



Union Water Supply System Inc.

Governance Committee Meeting

Wednesday, June 11, 2025
1615 Union Avenue, Ruthven

AGENDA

- A. Call to Order
- B. Welcoming Remarks
- C. Adoption of the previous minutes
 - Minutes of Governance Committee Meeting of April 16, 2025
Pages 2- 5
- D. Discussion and review of UWSS Inc.'s Terms of Reference.
 - Terms of Reference (redline - edits visible)
 - Terms of Reference (final version)
 - Recommendation is to bring any changes to the Board of Directors Meeting for approval
Pages 6 - 14
- E. Review of System Ownership - 4 Year Review of UWSS Inc System Ownership
 - Draft Report UWSS/07/25 dated June 6, 2025, re: UWSS Inc. Shareholder Interest Update
Pages 15 - 16
- F. Discussion on One-Year Review of UWSS General Bylaws and main restructuring documents (documents provided to you on June 4, 2025)
 - Articles of Incorporation
 - General Bylaw No. 1
 - Unanimous Shareholders Agreement
- G. Policy Review (documents provided by Memo package May 29, 2025)
 - UW-A08-001 - Records Retention Policy
 - UW-A15-001 - Privacy Policy
 - UW-A21-001 - Accessibility Policy
 - UW-B12-001 - Conflict of Interest Policy
 - UW-B12-002 - Accountability and Transparency Policy
 - UW-H06-001 - Workplace Violence and Harassment Policy
 - UW-H06-002 - Health and Safety Policy

H. Comments, Announcements, and Other Business:

I. Adjournment:

J. Date of Next Meeting: To be determined.



UWSS Inc. Governance Committee Meeting

Wednesday, April 16th, 2025

8:30 am

Water Treatment Plant – Board Room

MINUTES

Directors Kim DeYong
 Hilda MacDonald
 Tom Kissner
 John Tofflemire

Also in Attendance: Rodney Bouchard, UWSS Inc. Chief Executive Officer
For UWSS Khristine Johnson, UWSS Inc. Office Administrator (Recording Secretary)
 Erin McKee, HR Generalist and guest

Guest William Willis, B.A., LL.B. – UWSS Inc Solicitor

Call to Order: 9:59 am

Welcoming Remarks:

The CEO, welcomes everyone, to the first Governance Committee (GC). He notes that this has taken some time to get to this point, but now with things put in place over the last year, UWSS Inc. is ready to start working with this new committee.

The first order of business is nominating a Chair of the Committee. The CEO calls for nominations for the position of Chair of the Governance Committee.

Director MacDonald nominates Director DeYong, Director DeYong accepts the nomination. The CEO calls for further nominations once, twice and three times. Seeing none Director DeYong is acclaimed as the Chair.

The Chair then focuses on the agenda and asks for information on the Terms of Reference for UWSS Inc. The CEO asks William Willis, UWSS Inc.'s solicitor, to speak to the matter. Mr. Willis notes that the Terms of Reference do not provide on how often GC meetings need to take place. The CEO says his intent is to at least meet quarterly.

The Chair asks for a motion.

NO. GC-01-25

Moved by: Director MacDonald

Seconded by: Director Kissner

That the Governance Committee of the Union Water Supply System Inc. meet quarterly; and

That the Terms of Reference be amended to reflect said change.

Carried

Mr. Willis reminds members of the GC that the CAOs of each municipality should be included on the meeting invites going forward. They can then decide to attend, send a representative or decline the invitation.

The CEO then moves on to the discussion of system ownership. He notes that the last time the review was completed was in 2021 and needs to be revisited every four (4) years. The CEO brings up the past report from 2021 for reference. He would like to discuss how this committee would like to move into the future with this item, as there is only one (1) year's worth of data, under UWSS Inc. He further notes that Highbury CanCo. was transferred to UWSS Inc. as a customer and is billed monthly.

There is a lengthy discussion as to whether Highbury flows should be included as part of Leamington's flows, as it has always been that way. The conversation moves back and forth and discusses how flows are addressed when Harrow/Colchester and Wheatley use our water. The Directors are concerned that the methodology chosen today could impact board seats moving forward. After a lengthy discussion on flows, including many scenarios, aspects and potential issues a motion is brought forward.

No. GC-02-25

Moved by: Director Kissner

Seconded by: Director MacDonald

That for the time being UWSS Inc.'s calculation of the flows, for determining shares, remains with the status quo calculations, as was done under the Joint Board of Management.

Carried

There is then a discussion surrounding the main By-Laws and Restructuring documents and whether this information should be posted on Union Water's website. Mr. Willis feels that after the committee has reviewed everything then the documents should be posted publicly. The CEO indicates that he will set up a SharePoint to allow members of the GC to view the necessary documents.

The CEO then notes that as part of the study between UWSS and Enwin Utilities (WUC) the GC needs to determine which members will participate on the Steering Committee for this study. He notes that the Chair of each board, and the CEOs of each entity are already necessary members, however this group requires one more member. His recommendation would be Director Kissner,

because of his extensive water utility knowledge. Director MacDonald nominates Director Kissner, he accepts the nomination.

No. GC-03-25

Moved by: Director MacDonald

Seconded by: Director Tofflemire

That Director Kissner is recommended to participate in the Steering Committee for the study between UWSS and WUC, for emergency redundancy purposes.

Carried

The CEO indicates that our new HR Generalist, Erin McKee, has been working on getting a handle on the Salary Policies, including job descriptions, director compensation, etc. to be ready for review by consultant, Marianne Love. Ms. Love will then prepare the evaluations of the job descriptions to assist with UWSS's salary grid and Director Compensation. He further notes that the HR Generalist, will be assisting with review of policies, accessibility, pay scale and working with Ms. Love to complete said review.

The Chair asks that this matter is expedited as it was one of the tasks to be completed by end of 2024 and is running slightly past that deadline.

No. GC-04-25

Moved by: Director MacDonald

Seconded by: Director Tofflemire

That the meeting adjourns.

Carried

Time: 11:05 am

Date of Next meeting: June 11, 2025, at 10:00 am at the Ruthven Water Treatment Plant

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

I. CONSTITUTION

There shall be a committee, to be known as the Governance Committee (the “Committee”), of the Board of Directors (the “Board”) of Union Water Supply System Inc. (the “Corporation”).

II. MEMBERSHIP

The Board shall elect from its members, not less than four (4) Directors to serve as voting members on the Committee (each voting member herein referred to as a “**Member**”) for a term equal to the remainder of the then current four (4) year term of the Board (and the Board from time to time shall thereafter fill Member vacancies on the Committee). The number of Members on the Committee shall not exceed half of the number of directors of the Corporation.

Members of the Committee shall meet applicable requirements and guidelines for corporate governance committee service. Determinations as to whether a Director satisfies the requirements for Membership on the Committee shall be made by the Board.

Any Member may be removed or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a Director of the Corporation.

Each Member and the Chair (who shall be one of the Members and appointed by the Board) shall hold office for the remainder of the then current four (4) year term of the Board, or until the Member ceases to be a Director, resigns or is replaced, whichever first occurs.

The CEO of the Corporation shall ex officio be a non-voting advisor to the Committee. Each non-voting advisor to the Committee, being the CEO, and each Chief Administrative Officer (or designate) municipal advisor as specified below are each herein referred to as a “Non-Voting Advisor”.

A Member may be removed or replaced at any time at the discretion of the Board. Without limiting the generality of the foregoing, failure to attend three (3) consecutive Committee meetings without an explanation acceptable to the Chair constitutes grounds for removal of a Member upon request by the Chair to and approval of the Board.

III. MEETINGS

The Committee shall ~~convene~~be held quarterly at such times and places designated by its Chair or whenever a meeting is requested by a Member, the Board or an officer of the Corporation.

The Committee shall invite the Chief Administrative Officer (or equivalent position) or their designate from each municipal shareholder to attend Committee meetings as a Non-Voting Advisor. In such advisory capacity, the Chief Administrative Officer (or equivalent position) or their designate will attend Committee meetings in their capacity as municipal staff.

A minimum of twenty-four (24) hours' notice of each meeting shall be given to each Member, and to each Non-Voting Advisor.

A quorum at a meeting shall consist of at least a majority of the Members.

Where proper notice has been given or waived, Members and Non-Voting Advisors may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a Member participating in such a meeting by any such means is deemed to be present at that meeting.

In the absence of the Chair, the Members may choose one (1) of the Members to be the Chair of the meeting. Minutes shall be kept of all meetings of the Committee.

Members are expected to adequately prepare for, attend and participate at Committee meetings, become familiar with deliberations and decisions after any missed meetings. Members should at all times discharge their responsibilities with the highest standards of ethical conduct and in conformity with applicable laws and regulations and the Corporation's values of safety, integrity, respect, inclusion and high performance.

IV. PURPOSE

The purpose of the Committee is to provide a focus on governance that will enhance the corporate performance of the Corporation to assess and make recommendations regarding the effectiveness of the Board and its committees.

V. DUTIES AND RESPONSIBILITIES OF THE CHAIR

The Chair is responsible for:

- A. providing leadership to the Committee, assisting the Committee in reviewing and monitoring its responsibilities and reporting to the Board on the recommendations and decisions of the Committee;
- B. designating the times and places of Committee meetings, ensuring Committee meetings are duly convened and that a quorum is present when required;
- C. working with management on the development of agendas and related materials for the Committee meetings and ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required; and
- D. ensuring Committee meetings are conducted in an efficient, effective and focused manner.

VI. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall, as permitted by and in accordance with the requirements of the Corporation's articles, by-laws, and applicable law:

- A. review, approve or make recommendations to the Board in respect of guidelines, policies, procedures and practices relating to matters of corporate governance, including, but not limited to:
 - i) general corporate governance principles and guidelines for the Corporation;

- ii) the identification and review with the Board of the appropriate competencies, skills and characteristics required of the Board committees;
 - iii) questions of possible conflict of interest which are properly directed to the Committee;
 - iv) compensation of Directors for their duties or activities, including a periodic review of the Board of Directors Compensation and Expense Reimbursement Policy;
 - v) the division of duties between and among Directors, the Chair of the Board, CEO and management, and review of the Corporation's structure and procedures to ensure that the Board is able to and in fact is, functioning independently of management;
- B. compensation, succession planning and review of performance each as they relate to the CEO;
- C. monitor developments and best practices relating to corporate governance and periodically review the Corporation's governance practices with a view to maintaining high standards of corporate governance;
- D. receive reports from management and provide oversight with respect to risk management in corporate governance areas;
- E. after consultation with the Chair of the Board, identify, evaluate, and if appropriate, recommend:
- i) for approval by the Board, the appropriate committees to be established, including the mandate, duties, responsibilities and terms of reference of each committee, and those Directors recommended for election to serve on each committee, including the chair of each committee;
 - ii) orientation and development programs and materials for Board committee Members;
- F. periodically review management's reports with respect to compliance by the Corporation, with corporate governance policies and with respect to applicable legislative and regulatory matters of corporate governance;
- G. meet separately with senior management, or independent advisors in respect of governance matters; and
- H. consider any other matter properly referred to the Committee by the Chair of the Board, the Board, a Director, the CEO or a CEO direct report of the Corporation for review, recommendation or decision.

The Committee may retain third-party advisers as the Committee may consider appropriate and necessary in furtherance of the duties and responsibilities of the Committee.

VII. REVIEW OF TERMS OF REFERENCE

Periodically, the Committee and/or the Corporation's external legal counsel shall review and assess the adequacy of these Terms of Reference taking into account all applicable legislative and

regulatory requirements as well as any best practice guidelines and, if appropriate, recommend changes to these Terms of Reference to the Board for its approval.

VIII. PERFORMANCE EVALUATION

The Committee shall establish procedures and exercise oversight of the evaluation of the Board to assess the effectiveness and performance of the Board, its Committees, the Board Chair and individual Directors. The Committee shall prepare and review with the Board an annual performance evaluation process for the Board as a whole, the Chair of the Board, individual Directors and each committee of the Board, including the Committee, which evaluation shall compare the performance of each committee with the requirements of the applicable terms of reference for each committee. The performance evaluations shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral or written report by the Chair or any other Member of the Committee designated by the Committee to make this report.

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- E. after consultation with the Chair of the Board, identify, evaluate, and if appropriate, recommend:
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To: UWSS Inc. Board of Directors

From: Rodney Bouchard, UWSS Inc. CEO

Date: June 06, 2025

Re: UWSS Inc. Shareholder Interest Update



Purpose:

To update to the UWSS Inc. Shareholder Ownership Interest as per Schedule B of the Union Water Supply System Inc. General By-Law No. 1.

Background:

The proportion each UWSS Inc. shareholder municipality has in Union Water Supply System Inc. is determined by Schedule B (Union Water Supply System Proportional Water Consumption & Proportionate Shareholding) under the Union Water Supply System Inc. General By-Law No. 1. Schedule B provides that the shareholder interest is to be updated every four years on the basis of the respective proportional water consumption of the end users residing within each Municipality over the previous four (4) year period. The system interest was last updated in 2021 by UWSS Inc.'s predecessor, the Union Water Supply System Joint Board of Management, and must now be updated as required by Schedule B.

The existing shareholder interest is based on the 2021 to 2024 water demands within each shareholder municipality and as is set as follows:

Municipality	Average Water Consumption (ML/year)	Proportional System Interest
The Corporation of the Municipality of Leamington	8,909.0	53.00%
The Corporation of the Town of Kingsville	6,509.1	38.72%
The Corporation of the Town of Essex	827.8	4.92%
The Corporation of the Town of Lakeshore	564.8	3.36%

Discussion:

As per Schedule B of the UWSS Inc. General By-Law No. 1, the shareholder interest in UWSS Inc. is to be updated in 2025 based on water demand information for 2021-2024. The following table gives the annual UWSS Inc. water demand in mega litres (ML) within each shareholder municipality for 2021 to 2024, the annual average for the four-year period and the average percentage of the annual system flow volume:

Re: UWSS Inc. Shareholder Interest Update

	2021	2022	2023	2024	Avg 2021-2024	% Share
Essex	880.63	937.60	952.32	922.83	923.35	4.37%
Kingsville	7,036.66	7,531.21	7,409.31	8,537.42	7,628.65	36.12%
Lakeshore	667.35	715.65	714.12	589.08	671.55	3.18%
<u>Leamington</u>	<u>11,242.39</u>	<u>11,712.82</u>	<u>12,160.11</u>	<u>12,465.95</u>	<u>11,895.32</u>	<u>56.33%</u>
<i>Total</i>	<i>19,827.03</i>	<i>20,897.28</i>	<i>21,235.86</i>	<i>22,515.28</i>	<i>21,118.86</i>	<i>100.00%</i>

As per UWSS Inc. General By-Law No. 1, the *Schedule B Union Water Supply System Proportional Water Consumption & Proportionate Shareholding* are to be updated using the values in the above.

Recommendation

Based on the information included in this report, UWSS Inc. management provides the following recommendations to the UWSS Inc. Board:

1. That UWSS system interests in Schedule B of the UWSS Inc. General By-Law No. 1 are updated as follows:

Municipality	Average Water Consumption (ML/year)	Proportional System Interest
The Corporation of the Municipality of Leamington	11,895.32	56.33%
The Corporation of the Town of Kingsville	7,628.65	36.12%
The Corporation of the Town of Essex	923.35	4.37%
The Corporation of the Town of Lakeshore	671.55	3.18%

2. That the shareholder municipalities of Leamington, Kingsville, Essex and Lakeshore be informed of this update to Schedule B. This update will apply from January 1, 2025 to December 31, 2028.

Respectfully submitted,



Rodney Bouchard, CEO
Union Water Supply System Inc.

/kmj