strategic goals of Corporation
- To monitor the Corporation's performance against specific performance measures related to the Board's mandate
- To ensure that appropriate financial and administrative controls, policies and agreements are in place for the Corporation's financial, human and physical resources
- To grant approvals on Corporation actions that fall within the mandate of the Board, including approval of operating expenditures and one-time funding and expenditures
- To assess the performance of the Board and its members, and facilitate Board renewal

### **Individual Board Members' Responsibilities and Expectations**

- Be informed about the Corporation and support its mission and strategic plan
- Understand that the Board's role is one of policy-making and oversight and not management or executive decision making
- Recognize that the Board is not a constituent assembly – individuals serving on the Board are not there on behalf of a constituency and are not to report back to anyone on matters discussed during in-camera/closed Board meetings

- Act in the best interest of the whole Corporation rather than one particular constituency (even if elected by a constituency), offering your perspective as an individual derived from personal and work experience
- Understand and respect that all matters of the Board, whether public or in-camera, are communicated according to the Board bylaw
- Recognize that the CEO is the spokesperson for the Corporation and the Board Chair is the spokesperson for the Board
- Recognize that the powers and responsibilities of the Board reside only with the Board as a whole (acting as an assembly) and not with individual members
- Attend and come prepared to participate in meetings of the Board; to think strategically and critically and ask questions
- Support the decisions made by the Board
- Understand and honour the Board's bylaw and policies. Consequences for breach of confidentiality, conflict of interest, or other bylaw/policy range from verbal warning to removal from the Board or Committee
- Recognize that, as fiduciaries, the sole responsibility is to the financial and operational well-being of the Corporation
- Maintain confidentiality requirements and declare any and all perceived or actual conflicts of interest
- Sign annual confidentiality and conflict of interest attestation in order to participate in meetings and receive meeting packages
- Employ an Equity, Diversity, and Inclusion (EDI) lens to discussions and decisions
- Participate actively in building relationships and in helping to create an inclusive community where everyone feels accepted, valued, and respected
- Demonstrate individual accountability (influence, leadership, collaboration, judgment)
- Encourage, foster, and participate in fundraising and friend-raising, where appropriate
- Be willing and able to commit the time and effort required to carry out duties as a member of the Board of Directors

**Individual Board Committee Members' Responsibilities and Expectations**

In addition to the responsibilities set out above for individual Board members, Board Committee members are to:

- Understand that the Board's, and consequently, the Committee's role is one of policy-making and oversight and not management or executive decision making
- Recognize that, unless it has delegated authority to act, the Committee vets and makes recommendations to the Board which has the decision-making authority
- Recognize that the powers and responsibilities of the Board Committee reside only with the Board Committee as a whole (acting as an assembly) and not with individual members
- Attend and come prepared to participate in meetings of the Committee
- Support the decisions made by the Board Committee and the Board
- Adhere to the Confidentiality Policy of the Board

**Acknowledgment and Undertaking**

I have read and will abide by the responsibilities and expectations of individual Board members and/or individual Board committee members.

Signature: \_\_\_\_\_

Please print name: \_\_\_\_\_

Dated: \_\_\_\_\_



## Union Water Supply System Joint Board of Management

POLICY No: M03 - Board of Director Competencies and Board Member Attributes

Date Adopted:

Amended:

### **Core competencies/experience/skills set required of the Board of Governors as a whole**

Five core competencies for a board include accounting, cybersecurity, finance, leadership and executive management, and risk management, with near-to-all Board members being competent in financial literacy (accounting/finance and investments).

In addition to these top five competencies, the Board has identified legal, information technology, and engineering competencies as required core competencies. These core competencies ensure that the Board is able to fulfill its oversight and fiduciary obligations.

### **Core requirements, values, and personal attributes required to serve as a member on the Board**

#### CORE REQUIREMENTS

- Strategic thinking
- Critical thinking
- Demonstrated individual accountability (influence, leadership, collaboration, judgment)
- Commitment to the mission of the Corporation, with personal values aligned with the values of the Corporation.
- Desire to serve, willingness and ability to commit the time and effort required to carry out duties as a member of the Board of Governors.
- Equity, Diversity, Inclusion oriented; ability and commitment to employ EDI lens to decisions; active participant in building relationships and commitment to a community where everyone feels accepted, valued, and respected.
- Understand and respect fiduciary duty; as a fiduciary, the Board member's sole responsibility is to the financial and operational well-being of the Corporation
- Maintain confidentiality requirements and declare any and all perceived or actual conflicts of interest.

PERSONAL ATTRIBUTES

- Courage, respect, and integrity
- Teamwork orientation
- Ability to contribute to the Board's effective and appropriate working relationship with administration.
- Energy and drive
- Engagement and enthusiasm for overseeing the fulfilment of the Corporation priorities



To: UWSS Inc. Board of Directors  
From: Rodney Bouchard, UWSS Inc. CEO  
Date: May 29, 2023  
Re: UWSS Inc. Delegated Authority Policy

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**Recommendation:**

It is recommended that the Union Water Supply System Inc. (UWSS Inc.) Interim Board of Directors adopt a policy to delegate certain authority to the UWSS Inc. Chief Executive Officer (CEO) and other corporate officers and management as stated in M04- Delegated Authority Policy, as attached.

**Background:**

UWSS Inc (or the Corporation) was incorporated on February 24<sup>th</sup>, 2023 as a Municipal Services Corporation under Ontario Regulation 599/06 of the Municipal Act, 2001. UWSS Inc. has 4 shareholders which include the Municipality of Leamington, Town of Kingsville, Town of Essex and Municipality of Lakeshore. The UWSS Inc. Board of Directors currently consists of an Interim Board with one (1) director appointed by each of the municipal shareholders. The Interim Board will remain in place until the full Board of Directors, including independent directors, has been appointed by the Shareholders, which is anticipated to be completed before September 2023.

The Interim Board of Directors has full authority to adopt policies needed for the Corporation to operate effectively. One of the essential policies needed for proper corporate governance and operation is a Delegated Authority Policy

**Discussion:**

The Purpose of the Delegation of Authority Policy is to clearly define the authority delegated to the Chief Executive Officer (CEO) and other management through the Chief Executive Officer by the Board of Directors of the Corporation.

Proper corporate governance is established by a Board of Directors that supports the principle of empowerment, which is that governance and management are more effective and efficient when they are separated, with the Board of Directors being responsible for governance and the CEO generally for management, and when management decision-making authority is delegated as far into the Organization as is consistent with levels of competence and capacity.

The Delegation of Authority Policy is a policy that is established by the Board of Directors to:

- Set out matters specifically reserved for determination by the Board and those matters delegated to management;

- Set out matters reserved for specific roles in the organization;
- Establish expense approval limits by role.

The functions exercised by the Board and those delegated to management are subject to ongoing review to ensure that the division of functions remains appropriate.

#### Matters Reserved for the Board

Matters specifically reserved for the Board include:

- Decisions about organizational strategy and policies
- Matters involving financial amounts above a certain limit
- Approval of contracts and obligations above a specified limit
- Succession planning for Board positions and the position of CEO
- Approval of or changes to the annual budget
- All matters with the potential to have a material impact on the reputation of the organization.

#### Matters Delegated to Management

Other than as expressly provided in the policy, all matters not specifically reserved for the Board and necessary for the day-to-day management of the organization, and the implementation of corporate objectives, are delegated to management. Management may sub-delegate where appropriate. The organization's policies and procedures provide guidance on the execution of specific roles and responsibilities.

#### **Comments:**

A delegated authority policy is an essential tool for proper governance, management and operation of a corporation. It is recommended that that UWSS Inc. Interim Board of Directors adopts policy M01-Delegated Authority Policy, as attached.

Respectfully submitted,



Rodney Bouchard, CEO (acting)  
Union Water Supply System Inc.

/kmj



## Union Water Supply System Joint Board of Management

POLICY No: M04 - Delegated Authority Policy

Date Adopted:

Amended:

### 1. Purpose

- 1.1. The Purpose of the Delegation of Authority Policy is to clearly define the authority delegated to the Chief Executive Officer (CEO) and other management through the Chief Executive Officer by the Board of Directors of the Corporation.
- 1.2. The Board of Directors embraces the principle of empowerment: that governance and management are more effective and efficient when they are separated, the Board being responsible for governance and the CEO generally for management, and when management decision-making authority is delegated as far into the Organization as is consistent with levels of competence and capacity.
- 1.3. Within the limits established by Corporate By-laws, and all other Board approved policies, authorities have been delegated to the CEO (and by the CEO to other management levels) as outlined in this Delegation of Authority policy. The approval of commitments and actions outlined in this policy must always be made by those parties that have been designated the responsibility for final approval.
- 1.4. Persons who have employees reporting to them should take all necessary steps to ensure their employees know and follow the policy. All managers should periodically consult with their staff to determine that appropriate procedures for implementation have been developed and are being followed.
- 1.5. All employees should be aware that conduct that violates the policy set forth is always considered outside the scope of their employment. Violating the policy could significantly damage the Corporation and expose it to unintended legal and commercial liabilities. Individuals who violate this policy are subject to appropriate disciplinary action by the Corporation up to and including termination of employment.

### 2. Scope

- 2.1. This policy applies to all employees (Employees) of the Corporation inclusive of all regular full time, part time, contract and temporary employees including students, as it relates to their duties in respect to the Corporation and all of its affiliated companies.

- 2.2. Application of this policy will be in accordance with applicable provisions within the collective agreements.
- 2.3. The CEO will have the ability to delegate his/her authority to others within the chain of management provided that so far as the Board is concerned the CEO remains responsible for such decision making. The trail of accountability for decision making must remain clear and intact (unbroken) at all times in terms of sub-delegation of authority by the CEO.
- 2.4. Staff shall not further delegate the authority, as provided by any Board approved policy or this delegation.

### **3. Responsibilities**

- 3.1. The Board of Directors is responsible for approval of this policy and for communicating with the CEO in regard to clarifications or desired changes.
- 3.2. The Chairperson is responsible for providing guidance to the CEO regarding interpretation of this policy.
- 3.3. The CEO is responsible to:
  - Eensure that this policy is communicated to all employees.
  - Return the policy to the Board of Directors for information at a minimum of every 4 years
  - Conduct a review and propose changes to this policy to the Board of Directors, as may be warranted from time to time
- 3.4. CEO and all Directors are responsible for the application and communication of this policy within their respective departments and ensure that all those to whom authority is delegated shall carry out their roles as decision makers under this policy in good faith and in a timely and expeditious manner.
- 3.5. CEO shall ensure that this policy forms part of the job entry training program for all employees and to conduct an acknowledgment of review by all management employees annually.

### **4. Governing Rules and Regulations**

- 4.1. The CEO shall be responsible to the Board(s) and shall carry out the duties and responsibilities set out herein in accordance with any and all relevant and applicable by-laws and policies of the Board.
- 4.2. The CEO shall have full, free and unrestricted access to all records of the Corporation(s).

- 4.3. Any matters related to the performance of the CEO (including establishing corporate and personal objectives) shall be conducted by Board. A meeting shall be scheduled at least once during each 12 month period of the CEO's term of office, for the purpose of reviewing his/her performance.
- 4.4. In addition to matters expressly required by by-law to be approved by the Board and/or Shareholder, powers specifically reserved for the Board are as follows:
- Appointing and removing the CEO and determining his /her conditions of employment including remuneration
  - Approving the following
    - o The strategic plan
    - o The annual budget
    - o Significant changes in organizational structure
    - o Acquisition, establishment, disposal or cessation of any significant business of the organization
    - o Public statements relating to specific significant issues of policy or strategy unless delegated
  - Reviewing and approving each of the following
    - o Systems of governance, risk management and internal control, codes of conduct and legal compliance
    - o Financial reporting
    - o Major capital expenditures, capital management, and acquisitions and divestitures. Any matters in excess of discretions delegated to the CEO and senior management
- 4.5. The CEO shall have responsibility:
- a) for the management of the human, fiscal and physical resources of the Corporation(s).
  - b) to lead, direct, coordinate and supervise the implementation of the policies and programs approved by the Board(s).
  - c) to provide strategic guidance and advice to the Board(s) for the effective delivery of programs and services of the Corporation(s)
  - d) to provide leadership and direction to all departments, ensuring the corporate coordination of the activities of all departments and the efficient and consistent implementation of policies and decisions of the Board.
  - e) to encourage a continuous search for improvement in the delivery of services to the customers and the management of all corporate affairs.

- f) to foster a positive working relationship with the Members of the Board, and build a positive and collegial atmosphere with all Corporate employees.
- g) to foster a climate of positive community relations by developing and maintaining communication linkages with officials, groups, agencies, other jurisdictions and stakeholders as are necessary to carry out the responsibilities of the office and promote the interests of the Corporation(s).
- h) to manage the interests of the Corporation(s) on intergovernmental issues through active participation in professional associations and through communication and lobbying efforts with applicable Provincial and Federal ministries, agencies and crown corporations, and foreign governments.
- i) to ensure appropriate financial control of the Corporation by the CFO including presentation of annual estimates (operating and capital budgets) and subsequent implementation and monitoring of such budgets through quarterly reporting to the Board(s) including the annual audit and reporting of annual audited financial statements.
- j) to report on all performance and other measures as required by regulation and legislation
- k) to conduct regularly scheduled meetings with the management team for the purpose of providing direction and discussing management issues, corporate policy and general coordination of matters of significance to the operations.
- l) to carry out such additional duties and exercise such additional responsibilities as the Board may from time to time prescribe.

## **5. Authority of the Chief Executive Officer**

### 5.1. Personnel Matters

- 5.1.2. The CEO shall be responsible for the appointment and dismissal of employees of the Corporation. The CEO shall be responsible to provide direction, supervision and annual performance appraisals with respect to all employees in the performance of their duties and responsibilities.
- 5.1.3. The CEO shall have the authority to approve leaves of absence of executives with pay, partial pay and without pay, and shall keep the Board(s) apprised of those decisions.
- 5.1.4. The CEO shall have overall responsibility for personnel including the appointment, employment, leave of absence, suspension or dismissal of employees within the constraints of the Board-approved budget.

- 5.1.5. The CEO shall have overall responsibility to suspend or dismiss such employees for cause. This authority may be delegated to other members of management as may be deemed appropriate by the CEO.
  - 5.1.6. The CEO has authority to approve individual remuneration subject to the board approved budget and any and all board approved policy(s) regarding remuneration. All bonus and incentive policies and the overall total incentive pay for employees remain subject to board approval annually.
  - 5.1.7. The CEO shall be authorized to:
    - execute contract term limited employment agreements;
    - engage recruitment firms to assist in temporary staffing and recruitment within board approved budgets
  - 5.1.8. The CEO shall be authorized, without further delegation, to execute severance agreements/ payments for employees within board approved budgets
- 5.2. Execution of Legal Documents
- 5.2.1. All legal documents will be executed by the CEO and another executive / officer of the Corporation.
  - 5.2.2. The CEO shall establish review procedures including the requirement for legal (including insurance and indemnification), financial and technical review to precede the execution of legal documents.
  - 5.2.3. Legal documents include but are not limited to: agreements to purchase land and buildings, offers to purchase assets, memorandums of understanding, leases, rental agreements, contracts etc.
  - 5.2.4. Non- disclosure agreements, subject to legal review and recommendation, may be executed by the CEO and another executive / officer of the Corporation.
  - 5.2.5. Delegated authorities are in all cases limited by Board approved budgets. Except as otherwise specified in this delegation of authority, if the Board approved budget is exceeded, the expenditure and related contractual obligation must be approved by the Board.
- 5.3. Commencing or Settling Legal Action
- 5.3.1. Commencement or Settlement of Legal Action must be undertaken in accordance with the following approval limits:

- \$50,001 or more Approval is by the Board (s)
- \$0 to \$50,000 Approval is by the CEO
- 5.3.2. Execution of all settlement documents is by the CEO and another executive / officer of the Corporation. Any mediation/negotiation discussion expected to result in settlement of \$50,000 or more, must be reported to the Board in advance of the mediation/ negotiation.
- 5.3.4. A list of all legal actions taken and their status will be provided to the Board(s) on a semi annually basis.
- 5.4. Write- Offs (settling debts including trade payables and accounts receivable)
  - 5.4.1. The following approval limits shall prevail for purposes of any write off of accounts receivable or payables:
    - \$50,001 or more Approval is by the Board
    - \$0 to \$50,000 Approval is by the CEO
  - 5.4.2. A quarterly report of write-offs of all assets or settlement of liabilities in excess of \$10,000 will be prepared and provided to the Board (s) concurrent with regular financial reporting.
- 5.5. Banking
  - 5.5.1. New bank accounts and closing of bank accounts require approval of the CEO.
  - 5.5.2. Signing authority for any and all bank accounts for all companies is the CEO and another executive / officer of the Corporation.
- 5.6. Debt
  - 5.6.1. All borrowing limits are established by the Board.
  - 5.6.2. All debt placements must be approved by the Board.
  - 5.6.3. All debt must be reported quarterly to the Board.
- 5.7. Purchase and Sale of Land
  - 5.7.1. All Purchase or Sale of Land is subject to the approval of the Board of Directors of the Corporation.



5.8. Investments

- 5.8.1. The status and rate of return of the investment portfolio shall be presented to the board by the CEO quarterly concurrent with all other corporate financial reports.
- 5.8.2. Investments inclusive of equity, or debt instruments, treasury cash, etc. must be entered into by the following approval levels:
  - \$1,000,001 or more - Approval is by the Board, upon recommendation of the CEO
  - 0 to \$1,000,000 - Approval is by the CEO

5.9. Capital Expenditures

- 5.9.1 All investment in capital and infrastructure (tangible property) must be in accordance with Board approved budget.
- 5.9.2. Management approval authorities for Capital Expenditures are limited by the annual capital budget as may be amended by board approval from time to time throughout the fiscal year.
- 5.9.3. Transfers from one capital project to another through the course of the fiscal year, may be approved by the CEO, so long as the overall capital budget is not exceeded. Transfers greater than \$250,000, must be reported to the board(s) at the next possible meeting, in a report initiated by the CEO.
- 5.9.4. Project budget variances up to 10% of the originally approved project budget to a maximum of \$50,000 may be approved by the CEO. Unbudgeted capital variances greater than \$50,000 must be reported to the Board for approval, and except for emergency purchases, reporting must be prior to incurring the expenditure. Reporting of variances shall be at the next possible Board meeting in a report initiated by the CEO. All capital budget expenditures and variances shall be reported to the Board at least annually.

5.10. Expense Claims

- 5.10.1 The CEO's expense claims and conflict of interest forms and issuance of any corporate credit cards to the CEO must be approved by the Chairperson. All approvals shall be done in accordance of any Board approved travel and business expense policy.

5.10.2. Issuance of any and all corporate credit card(s) to any employee other than the CEO must be approved by the CEO. Expenses on corporate credit cards must be approved by the CEO.

5.11. Regulatory Reports

5.11.1 The CEO is authorized to sign all commodity, income and other tax returns on behalf of the Corporation. The CEO shall be responsible for the timely submission and filing of all such returns.

5.11.2 The CEO or designate is authorized to sign all required regulatory filings with any agency with regulatory or legislative control over the activities of the Corporation's subsidiaries. The CEO shall be responsible for the timely submission and filing of all such information and returns.

5.11.3 The signing provisions of this section apply where specific signatory requirements are not specified by the Regulatory Authority and are superseded by those requirements by that authority.

5.12. Miscellaneous

5.12.1 The CEO shall have authority to undertake the following:

- public statements, publications and internal and external newsletters
- publication of conference papers and speeches
- specified reporting requirements, and compliance returns, subject to reporting to the Board of any non-compliance
- engaging consultants in accordance with the board approved budget and quarterly reporting to the Board
- donations or sponsorships to an annual limit of \$10,000 within board approved community relations and public relations budgets, excluding political donations which may not be made without Board approval.

5.12.2. The Corporate Secretary shall maintain the Corporate Seal (s) for use only within the parameters of the delegation of authority policy. A register shall be maintained by the Corporate Secretary providing detail as to the use of the seal and authorization for the document to be sealed.

**6. Related Documents and Administration**

6.1. In the event that the CEO is unable to act for any reason, the Board reserves the right to make a temporary appointment to the position during the period of absence, and shall exercise that authority in writing.

- 6.2. Where any conflict with any other policy setting out the delegated authorities and the duties and responsibilities of the CEO exists, the most conservative policy (ie. Providing lessor authority) will prevail.

To: UWSS Inc. Board of Directors  
From: Rodney Bouchard, UWSS Inc. CEO  
Date: May 29, 2023  
Re: Approval of UWSS Inc. Corporate Administrative Items

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**Recommendation:**

It is recommended that the Union Water Supply System Inc. Interim Board of Directors resolve to approve the following:

- That the Registered Office of Union Water Supply System Inc. (“the Corporation”) is 1615 Union Avenue, Box 340, Ruthven, Ontario, N0P 2G0; and
- That the fiscal year of the Corporation shall end December 31 in each year; and
- That a bank account be opened at Windsor Family Credit Union Limited; and
- That the form of share certificate for the shares in the capital stock of the Corporation which were presented for the meeting be, and the same are, hereby approved and adopted as the form of share certificates for the shares in the capital stock of the Corporation; and
- That the share certificates be issued as follows:
  - To The Corporation of the Municipality of Leamington 5,300 Class A Special Tracking shares;
  - To The Corporation of the Town of Kingsville 3,872 Class A Special Tracking shares;
  - To The Corporation of the Town of Essex 492 Class A Special Tracking shares;
  - To The Corporation of the Municipality of Lakeshore 336 Class A Special Tracking shares; and
- That Willis Business Law be authorized to file the requisite materials with the Ministry of Government Services to update the Corporation’s records in regard to the current board of directors and officers.

**Background:**

UWSS Inc. (“the Corporation”) was incorporated on February 24th, 2023 as a Municipal Services Corporation under Ontario Regulation 599/06 of the Municipal Act, 2001. UWSS Inc. has 4 shareholders which include the Municipality of Leamington, Town of Kingsville, Town of Essex and Municipality of Lakeshore. The incorporation director and first director of the Corporation is Rodney Bouchard, current General Manager of the Union Water Supply System Joint Board of Management (UWSS JBM).

**Discussion:**

The municipal shareholders have appointed an interim board of directors for the Corporation that includes one (1) director appointed by each of the 4 shareholders. As part of the first meeting of the interim board of directors for UWSS Inc. (Board) there are certain corporate related items and documents that need to be approved by the Board to enable the completion of the UWSS Inc. corporate structure and enable UWSS Inc. to function as a corporation. The following items are being put forth to the Board for approval as part of this process.

- I. Confirmation of By-Laws: The first item to be considered and approved by the Board are the By-Laws of the Corporation. These have been reviewed and are to be approved by the shareholders as well. Approval of the UWSS Inc. By-Laws by the Board has been brought forth under a separate report (UWSS-01 Approval of UWSS Inc. General By-Law No.1).
- II. Appointment of Officers: As per the UWSS Inc. By-Laws, the Board is to appoint Officers of the Corporation including but not limited to the Chairperson of the Board, the Vice-Chairperson of the Board, the Chief Executive Officer, the Treasurer and the Secretary. Appointment of UWSS Inc. officers has been brought forth under a separate report (UWSS-01 Appointment of UWSS Inc. Officers of the Corporation)
- III. Registered Office for the Corporation: As per the *Business Corporations Act* (Ontario) and UWSS Inc. General By-Law No. 1, the Board is to identify and approve the registered office for the Corporation, which for UWSS Inc. is 1615 Union Avenue, Box 340, Ruthven, Ontario N0P 2G0.
- IV. Fiscal Year End: As per the *Business Corporations Act* (Ontario) and UWSS Inc. General By-Law No. 1 the Board is to identify and approve the fiscal year end of the Corporation, which is to be December 31 in each year.
- V. Banking: As per the *Business Corporations Act* (Ontario) and UWSS Inc. General By-Law No. 1 the Board is to approve a banking institution for the Corporation and approve the opening of a bank account at said institution. It is recommended that a bank account be opened at Windsor Family Credit Union Limited.
- VI. Share Certificates: As per the *Business Corporations Act* (Ontario) and UWSS Inc. General By-Law No. 1 the Board is to approve the form of share

certificates for the shares in the capital stock of the Corporation. The proposed form of share certificates for UWSS Inc. is attached as Appendix A to this report.

VII. Issuance of Shares: As per the *Business Corporations Act* (Ontario) and UWSS Inc. General By-Law No. 1, the Board is to issue shares to the shareholders in the amount stipulated in the By-Laws. For UWSS Inc. shares are classified as Class A Special Tracking shares based on percentage of treated water delivered to and consumed within each municipal shareholder. One hundred (100) shares are issued for each 1% water demand. Based on this criteria, UWSS Inc. shares are to be issued as follows:

- To The Corporation of the Municipality of Leamington 5,300 Class A Special Tracking shares;
- To The Corporation of the Town of Kingsville 3,872 Class A Special Tracking shares;
- To The Corporation of the Town of Essex 492 Class A Special Tracking shares;
- To The Corporation of the Municipality of Lakeshore 336 Class A Special Tracking shares;

VIII. Ministry Records: As per the *Business Corporations Act* (Ontario), the Board is responsible for ensuring that records within the Ministry of Government Services are updated to accurately reflect the current board of directors and officers. It is recommended that the Board of Directors authorize Willis Business Law to file the requisite materials with the appropriate Ministry.

Respectfully submitted,



Rodney Bouchard, CEO (acting)  
Union Water Supply System Inc.

ATTACHMENT "A"  
Form of UWSS Inc. Share C

**CLASS A SPECIAL  
TRACKING SHARE  
CERTIFICATE**

Certificate No. CAS-#  
For \_\_\_\_\_  
                    ##                    Shares  
                    Issued to  
                    SPECIMEN  
\_\_\_\_\_  
Dated DATE \_\_\_\_\_

From whom transferred		
Dated _____		
No. Original	No. Original	No. of Shares
Certificate	Shares	Transferred

Received Certificate No. \_\_\_\_\_  
for \_\_\_\_\_ Shares  
this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

No. CAS-# \_\_\_\_\_ INCORPORATED UNDER THE ONTARIO BUSINESS CORPORATIONS ACT \_\_\_\_\_ ## Shares \_\_\_\_\_

**UNION WATER SUPPLY SYSTEM INC.**

**This is to Certify that** SPECIMEN  
is the registered holder of ##### (##)  
fully paid and non-assessable Class A Special Tracking shares of **UNION WATER SUPPLY SYSTEM INC.**

The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
  - (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.
- LIEN ON SHARES.** The corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.

**RESTRICTIONS ON TRANSFER.** There are restrictions on the right to transfer the shares represented by this Certificate.  
IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the seal of the Corporation this \_\_\_\_\_ ## \_\_\_\_\_ day of \_\_\_\_\_ ##### 20 ##

\_\_\_\_\_  
Chairperson of the Board

\_\_\_\_\_  
Vice-Chairperson of the Board



CAS-#

##  
**Class A Special  
Tracking Shares of**

**UNION WATER  
SUPPLY SYSTEM  
INC.**

The shares represented by this certificate are subject to all terms and conditions of a Shareholders Agreement made as of \_\_\_\_\_ as the same may from time to time be amended, restated, modified or supplemented, and are transferable only in accordance with the provisions of such Agreement.

ISSUED TO

SPECIMEN

DATE

#####

For Value Received, \_\_\_\_\_ hereby assign and transfer unto

\_\_\_\_\_ *Class A Special Tracking Shares*

*represented by the within Certificate.*

*Dated* \_\_\_\_\_ *(Year)* \_\_\_\_\_

*In the Presence of*

NOTICE THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

**To:** UWSS Inc. Board of Directors  
**From:** Rodney Bouchard, UWSS Inc. CEO  
**Date:** May 29, 2023  
**Re:** Approval to Release “Request for Financing”  
Package



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## Recommendation

It is recommended that the Union Water Supply System Inc. (UWSS Inc.) Interim Board of Directors delegates authority to the UWSS CEO to release the Request for Financing Package for the purpose of soliciting debt financing proposals from interested financial institutions in the amount of \$60 million to fund the UWSS Inc. capital program for 2023-2026.

## Background

UWSS Inc. was created by its four municipal shareholders (Leamington, Kingsville, Essex and Lakeshore) as a “restructuring” of the existing Union Water Supply System Joint Board of Management (UWSS JBM). The functions and assets of the UWSS JBM are being transitioned to UWSS Inc. and the process is scheduled to be completed by December 31st, 2023.

One of the main drivers for the restructuring was to create a corporate entity that could directly access the credit market and secure debt funding independently from its municipal “owners”. The proposed UWSS capital program for 2023-2032 is in the range of \$150 million and includes major capital projects such as a new reservoir and water treatment plant. In order to fund these projects, UWSS proposes to obtain debt finance to finance the capital costs. This debt will then be repaid through the rate base over a number of years in-line with the use of these assets by ratepayers.

## Development of Financing Case

As part of the restructuring process, UWSS JBM retained PricewaterhouseCoopers LLP (PwC) to develop a financial model and plan for UWSS Inc. that extends 50 years into the future. This plan accommodates the proposed UWSS capital plan for 2023-2032 that is valued at almost \$150 million and includes the following infrastructure projects:

- New Reservoir and Pumping Station - \$34 million (2023-2025)
- County Rd #34 Watermain Replacement - \$13 million (2024-2026)
- Dissolved Air Flotation #2 Unit - \$ 6 million (2024-2025)
- New Peaker Treatment Plant Facility - \$67 million (2026-2028)
- Seacliff Road Watermain Upgrade - \$ 5 million (2028-2030)
- Cottam Booster Reservoir Upgrade - \$10 million (2029-2021)
- Various System Replacements & Upgrades - \$11 million (2023-2032)

Based on the analysis that has been undertaken by PwC, UWSS is expected to require up to **\$60M** of debt financing between 2023 and 2026 to deliver the capital program. Further financing is likely to be required between 2026 and 2028 to deliver additional capital projects.

A financial model has been developed which allows UWSS to analyze the impact of incremental financing on UWSS and its customers. This model demonstrates that UWSS can take on the incremental financing required to deliver essential capital projects without any requirement for above inflation increases in rate levels, thus avoiding “rate shock” to the end-users. The model projects steady bulk water rate increases that are less than rate increases that are included in the current UWSS JBM financial plan.

### **Approach to Debt Financing**

UWSS is considered to be an attractive counterparty to potential lenders. This reflects its strong financial position, operating track record and ability to recover any financing costs through the rate basis (as per the Water Supply Agreement).

At an early stage of developing the business case for the restructuring of UWSS, PwC alongside UWSS JBM management undertook an initial market engagement exercise with prospective lenders to assess the bankability of the new UWSS structure. As part of this exercise, three lenders entered into detailed discussions with UWSS and confirmed their interest in providing finance to UWSS. These are:

- Canadian Imperial Bank of Commerce (CIBC)
- Royal Bank of Canada (RBC)
- Windsor Family Credit Union (WFCU)

All three lenders have re-confirmed their interest in participating in a potential Request for Financing (RFF) and acting as a lender to UWSS. On this basis, there is a high level of confidence that UWSS will be successful in running a competitive RFF process in order to obtain offers of financing.

While the terms of any debt will need to be negotiated, it is expected that the creditworthiness of UWSS will minimize the need for any covenants or other obligations that affect the day-to-day management of the Company.

### **Request for Financing Process (RFF)**

UWSS has worked with PwC to prepare a proposed RFF process. This process involves:

- Entering into Non-Disclosure Agreements with the three shortlisted lenders identified above;
- Providing prospective lenders with an information pack which includes:
  - A summary document that outlines UWSS and the RFF process

- Audited financial statements
- The financial model that has been developed by PwC
- Copies of UWSS's key agreements (Asset Transfer Agreement, Shareholder Agreement and Water Supply Agreement);
- Responding to questions from prospective lenders;
- Receiving offers of finance, including detailed termsheets, from interested lenders; and
- Negotiating with interested lenders to support the selection of a preferred lender.

The process is expected to take three months to conclude, allowing for the summer vacation period.

In addition to the commercial lenders, PwC and UWSS has also explored lending options that are available from Infrastructure Ontario. It is proposed that these products are considered as part of the RFF process to support achieving the best financing terms.

### **Comment**

As noted in the list of UWSS capital projects identified previously in this report, some of these projects need to be completed soon. The new reservoir and pumping station project is currently in design stage with the intent to start construction activities in late 2023. The design work for this project was approved by the UWSS JBM Board. However, the UWSS JBM does not have the funds to complete the construction portion of this project. Debt funding is needed to construct the reservoir and pump station. It is imperative that UWSS Inc. begin the RFF process so that funding can be in place to support the 2023-2026 phase of the UWSS Inc. capital program.

It is noted that the UWSS Inc. Board of Directors currently consists of an Interim Board of four (4) directors with one (1) director appointed by each of the municipal shareholders. The Interim Board is to remain in place until the "full" Board of Directors, consisting of 12 directors, has been appointed by the Shareholders. This board appointment process is anticipated to be completed before September 2023.

It is management's recommendation that debt funding proposals received as part of the RFF process be reviewed and approved by the "full" UWSS Inc. Board.

Respectfully submitted,



Rodney Bouchard, CEO (acting)  
Union Water Supply System Inc.

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