



**Union Water Supply System  
Inc.  
Finance & Audit  
Committee**

**Wednesday, April 8<sup>th</sup>, 2026**

**9:00 am**

**1615 Union Avenue, Ruthven  
Water Treatment Plant - Board Room**

## **AGENDA**

- A. Call to Order:**
- B. Welcoming Remarks**
- C. Disclosures of Pecuniary Interest:**
- D. Approval of the Minutes:**  
Minutes of the Finance & Audit Committee meeting held on January 14, 2026  
Pages 3 - 6
- E. Items for Consideration:**
1. UWSS Draft Preliminary Financial Results to December 31<sup>st</sup>, 2025 Pages 7 - 10 - provided under separate cover
  2. UWSS Inc. Financial Policies for review and discussion:
    - Capital Reserve Policy  
Pages 11 - 12
    - Operating and General Reserve Policy  
Pages 13 - 15
    - Rate Stabilization Policy  
Pages 16 - 18
  3. Verbal updates
    - Flows true up between UWSS & the municipalities
    - OCWA
    - Rebate (HST) Audit
    - 2025 UWSS Year-End audit
- F. New Business:**
- G. Action Items:**  
Follow up item from previous Finance & Audit Committee meeting:
  - UWSS Inc. Organizational Chart

H. **Adjournment:**

I. **Date of Next Meeting:** To be determined

/kmj



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**UWSS Inc.**  
**Finance & Audit**  
**Committee**  
**Meeting**

Wednesday, January 14, 2026  
9:00 am  
1615 Union Ave, Ruthven WTP  
Board Room

## MINUTES

Directors                      Dennis Rogers  
   Mike St. Amant  
   Wayne Wharram  
   Lori Atkinson - absent

Also in Attendance: Rodney Bouchard, UWSS Inc. Chief Executive Officer  
For UWSS                      Khristine Johnson, UWSS Inc. Office Administrator (Recording Secretary)

Guest                              The CFO Nazzani, CPA, CA Capital Assist Valuation

**Call to Order:              8:58 am**

### Welcoming Remarks:

Chair Rogers calls the meeting and welcomes everyone. He takes a few moments to reflect on the loss of Tom Kissner, a Director within UWSS Inc. and multiple committee member. The Chair reflected on Tom's wealth of knowledge in the water industry and his invaluable service to UWSS Inc., and the committees he served on. He will be missed.

The CEO thanks the Chair for his kind words and provides his own reflection on Tom and wishes his family all the best during this time. He then notes that correspondence has been sent to all of the municipalities notifying them of Director Kissner's passing and to indicate that there is now a vacancy within the board.

### Disclosures of Pecuniary Interest

There are none.

### Adoption of the Minutes of October 17<sup>th</sup>, 2025

Director St. Amant points out an error on the minutes, with his name both moving and seconding a motion. The recording secretary will look back on her notes to determine who should be both the mover and seconder.

No. FAC-01-26

Moved by:                      Director Wharram

Seconded by:                  Director St. Amant

That the Minutes of the Finance & Audit Committee of November 19<sup>th</sup>, 2025 are approved and shall be brought forward on the next Board of Directors meeting, with the correction made as noted.

Carried

## **Business to Discuss**

The CFO then takes over, an apologies for the lateness of the agenda, however reminds members that they have seen the preliminary budget before. She will walk through the amendments made.

The CFO focuses initially on the financial results to November 30, 2025. She assures the directors that November's financials are consistent with the previous months in 2025. She notes that Leamington's flows were slightly higher than budgeted for, but generally, everything is consistent to the budget.

The CFO reminds the directors that UWSS Inc. is now billing to actuals, but using historical data for the budgeting process, with no new variances to report on. OCWA is currently slightly lower than expected, but she feels that will come in line as the year closes out.

The CFO points out that there was no budget in 2025 for Residual Pond Maintenance, but going forward that item has been added to the budget.

The CFO then reviews several items including the municipal administration fee, utilities, SCADA support, general administrative expenses, salaries and benefits as well as other important line items.

There is then a discussion on the OCWA contract and where things stand. The CEO explains that there will be a variance on the budget. However, this topic will be part of the next Governance Committee meeting at the beginning of February and then coming to the UWSS Board of Directors on February 18<sup>th</sup>, 2026. There is continued discussion on some of the changes to the new contract, costs, expectation of reporting and the move to actual billing for UWSS Inc.

The Chair then seeks clarification on the new distribution team that has been created and how this affects the municipalities. The CEO explains that the distribution team will be proactive in the approach to ensuring UWSS is doing the utmost to maintain our due diligence in ensuring that our watermain are in good repair, which includes turning valves and monitoring maintenance. This team will work collaboratively with the municipalities.

The CEO indicates that he will be contracting a consultant to conduct a full risk assessment/evaluation on our assets, which should take place later this spring.

Director Wharram then seeks clarification on what departments UWSS has and what the organization structure looks like moving forward and wants to know who is responsible for what. The CEO explains how UWSS Inc. is building a certain structure and adding new positions. The CFO indicates that at the next meeting they will bring forward the future organizational chart.

The CFO then moves back through the 2026 Budget pointing out treatment and transmission rates, greenhouse rates, and how the reserves might look moving forward.

There is then a lengthy discussion on the new water treatment facility and how the allocations might look in the future, as well as some of the costs, permit fees, and tracking. The CEO assures the directors that legal counsel will be involved in every aspect of the allocation process, as well as the municipal shareholders.

The discussion moves toward funding and rates, as well as debt calculations. The CEO also notes that he is working with a lender to obtain a commitment letter, for future funding. This ties into working with the municipalities on water allocations and commitments from the agricultural sector on future water demands.

The CFO then explains that the operational programs & studies now includes the price tag for continuing with the redundancy study, if the board chooses to move forward with this item, as well as a leak detection study. She further notes that budget does not reflect any of the HR Study changes to the salaries, but notes that it will be presented to the Governance Committee in early February.

The CFO then shows the presentation that she will be bringing forward to the board meeting next week. She notes that she will send this out later today, for their review. Finally, she reviews that carry forward balances from the 2025 budget. She is hoping to have them reconciled as the year ends.

#### **No. FAC-02-26**

Moved by: Director St. Amant

Seconded by: Director Wharram

That the financial results to November 30, 2025 are received;

Carried

#### **No. FAC-03-26**

Moved by: Director Wharram

Seconded by: Director St. Amant

That the UWSS Inc. 2026 updated Budget is received;

Carried

#### **New Business**

The CEO reminds members that we will have to bring forward a new committee member from the UWSS Inc. Board of Directors for the interim, in the wake of Director Kissner's passing.

Minutes of Union Water Supply System Inc. Finance & Audit Committee

Date: January 14, 2026

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Director Wharram asks the CEO if he has had an opportunity to meet with the municipalities regarding the redundancy study and how the finances are going to be split. The CEO notes that he has had meetings and discussions with the several municipalities and consultants regarding the full cost of functional design for said project. He then indicates that he will need to reach out to accounting agencies to assist with the financial review of this project, he names his top two (2) to inquire if there is a preference.

Director St. Amant notes he will not be available for the UWSS Inc. Board meeting on January 21<sup>st</sup>.

### **Adjournment**

### **No. FAC-04-26**

Moved by: Director Wharram

Seconded by: Director St. Amant

Time adjourned: 10:22 am

**Date of Next Meeting:** April 8, 2026 at the Ruthven Water Treatment Plant

/kmj



## Union Water Supply System Inc. Capital Reserve Policy

POLICY NO: UW-xxx-xxx

Date Adopted:

### 1.0 PURPOSE

The purpose of this Capital Reserve Policy is to ensure that Union Water Supply Systems Inc. ("UWSS") maintains adequate long-term funding for the repair, replacement, and renewal of major capital assets.

### 2.0 SCOPE

This Policy applies to all capital assets owned, managed, or operated by UWSS, including but not limited to, the treatment systems, distribution infrastructure, buildings, vehicles, and major equipment.

### 3.0 OBJECTIVE

The Capital Reserve Fund ("the Capital Fund") will be maintained to:

- Provide financial resources for planned major maintenance on capital assets;
- Ensure compliance with regulatory standards and operational requirements;
- Minimize service disruptions caused by asset failures;
- Reduce financial risk associated with unexpected large expenditures; and,
- Stabilize long-term rate structures for users

### 4.0 FUNDING SOURCES

The Capital Fund will be financed through one or more of the following:

- Annual contributions from treatment and transmission revenues;
- Transfers from year-end operating surpluses;
- Grants or government funding specifically designated for capital purposes;
- Interest earned on Capital Fund balances; and,
- Other contributions as determined by the Chief Executive Officer ("CEO") and approved by the Board of Directors.

### 5.0 TARGET RESERVE LEVEL

UWSS will aim to maintain a reserve level sufficient to cover:

- 50% of the planned cash funded major maintenance on capital assets in the next 3 years, excluding significant capital replacements that will be addressed under a separate reserve policy for Lifecycle.

Target levels will be reviewed annually and adjusted based on updated asset condition assessments and replacement cost inflation.

## 6.0 USE OF FUNDS

Expenditures from the Capital Fund may be made only for:

- Major refurbishment of existing capital assets;
- Major upgrades required to maintain regulatory compliance; and,
- Emergency replacements due to asset failure.

Capital Fund disbursements must be pre-approved by CEO and/or Board of Directors in accordance with UWSS' financial approval thresholds.

## 7.0 RESTRICTIONS

The Capital Fund shall not be used for operating expenses or routine maintenance. Capital funds cannot be transferred out for non-capital purposes without Board of Directors approval.

Borrowing from the Capital Fund is discouraged and permitted only under exceptional circumstances.

## 8.0 MONITORING AND REPORTING

Contributions and withdrawals will be tracked in a dedicated reserve account. The CEO will provide annual reporting to the Board of Directors that includes:

- Opening and closing balances
- Contributions and withdrawals
- Forecasted capital needs
- Variance from the target reserve level

The Capital Fund status will accompany the annual budget and capital planning documentation.

## 9.0 REVIEW OF POLICY

This Policy shall be reviewed at intervals, not exceeding 5 years or upon significant changes to capital assets, regulatory requirements, or financial conditions.

## 10.0 EFFECTIVE DATE

This Policy becomes effective upon adoption by the governing Board of Directors.

## 11.0 REVISION HISTORY

### Record of Amendments

Version	Date	Amendment Description	Approved By
1.0		Initial draft policy review	Finance and Audit Committee
2.0			



## Union Water Supply System Inc. Operating and General Reserve Policy

POLICY NO: UW-xxx-xxx

Date Adopted:

### 1.0 PURPOSE

The purpose of this Operating and General Reserve Policy is to ensure that Union Water Supply Systems Inc. ("UWSS") maintains sufficient working capital to support uninterrupted operations, absorb financial fluctuations, and ensure stable, reliable service. This policy establishes prudent reserve levels to promote financial sustainability, operational resilience, and sound utility management.

### 2.0 SCOPE

This Policy applies to all operating activities of UWSS funded through treatment and transmission revenues and other operating revenues.

### 3.0 OBJECTIVE

The Operating and General Reserve Fund ("the OGR Fund") is intended to:

- Provide liquidity to manage day-to-day operational expenditures;
- Support cash flow during timing differences between revenues and expenses;
- Maintain uninterrupted service during emergencies or unexpected events;
- Reduce the risk of short-term borrowing; and,
- Ensure UWSS maintains sufficient resources to handle operational contingencies.

### 4.0 FUNDING SOURCES

The OGR Fund will be funded through:

- Annual operating surpluses;
- A percentage of treatment and transmission revenues;
- Interest earned on OGR Fund balances; and,
- One-time transfers as determined by the Chief Executive Officer ("CEO") and approved / authorized by the Board of Directors.

### 5.0 TARGET RESERVE LEVEL

UWSS will aim to maintain a reserve level that at a minimum will cover one year of operating expenditures.

UWSS is mandated to fund minimum of 13% of its annual treatment and transmission revenues to the OGR Fund pursuant to its

Target levels will be reviewed annually and adjusted based on budget and financial planning cycle.

If the OGR Fund balance falls below the minimum target level, UWSS will restore the balance by:

- Allocating future operating surpluses;
- Incremental replenishment through the annual budget; and/or,
- Adjusting rates gradually if required.

The replenishment period should not exceed 3 years, unless financial circumstances necessitate additional time.

## **6.0 USE OF OGR RESERVE FUNDS**

Withdrawals from the OGR Fund may be made only for:

- Temporary support of operating expenses during cash flow shortfalls;
- Covering unexpected increases in operating costs (chemicals, utilities, staffing, etc.);
- Emergency response where immediate resources are required;
- Maintaining operational continuity during unforeseen disruptions; and,
- Short-term financial stabilization until rates or budgets can be adjusted.

The OGR Fund may not be used for capital projects, major equipment purchases, or non-operating expenditures.

## **7.0 RESTRICTIONS**

The OGR Fund must be accounted for and remain separate from other reserve funds such as capital reserves, lifecycle reserves or rate stabilization reserves.

The OGR Fund must maintain minimum target reserve levels and withdrawals cannot reduce the balance below those approved levels.

## **8.0 MONITORING AND REPORTING**

Contributions and withdrawals will be tracked in a dedicated reserve account. The CEO will provide annual reporting to the Board of Directors that includes:

- Opening and closing balances
- Contributions and withdrawals
- Variance from the target reserve level

The OGR Fund status will accompany the annual budget and audited financial statements.

## **9.0 REVIEW OF POLICY**

This Policy shall be reviewed at intervals, not exceeding 5 years or upon significant changes to operational, regulatory requirements, or financial conditions.

**10.0 EFFECTIVE DATE**

This Policy becomes effective upon adoption by the governing Board of Directors.

**11.0 REVISION HISTORY****Record of Amendments**

Version	Date	Amendment Description	Approved By
1.0		Initial draft policy review	Finance and Audit Committee
2.0			

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## Union Water Supply System Inc. Rate Stabilization Reserve Policy

POLICY NO: UW-xxx-xxx

Date Adopted:

### 1.0 PURPOSE

The purpose of this Rate Stabilization Reserve Policy is to ensure that Union Water Supply Systems Inc. ("UWSS") maintain predictable and affordable water rates for customers by mitigating the impact of fluctuations in operating costs, revenue variability, and economic conditions. The Rate Stabilization Reserve provides financial flexibility to manage unforeseen changes without sudden increases to user rates.

### 2.0 SCOPE

This Policy applies to treatment and transmission rates of UWSS.

### 3.0 OBJECTIVE

The Rate Stabilization Reserve Fund ("the RSR Fund") is intended to:

- Smooth year-over-year changes in water rates;
- Provide a buffer against volatile or unforeseen operating costs (e.g., energy, chemicals, regulatory compliance);
- Offset temporary revenue shortfalls caused by consumption changes, economic conditions, or emergencies; and,
- Support long-term financial planning and rate predictability;

### 4.0 FUNDING SOURCES

The RSR Fund will be funded through:

- Annual operating surpluses;
- A percentage of user rate revenues;
- Interest earned on RS Fund balances; and,
- One-time transfers as determined by the Chief Executive Officer ("CEO") and approved / authorized by the Board of Directors.

### 5.0 TARGET RESERVE LEVEL

UWSS will aim to maintain a reserve level that at a minimum will cover [5-10%] of operating expenditures.

[To be discussed maximum reserve level]

Target levels will be reviewed annually and adjusted based on budget and treatment and transmission rate setting.

If the RSR Fund balance falls below the minimum target level, UWSS will restore the balance by:

- Allocating future operating surpluses;
- Incremental replenishment amount included in future treatment and transmission rate setting processes; and/or,
- Make dedicated contribution approved by the Board of Directors.

The replenishment period should not exceed 5 years, depending on financial circumstances.

## **6.0 USE OF RSR RESERVE FUNDS**

Withdrawals from the RSR Fund may be made only for:

- To avoid or reduce required rate increases during periods of rising operating costs;
- To offset temporary revenue losses due to consumption declines or economic disruptions;
- To cover unexpected operating cost spikes (e.g., chemical costs, energy cost surges); and,
- To support transition periods during major capital financing or regulatory changes

The RSR Fund may not be used for operating expenditures, capital projects, major equipment purchases, or debt obligations.

## **7.0 RESTRICTIONS**

The RSR Fund must be accounted for and remain separate from other reserve funds such as operating and general reserve capital reserve, or lifecycle reserve.

The RSR Fund must maintain minimum target reserve levels and withdrawals must be in accordance with Section 6.0 Use of RSR Reserve Funds.

## **8.0 MONITORING AND REPORTING**

Contributions and withdrawals will be tracked in a dedicated reserve account. The CEO will provide annual reporting to the Board of Directors that includes:

- Opening and closing balances
- Contributions and withdrawals
- Variance from the target reserve level

The RSR Fund status will accompany the annual budget and audited financial statements.

## **9.0 REVIEW OF POLICY**

This Policy shall be reviewed at intervals, not exceeding 5 years or upon significant changes to operational, regulatory requirements, or financial conditions.

**10.0 EFFECTIVE DATE**

This Policy becomes effective upon adoption by the governing Board of Directors.

**11.0 REVISION HISTORY****Record of Amendments**

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DRAFT