

**POLICY NO:** 109 **TITLE:** Service Commitment  
**SECTION:** Corporate Services  
**APPROVAL DATE:** June 17, 2014 **REVISION DATE:** June 16, 2020  
**AUTHORITY:** Board of Directors **REFERENCE:**  
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## PURPOSE

To delegate commitment authority and to establish guidelines for competitive bidding on service commitments to others exceeding a term of five years.

## POLICY STATEMENT

Aquatera Utilities Inc. and each subsidiary of Aquatera Utilities Inc. (henceforth called the "Aquatera Group" is committed to growing business outside of the existing shareholder area. The Aquatera Group bids on service contracts or projects with terms that may exceed five 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 company that increase with the term length and contract value. This policy outlines the authority to commit and guidelines that will be followed when pursuing longer term contracts (greater than 5 years).

## 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 5 years or of values greater than \$1,500,000 / year. Bids for contracts greater than 10 years in duration or values exceeding \$2 million per year in revenue will require Board approval.

Decision to bid on a project will be made only when:

- ❖ The Aquatera Group has the skills and expertise to execute successfully
- ❖ The Aquatera Group has or will have the regulatory approvals in place to pursue
- ❖ Project is aligned with The Aquatera Group'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 years 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 The Aquatera Group bidding, 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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