

MINUTES

OF THE MEETING OF THE BOARD OF DIRECTORS OF THE NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO) / SOCIÉTÉ DE GESTION DES DÉCHETS NUCLÉAIRES (SGDN)

**convened on October 28th, 2003 at 49 Jackes Avenue, Toronto, Ontario
commencing at 8:30 A.M. EST.**

Present

Richard Dicerni	Chairman
Laurie Comeau	Director
Fred Long	Director and Treasurer
Adèle Malo	Director
Ken Nash	Director and Vice Chairman
René Pageau	Director

being a quorum of Directors of the company in accordance with article 8.8 of the By-Law,

and

David Crombie	Advisory Council Chairman
Elizabeth Dowdeswell	President
Kathryn Shaver	Corporate Secretary.

1. Constitution of Meeting

Notice of the meeting having been given to all of the Directors of the Company and a quorum of the members being present, the Chairman declared the meeting duly constituted for the transaction of business at 8:30 A.M EST.

2. Approval of Agenda

The Board of Directors approved the Agenda for the October 28th, 2003 meeting, with the addition of a general update from the Chair of the NWMO Board's Audit, Finance and Risk Committee.

3. Approval of Minutes – June 27th, 2003

The minutes of the meeting of the Board of Directors held on June 27th, 2003, a copy having been sent to each member of the Board, were approved as recorded.

4. Business Arising from the Minutes

The status of actions arising from previous Board meetings was reviewed with the Board of Directors.

5. Report of the Advisory Council Chairman

The Advisory Council Chairman provided the Board with highlights from the September 23, 2003 Council meeting. The Council Chairman noted that the NWMO had also convened two conference calls with the Advisory Council in October for the purpose of inviting additional comment on the NWMO's draft Discussion Document 1. He reported that Advisory Council members, having reviewed and commented on the draft, were comfortable with the document and felt that it was an excellent discussion paper.

6. Report from the Audit, Finance and Risk Committee

The Board was debriefed by Mr. Long, the Chairman of the Audit, Finance and Risk Committee of the Board on the inaugural meeting of the Committee, convened on October 15, 2003. Mr. Long reviewed the agenda items that were considered by the Committee. He noted some issues that would be brought forward to the full Board.

7. 2003 Budget Update

The President provided the Board with an update on 2003 expenditures as of September 30th, 2003 and projected expenditures to year-end.

- Current projections for NWMO expenditures are within and below the approved budget for 2003.
- Based on latest projections, the NWMO expects to be approximately 8% under budget for the 2003 financial year, with total expenditures projected at \$6.8 million.
- Under current projections, the NWMO anticipates a need to seek Board approval later in the year to access a portion of the 2003 fund not previously apportioned, that was to be made available to the NWMO on a contingency basis. The President indicated that following a review of expenditures later in the Fall, she would be in a position to confirm the level of any contingency allocation required that would be brought forward for Board approval. (*)

The Chairman invited Board discussion on the 2003 budget.

- The Board inquired as to the nature of activities underlying the significant expenditures still projected by the NWMO for the last three months of 2003. The President reported that forthcoming expenditures will include: invoices relating to a large number of workshops and engagement activities held earlier in the Fall; costs associated with some recently commissioned background papers; and preparatory work initiated in support of key engagement activities for 2004.
- At the request of members of the Audit, Finance and Risk Committee, the President outlined areas in which the budget outlook for 2003 had been refined subsequent to an earlier draft that was discussed with the Committee.

In reviewing the budget, the President flagged significant anticipated expenditures for 2003 and 2004 associated with the launch of a new engagement project with the Canadian Policy Research Networks (CPRN). The President sought Board approval to proceed with this project that will be a cornerstone of the NWMO's public engagement in 2004. Following discussion of the CPRN project, the Board agreed that the initiative was an innovative and appropriate method to pursue for purposes of inviting comment from the general public, in support of the NWMO's legislated responsibilities in this area. The Chairman noted that he concurred with the sole sourcing of this contract to CPRN given the unique expertise which this organization brings to the process. The President indicated her intention to invite Advisory Council members to attend a national dialogue session to hear the nature of comments raised.

IT IS HEREBY RESOLVED that:

- The Board of Directors approve the NWMO contracting with Canadian Policy Research Networks to design, deliver and report on national citizens' dialogues across Canada in 2004.

This motion was made, seconded and unanimously passed.

Noting the significance of the CPRN to the NWMO's 2004 Business Plan and Budget, the Chairman requested that the NWMO arrange for the Board to be briefed by the CPRN project team on the detailed scope of their project and the methodology to be used in conducting the national dialogues. (*)

8. 2004 Business Plan and Budget

The Chairman invited the President to brief the Board on each section of the Business Plan.

The President provided introductory comments on the Business Plan:

- The NWMO plans to undertake its work within the \$8 million envelope provided annually under the Membership Agreement.

- In addition, following the suggestion of the Audit, Finance and Risk Committee, the NWMO is proposing using the unused portion of the 2003 Budget as a contingency fund, available as needed to support activities in 2004. The amount of unused 2003 funds will be confirmed following review of year-end accounts. It is currently projected to be in the order of \$568,000.
- Budget projections for 2004 were guided by experience of projects costs realized in 2003. The President outlined key shifts from 2003 for each of the large categories, and noted that 2004 would involve a heavy workload, characterized by:
 - Research and analysis targeted to undertaking the assessment of approaches; and
 - Two sets of consultations, around discussion documents 1 and 2 respectively.

The President outlined different components proposed for Engagement in 2004, which included such activities as:

- Dialogues convened with the assistance of Canadian Policy Research Networks at different locations across the country in Q1 2004, followed by report and video production; representing a key vehicle for inviting comment on Discussion Document 1 and providing inputs to shape the development of Discussion Document 2;
- Consultations with aboriginal communities;
- Dialogues in reactor site communities, further to the advice provided by nuclear site communities;
- Regional dialogues;
- Bilateral meetings with interested groups and individuals; and
- Website information and exchange, including e-dialogues.

Together, these activities are designed to support the NWMO's legislated obligations to consult the general public, and in particular aboriginal peoples, and enable important input from nuclear site communities and many other important communities of interest. The President noted that the engagement plan must remain flexible to respond appropriately in light of feedback received from the public on Discussion Document 1.

The President outlined some key areas of Research and Analysis proposed for 2004:

- Institutional and governance issues, highlighted as areas requiring considerable study in 2004
- Establishment of an Assessment Team, to bring together expertise for the analysis of management approaches, drawing from the components of sustainability – environmental, social and ethical, financial and technical expertise; and
- Meetings of an International Panel, to review and advise on NWMO work.

The Chairman invited Board discussion and questions on the Business Plan and Budget:

- The Audit, Finance and Risk Committee members tabled their interest in ensuring that the NWMO has the adequate resources to fulfill its mandate within the time provided by the *Nuclear Fuel Waste Act*. The Board concurred, and urged that the President bring to their attention in a timely way any resource constraints that may emerge during the course of the study. The President confirmed that the NWMO

believes that the \$8 million budget requested for 2004 will be sufficient, together with the contingency fund requested to cover additional unforeseen expenditures.

- Having discussed the Business Plan, the Board was supportive of the large amount of the budget (close to 50%) allocated to engagement activities, in light of the importance assigned to consultation in the NWMO mandate under the *Nuclear Fuel Waste Act*.
- The Board expressed concern as to whether the proposed budget allocation of \$100,000 would provide sufficient resources for the study of environmental considerations of the approaches in 2004. The President responded by noting that ecosystem impacts will be addressed through a combination of focused studies, review of previous studies, and a range of other research and assessment resources and activities planned for 2004.
- Noting the importance of sound economic and financial analysis to the integrity of the NWMO study, the Board inquired as to the scope of financial analysis anticipated in the 2004 Business Plan.
 - The President outlined areas of financial analysis required as part of the overall assessment of different approaches, and in meeting legislated requirements under the *Nuclear Fuel Waste Act* in terms of cost estimates and the associated funding formulae.
 - The President noted the NWMO's intention to commission Charles River Associates to provide expert assistance in 2004 on economic aspects of the assessment of management approaches. Noting the significance of this budget item, the Chairman requested that the President provide a briefing at the next Board meeting on the considerations that led the NWMO to propose Charles River as the appropriate contractor for this work.
- Responding to a question raised by the Board, the President outlined the nature of the NWMO's review of outstanding issues raised previously by the Scientific Review Group of the Seaborn Panel environmental assessment review.
- The Board asked about the NWMO's process for confirming the range of technical methods of storage or disposal that would be assessed by the NWMO study. The President noted that Discussion Document 1, as the starting point for consultations, would refer to a wide range of methods for managing used nuclear fuel. Based on input received from the public and the NWMO's research and analysis, the range of technical methods would subsequently be narrowed. Discussion Document 2, targeted for release in mid-2004, would include assessments of the three methods specified in the Act for study, and any other methods or combinations thereof that the NWMO believed warranted further study.
- Mr. Pageau tabled a letter with the Board (dated October 1, 2003, Mr. Michel Rhéaume to Mr. René Pageau) which highlighted areas of concern raised by the members of the Hydro-Quebec Information and Discussion Panel. Mr. Pageau noted the interest of the Panel in the opportunities for recycling used nuclear fuel. The President acknowledged considerable public interest in knowing more about such options, and confirmed that reprocessing, partitioning and transmutation would

therefore be studied further, and reported on in Discussion Document 2, to be released in 2004.

Having discussed the Business Plan and Budget proposed by the President for 2004, the Board confirmed their support for the major tracks of work proposed for 2004, including the key areas of engagement activities.

The Board confirmed their support for an \$8 million budget for the NWMO's 2004 financial year, and the proposed allocations of that budget across major categories. The Board agreed to make available to the NWMO as a contingency fund for 2004, the unused portion of the NWMO's 2003 Budget. It was agreed therefore that the unused portion of the 2003 NWMO Budget would be retained by the NWMO for use as a contingency fund for 2004, rather than returned to Member companies in early 2004.

IT IS HEREBY RESOLVED that:

The NWMO Board of Directors approve:

- 1) a 2004 budget for the NWMO of \$8 million; and
- 2) access to the unused portion of the 2003 budget to meet contingency requirements that may be identified in 2004.

This motion was made, seconded and unanimously passed.

The Chairman asked the President to arrange for briefings at a future Board meeting on certain engagement areas that he highlighted for their significance to the NWMO's legislated mandate and the 2004 Budget (*):

- Outreach to Aboriginal peoples planned for 2004, to keep the Board informed as to how the NWMO will discharge its mandate on outreach to aboriginal communities, and how these activities will dovetail with those undertaken by Natural Resources Canada;
- The project terms of CPRN; and
- Plans for conducting Community Dialogues in Nuclear Site Communities.

Board discussion ensued on a range of governance and financial due diligence activities.

- The Board asked the NWMO President to track cumulative expenditures associated with larger projects over the study period. (*)
- Members of the Audit, Finance and Risk Committee will be reviewing key policies such as the procurement policies and procedures. (*)
- Consistent with Board guidelines established for approving contracts for large projects, the President indicated her intention to bring forward to a future Board meeting some additional large contracts identified for 2004, including financial work. (*)

9. Discussion Document 1

The President provided the Board with an overview and update on the production of Discussion Document 1, planned for release by the NWMO in Fall 2003.

The Chairman invited Board discussion on the draft document, provided to the Board in advance.

- The President acknowledged the delicate balance involved in providing a document that invites general public engagement, while doing justice to the complexity of the issue. The Board agreed that the long length of the document as drafted would be appropriate, in the spirit of transparency and ensuring coverage of important historical information and facts with which to form a basis for informed dialogue.
- The President confirmed that an Executive Summary would be produced.
- Board members discussed the importance of conveying clearly the data on the number of used nuclear fuel bundles to be managed in the NWMO Discussion Documents, and undertook to provide the President with contact names in their organizations for purposes of confirming the data. (*)
- The President and Advisory Council Chairman debriefed the Board on the general focus of Advisory Council comments, provided during conference call meetings convened for this purpose.

The President updated the Board on the nature of the communications plan under development to support the release of the Discussion Document in Fall 2003. The President noted that the NWMO would be holding briefing sessions with government departments, and invited Board suggestions on government contacts for future briefings.

10. Audit, Finance and Risk Committee Charter

Mr. Long, Chair of the Audit, Finance and Risk Committee, introduced the draft Charter that was being tabled for Board review and approval. He noted that the Charter was developed to guide the Committee's operations, and reflected the Committee's interest in ensuring the NWMO's financial due diligence. Recognizing that the Charter may evolve over time, Board members supported adoption of the draft Charter as tabled, subject to an amendment to clarify the role of the Committee in reviewing the NWMO's quarterly financial statements in advance of the Board.

IT IS HEREBY RESOLVED that:

The NWMO Board of Directors approve the Charter as tabled by the Audit, Finance and Risk Committee, subject to the change proposed.

This motion was made, seconded and unanimously passed.

The Committee Chair and President undertook to identify items for Committee review in the near term, including a review of appropriate procurement policies. (*)

11. Nuclear Fuel Waste Act

The President tabled, for information, an issue arising from the NWMO's review of the *Nuclear Fuel Waste Act*. Specifically, the President advised the Board of an area of ambiguity identified concerning the nature of the NWMO's obligations in identifying economic regions for each management approach proposed, and the NWMO's interest in seeking clarification on this section.

Other Business

- The Board Chairman requested that the NWMO schedule a Board meeting that would enable the Board to receive updates on the workplan in areas of interest identified by the Board, and the nature of initial public comments and reaction to Discussion Document 1. At the suggestion of the Advisory Council Chairman and the Board Chairman, the Corporate Secretary was directed to schedule a joint meeting of the Board and Advisory Council for this purpose. (*)
- This joint meeting would take the place of the Advisory Council meeting originally scheduled for November 27, 2003.

Termination of Meeting

There being no other business, the meeting terminated at 12:30 PM EST.

Asterisk (*) denotes action to be taken

Corporate Secretary
Dated this 26th day of February, 2004