

6. Purchasing agreements are documented on standard Aquatera forms. This documentation which communicates the purchase approval and commercial terms to the vendor must be completed before the purchase occurs, except in emergency situations.
7. Aquatera Employees shall disclose any Pecuniary Interest, direct or indirect, in any contract with Aquatera Utilities Inc. No Employee of any work group shall make any recommendations about the awarding of any tender, proposal or quotation when that Employee is a member of the Immediate Family or any individual who is:
 - a) a member or Employee of any partnership submitting the tender, proposal or quotation;
 - b) a shareholder or Employee of a company submitting the tender, proposal or quotation; or
 - c) submitting a tender, proposal or quotation.
8. Any company, partnership, firm or person bidding on Aquatera work shall disclose any reasonably known shareholder, director, officer, principal, partner, proprietor or Employee with a Pecuniary Interest in Aquatera.
9. In order to protect Aquatera's overall interests and minimize long-term financial losses, Aquatera reserves the right not to consider award of any contracts to a party that is engaged in litigation or arbitration with Aquatera Utilities Inc. or an organization in partnership with Aquatera Utilities Inc.
10. When any tendering process is used, the lowest evaluated tender, which is the tender evaluated as being the most advantageous to Aquatera, shall be accepted subject to the right of Aquatera to refuse any or all tenders. In cases where two or more bids are identical and/or it is difficult to determine the lowest evaluated bid, preference shall be given to suppliers using access to service and/or support as a criterion. When evaluating Requests for Proposals, the highest evaluated score based upon a set of predetermined criteria, which is the proposal evaluated as being the most advantageous to Aquatera, shall be accepted subject to the right of Aquatera to refuse any or all proposals.
11. When there are exceptions and sole source procurement is required to expedite the purchasing process, the NWPTA agreement states under Part V A.1(b) that "Water, and services and investments pertaining to water;" are exempt. Under Part V H.1 it is stated that "Measures adopted or maintained relating to the management and disposal of hazardous and waste materials." are also exempt. Aquatera Utilities reserves the right to sole source equipment and/or supplies in order to standardize for ease of maintenance and Employee training.
12. Aquatera may tender vendor service and/or maintenance contracts (see section 11 for details) to simplify and standardize the purchasing process. Contracts may consist of terms for up to five (5) years.
13. Board financial authority is required for approval of major transactions, including, but not limited to, purchase or sale of real estate, contracts for terms in excess of five (5) years, and purchases of equipment/supplies/services for a consideration greater than \$1,00,000 which has not been budgeted. The C.E.O.'s financial authority is required for purchasing equipment/supplies/services necessary for the Corporation's activities, provided that the purchases are budgeted by the Board or do not in any one case exceed \$1,000,000 and any contract is for a term not exceeding five (5) years. The C.E.O. is to advise the Board

regarding unbudgeted expenditures in excess of \$500,000. For capital projects, notification to the board should occur when the budget is expected to be exceeded. Approval for overage of \$1,000,000 over the project value is required.

14. When deemed necessary, allowances are to be made at the discretion of the C.E.O. to re-allocate funds within the budgeted total for Capital, Fleet, & Major Maintenance Projects and operating budgets. The C.E.O. is to advise the Board of these changes in allocation of funds.
15. As per the New West Partnership Trade Agreement (NWPTA) Article 14 1 (c), there will be no public call for purchases of \$75,000 (\$200,000 for Construction) or less. All public calls for purchases over \$75,000 (\$200,000 for Construction) must be posted on the Alberta Purchasing Connection website (www.purchasingconnection.ca).
16. The Procurement Manager shall be responsible for the sale/disposal of all surplus equipment and salvage materials, declared as such by Aquatera. The Procurement Manager in association with the Controller shall determine the fair market value of surplus equipment and salvage materials. A determination of best disposal method should be approved by the C.F.O. upon recommendation by the Controller & Procurement Manager. Disposal methods shall include staff blind bids, auction, trade-in allowance on new equipment, scrap or public sale. In the event of an Employee blind bid, surplus equipment for sale will be posted via email, company website and bulletin boards. All sales will be awarded on the completion of the 14-day period to allow all interested staff full opportunity. A minimum bid may be required for the sale to be completed. Employee sealed bidding process will take place, open only to Aquatera staff. If no staff interest is shown by the completion of the 14-day period the sale/disposal to others at fair market value will occur through the Purchasing Coordinator. Anyone involved in declaring an asset surplus is not eligible to purchase the asset unless approved by the C.E.O.
17. Aquatera shall maintain impartiality and arm's length distance in all dealings with potential suppliers of goods and services.
18. Purchases may be made without prior approval in an emergency situation when the lack of immediate action to supply would disrupt critical services to the public or involve the safety of personnel up to \$20,000. These purchases will be reviewed after the fact by the appropriate manager.
19. Assuring proper performance by Vendors requires cooperation and communication between Aquatera and the Procurement Manager. Timely action on the part of Aquatera and Purchasing is a pre-requisite for enforcing the terms of Purchase Orders and Contracts.
20. When a payment is made to an Aquatera Employee, the cheque requisition must be requested by the Employee, and approved by the Employee's supervisor, or another manager/supervisor. Any cheque requisitions requested by the C.E.O., for the C.E.O., must be approved by the C.F.O.

DEFINITIONS

Aquatera Employee is any person whose name appears on the payroll records of Aquatera Utilities Inc. and whose manner of work is controlled by Aquatera.

Immediate Family includes the spouse, common-law spouse, parents, children, and brother and sisters of an Employee.

C.E.O. is the Chief Executive Officer as appointed by the Board of Directors.

C.F.O. is the Chief Financial Officer as appointed by the C.E.O.

Owner is an organization who is a voting Shareholder of Aquatera Utilities Inc.

Pecuniary Interest is defined as an interest in a contract that could monetarily affect:

- a) the Employee;
- b) a corporation, other than a distributing corporation, in which the Employee is a Shareholder, Director, or Officer;
- c) a distributing corporation in which the Employee beneficially owns more than 1% of the issued shares, or of which the Employee is a Director or Officer;
- d) a partnership or firm of which the Employee is a member; or
- e) a corporation, partnership, firm, or person that employs the Employee;

and includes the Pecuniary Interests of the Employee's spouse, parents, children, brothers, and sisters that are known to him/her or of which he reasonably should know.

Sole-Source Procurement occurs when a source is pre-determined to be the only source capable of performing the service or supplying the material.

RESPONSIBILITIES

Purchasing to establish and maintain purchasing procedures and ensure the guidelines for Aquatera's purchasing function are followed and accurately documented and reported.

C.E.O. to approve the procedures for the purchasing function and to ensure the procedures are in accordance with the authority set by the Board of Directors.

Aquatera Board of Directors to establish Purchasing Authority (see Board resolution February 6th, 2003).

Managers to identify purchasing needs, budget, specifications and timelines. Evaluate options and criteria: Obtain value for money: Minimize liability risks: Provide technical direction: Get the job done: Set up inventory numbers as needed.

DISCLAIMER

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