



# MANAGED OPERATIONS POLICY

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<b>POLICY NO:</b>	109	<b>TITLE:</b>	Managed Operations
<b>SECTION:</b>	Corporate Services		
<b>APPROVAL DATE:</b>	June 17, 2014	<b>REVISION DATE:</b>	September 18, 2024
<b>AUTHORITY:</b>	Board of Directors	<b>REFERENCE:</b>	
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## PURPOSE

To delegate commitment authority and to establish guidelines for competitive bidding on service commitments.

## POLICY STATEMENT

Aquatera Utilities Inc. (Aquatera) is committed to growing business outside of the existing shareholder area. Aquatera bids on service contracts or projects with terms that may have a value greater than \$1 million and/or exceed five (5) years; committing human and capital resources for an extended period of time.

Due to the nature of the competitive bidding process and limited time to respond, approvals to commit must be streamlined while appropriately considering risks to the Aquatera that increase with the term length and contract value. This policy outlines the authority to commit and guidelines that will be followed when pursuing contracts to manage the assets and/or operations of others (hereafter "Managed Operations Contract").

## TERMS OF THE POLICY

The CEO is authorized to commit the company in competitive service bids for contracts up to 10 years in duration or values of up to \$2 million per year in revenue. The CEO will advise the Board Chair of bids for contract terms greater than five (5) years or of values greater than \$1,500,000/year. Bids for contracts greater than 10 years in duration or revenues exceeding \$2 million per year will require Board approval.

Decision to bid on a Managed Operations Contract will be made only when:

- ❖ Aquatera has the skills and expertise to execute successfully
- ❖ Aquatera has or will have the regulatory approvals in place to pursue
- ❖ The Managed Operations Contract is aligned with Aquatera's strategic plan

Bids or proposals will ensure:

- ❖ The scope of services and responsibilities of the parties are clearly defined
- ❖ The risk factors, including credit risk, are identified, addressed, and within Aquatera tolerance

- ❖ The pro forma for a major bid (term greater than 1 (one) year and annual revenues over \$1,000,000) is reviewed and approved by the Executive Team as follows:
  - .1. Operating capabilities – COO or designate
  - .2. Financial projections and ROI calculation – CFO or designate
  - .3. Alignment with Corporate Vision and general support for bid – CEO or designate
  - .4. Overall recommendation – CEO or designate

Where key terms are available prior to Aquatera bidding, a decision to bid will require Board approval when:

- Punitive termination clauses exceed one year revenue
- Indemnification clauses require Aquatera to be responsible for anything out of Aquatera direct control. Extensions through Rights of First Refusal exceed a 10-year term or \$2 million per year in revenue.

## **RESPONSIBILITIES**

**Aquatera Board of Directors** will review and approve any revisions to this policy.

**Chief Executive Officer** will review and approve any procedures related to this policy.

**The Executive Team** will carry out the policy based in the established procedures.

## **DISCLAIMER**

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