



## MEMBER MUNICIPALITIES

STURGEON  
COUNTY

**Sustainable  
Wastewater  
Solutions >**



23262 Township Rd. 540, Fort Saskatchewan, AB T8L 4A2  
Located on ᑕᓴᓄᓐᑦᑕᓐᑎᓐᑕᓐᑎᓐ (Amiskwaciwâskahikan)  
Treaty 6 Territory/MNA District 11

info@arrowutilities.ca

ARROWUTILITIES.CA    

Subject	Motion/Recommendation	
Call To Order	Chair Ken MacKay called the meeting to order at 9:00 am.	
Adoption of Agenda	BM24-25	

	MOVED BY Robert Parks THAT the agenda be adopted as distributed.	APPROVED UNANIMOUSLY
Adoption of March 28, 2025, Meeting Minutes	BM25-25  MOVED BY Bill Hamilton THAT the minutes of the March 28, 2025, meeting be adopted as presented.	APPROVED UNANIMOUSLY
Committee Updates	The Board Committee Chairpersons provided verbal updates from their respective Committees.	
TD Swap Agreement	<p>The following delegates from Toronto Dominion Bank joined the meeting at 9:29 am:</p> <p>Abby Sarkar Curtis Neumann Lisa Adam Prince Joseph</p> <p>William Choy requested that Administration distribute the TD presentation to Board members following the meeting.</p> <p>BM26-25</p> <p>MOVED BY Rick Smith THAT the Board move into closed session.</p> <p>TD representative Abby Sarkar provided an overview of a proposed Swap Agreement financing structure, which utilizes an interest rate swap product.</p> <p>BM27-25</p> <p>MOVED BY Willis Kozak THAT the report be received for information.</p>	<p>MOTION WITHDRAWN</p> <p>APPROVED UNANIMOUSLY</p>



	<p>The Board broke for a short recess at 10:03 am.</p> <p>The Board reconvened at 10:09 am.</p> <p>Ken MacKay advised that, during the break, he made the decision to invite outside meeting attendees into the boardroom due to technical difficulties with the meeting audio in the Sturgeon River Room.</p>	
<p>Administrative Report – March, April, &amp; May 2025</p>	<p>CEO Polkovsky reported that cold weather, high-strength wastewater, and spring melt from March to May disrupted nitrification, leading to elevated nitrogen levels, likely due to seasonal conditions rather than an industrial source.</p> <p>Director Teveniuk added that permit non-compliance in March and April required increased toxicity testing. After three successful biweekly tests, the Commission is now transitioning to monthly testing before returning to standard schedule.</p> <p>Jeff Acker requested that ARROW Administration proactively notify member municipalities of potential resident complaints related to ARROW operations.</p> <p>BM28-25</p> <p>MOVED BY Steven vanNieuwkerk THAT the Administrative Reports – March – May 2025 be received as information.</p>	<p>APPROVED UNANIMOUSLY</p>



<p>Q1 Financial Results</p>	<p>Director Spurgeon presented the Q1 2025 financial results. ARROW's expenses remain under budget, and interest costs are favourable. She also reported that the Train 4 project continues to remain on time and on budget. Revenues were higher than expected in Q1 as ARROW received \$7.5M of grant funding for Train 4, totaling \$45M out of \$50M project to date. Remaining funding of the \$5M is dependent on construction completion. Of the \$195 million budget, \$2 million remains in contingency, which has not been accessed.</p> <p>Jeff Acker asked whether amortization could be extended for debt.</p> <p>Director Spurgeon responded that extending amortization would increase long-term interest costs by an estimated \$40 million.</p> <p>Brian Kelly requested that the Board be involved in decisions about amortization strategy.</p> <p>CEO Polkovsky confirmed that updated Board financial policies, which will include provisions related to amortization, will be presented to the Board in September 2025 and throughout 2026.</p> <p>Brian Kelly requested additional detail on the debt limit chart,</p>	
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	<p>including the data and assumptions behind it.</p> <p>Director Spurgeon responded that this information will be circulated.</p> <p>BM29-25</p> <p>MOVED BY Neal Comeau THAT the Board receive the report for information.</p> <p>The Board broke for a short recess at 11:04 am.</p> <p>The Board reconvened at 11:14 am.</p>	<p>APPROVED UNANIMOUSLY</p>
Budget Primer	<p>Director Spurgeon provided a financial recap and \$2.75 rate model overview, following up on the Board workshop. She noted that prior to 2023, ARROW operated on a cash-based financial model that kept rates artificially low and lacked a long-term approach. Since then, the organization has shifted toward a financially sustainable model that includes capital planning, debt financing, and reserve development.</p> <p>Brian Kelly expressed concern with the proposed \$2.75 rate and emphasized that the 2026 budget should be based on the Utility Master Plan.</p>	



	<p>Rick Smith found the Board Workshop informative and acknowledged that, while the \$11/household increase is unfortunate, it is necessary to cover essential costs.</p> <p>Rob Wiedeman noted there was not full consensus on the \$2.75 rate at the board workshop and suggested a longer amortization period to ease future increases amid anticipated growth.</p> <p>CEO Polkovsky stated that once reserves are established, the Commission can explore investment options to generate returns that support future growth.</p> <p>Brian Kelly asked that Administration circulate the Utility Master Plan document to the Board members.</p> <p>CEO Polkovsky responded that it can be circulated the following week once there is capacity from staff.</p> <p>BM30-25</p> <p>AMENDED MOTION MOVED BY William Choy THAT the Board receives the report as information and direct Administration to develop the 2026 Operating and Capital Budget based on a rate of \$2.55 by removing \$0.20 difference from the Operating &amp; Capital Budget.</p>	<p>APPROVED - 3</p> <p>OPPOSED - 10 (Brian Kelly, Ken MacKay, Bill Hamilton, Neal Comeau, Lynn Bidney, Rick Smith, Stephen Dafoe, Rob Wiedeman, Willis Kozak,</p>
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		Steven vanNieuwkerk)
		MOTION DEFEATED
		APPROVED - 4
	BM31-25	OPPOSED - 9
	AMENDED MOTION MOVED BY Brian Kelly THAT the Board receives the report for information and direct Administration to develop the 2026 Operating and Capital Budget based on a rate of \$3.05.	(Ken MacKay, Robert Parks, Lynn Bidney, Steven vanNieuwkerk, Bill Hamilton, William Choy, Jeff Acker, Neal Comeau, Rick Smith)
		MOTION DEFEATED



	<p>Stephen Dafoe suggested that, as neither the \$2.55 nor \$3.05 rates have been approved, Administration should present a range of rate options for consideration at the September meeting.</p> <p>BM32-25</p> <p>AMENDED MOTION MOVED BY Stephen Dafoe THAT the Board received the report for information and direct Administration to prepare a range of budget scenarios based on rates of \$2.75, \$2.85, and \$2.95.</p>	<p>APPROVED - 6</p> <p>OPPOSED - 7 (Ken MacKay, Robert Parks, William Choy, Jeff Acker, Bill Hamilton, Neal Comeau, Rick Smith)</p> <p>MOTION DEFEATED</p>
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	<p>Brian Kelly requested that the budget document include more detailed information.</p> <p>Director Spurgeon confirmed that the details supporting budget 2026 would be included within the budget document.</p> <p>BM33-25</p> <p>MOVED BY Rick Smith THAT the Board receives the report for information and direct Administration to develop the 2026 Operating and Capital Budget based on a rate of \$2.75</p>	<p>APPROVED - 9</p> <p>OPPOSED – 4 (Brian Kelly, William Choy, Rob Wiedeman, Jeff Acker).</p>
Phase 1 – Board Policy Updates	<p>CEO Polkovsky reported that the Governance and HR Committee completed a substantial review of Board policies as part of the first phase of the policy review process. The next phase will be brought to the Board in September. CEO Polkovsky also noted that it is being recommended that the Communication and Advocacy Policy be removed, as its responsibilities have been assumed by the Advocacy and Awareness Committee.</p> <p>BM34-25</p>	



	<p>MOVED BY Robert Parks THAT the following six Board policies be approved as presented: Board Recognition, Board Workshop, Environmental Sustainability, Access to Information and Privacy Protection, Service Expansion, and New Connections and THAT the Communication and Advocacy policy be rescinded now that there is a Board committee and terms of reference for Advocacy and Awareness.</p>	<p>APPROVED UNANIMOUSLY</p>
<p>Delegation of Authority Policy Discussion</p>	<p>Robert Parks summarized the legal opinion received from Reynolds Mirth Richards &amp; Farmer regarding limits of authority, confirming there are no concerns with ARROW's existing policies, which align with standard practices and provide sufficient discretion to the Board and CEO. Legal also found minimal risk of liability.</p> <p>Brian Kelly noted that unlike most municipalities, ARROW may not have a clear delegation framework for the CEO and suggested that establishing one would be beneficial.</p> <p>Ken MacKay stated that the CEO covenant may cover these concerns.</p> <p>BM35-25</p> <p>MOVED BY Brian Kelly THAT the Delegation of Authority policy be referred back to the Governance and HR Committee for review.</p>	<p>APPROVED UNANIMOUSLY</p>



<p>Board Remuneration Discussion</p>	<p>Robert Parks noted that the Board Remuneration and Expense Policy will return in September and that the purpose of the discussion was to gather Board feedback.</p> <p>Comments generally supported compensating committee work, with a preference for a day rate and concern that too low a rate could undervalue the work.</p> <p>BM36-25</p> <p>MOVED BY Bill Hamilton THAT the Board receive this agenda report for information.</p> <p>Steven vanNieuwkerk left the meeting at 1:00 pm.</p>	<p>APPROVED UNANIMOUSLY</p>
<p>Notices of Motion</p> <p>➤ Rob Wiedeman Motion</p>	<p>BM37-25</p> <p>MOVED BY Rob Wiedeman THAT the Board direct Administration to calculate the impact of standardizing the residential wastewater disposal cost per cubic metre to a single rate to determine the effect this would have on existing rates and to have that information brought back to the board for consideration of implementation.</p>	<p>APPROVED - 2</p> <p>OPPOSED - 10 (Lynn Bidney, Ken MacKay, Bill Hamilton, Jeff Acker, Rick Smith, Robert Parks Neal Comeau William Choy Stephen Dafoe Willis Kozak)</p>



		MOTION DEFEATED
	<p>Brian Kelly asked if Administration could provide the board members with the load-based rate model.</p> <p>CEO Polkovsky noted that while it can be provided, the rate model is robust and lacks context regarding the meaning of individual inputs. Without historical organizational knowledge, the data would have limited value to Board members.</p> <p>Director Spurgeon further noted that a comprehensive rate review is scheduled for next year, during which ARROW plans to engage a consultant to develop a more robust and transparent overstrength rate model.</p> <p>Neal Comeau left the meeting at 1:22 pm.</p>	
➤ Jeff Acker Notice of Motion	<p>Ken MacKay directed Jeff Acker to read in his motion that was distributed to the board in advance.</p> <p>Jeff Acker read his proposed motion THAT the Board authorizes an independent, third-party review of ARROW Utilities with a focus on:</p> <ol style="list-style-type: none"><li>1. A full assessment of the financial viability of the organization with an analysis of the current rate structure</li></ol>	



	<p>relative to current and future liabilities, both with and without revenue from the Air Products partnership. This will include an analysis of the proposed revenues in the current draft agreement anticipated from Air Products related to the Train 4 expansion and how member municipalities are to benefit from this investment and potential utility rate offsets.</p> <p>2. A review of the current Board governance structure compared to alternative governance and operating model options. This will include, but is not limited to, an environmental scan of similar regional wastewater commissions in Alberta.</p> <p>And that, to maintain independence, a subset of willing Member Municipalities' Chief Administrative Officers be appointed by the Board to form a voluntary task force with the mandate to:</p> <ul style="list-style-type: none"><li>• Develop the project scope of work</li><li>• Draft and issue the RFP</li><li>• Participate in the selection and oversight of the chosen vendor</li></ul> <p>And that the Board approve spending of up to \$150,000 from the operating budget to conduct the review.</p>	
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	<p>Ken MacKay asked what the urgency of voting on this motion is.</p> <p>Jeff Acker requested that a Special Board Meeting be scheduled as soon as possible.</p> <p>Ken MacKay scheduled the Special Board Meeting for July 11, 2025.</p>	
Closing Remarks/Adjournment	Chair Ken MacKay adjourned the meeting at 1:29 pm.	
<b>Next Meeting</b>	July 11, 2025, at 8:00 am.	

UNADOPTED