

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

December 2, 2010

AGENDA

1. Constitution of Meeting and Approval of Agenda
2. Report from the Independent Technical Review Group (ITRG)
3. Meeting with Niigani
4. President's Report
5. *In Camera* Session
6. Minutes of Previous Meeting
7. Business Arising from the Previous Minutes
8. Report from the Siting Committee
9. Report from the Audit, Finance & Risk Committee
10. Report from the Advisory Council
11. Update on the APM Siting Process
12. Community Well-Being
13. Transportation Workplans
14. APM Planning Assumptions
15. APM Cost Estimates Update
16. DGR EPCM Contract with OPG
17. 2011-2015 NWMO Business Plan Approval
18. Triennial Report Preparation
19. Next Steps on Review of Members Cost Sharing and By-Laws
20. Management reports
21. Next Meeting of the Board

Conclusion of Meeting

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

**convened in Toronto, ON
on December 2, 2010 commencing at 9:00 a.m. EST**

Present

Gary Kugler	Director, Chair
Pierre Charlebois	Director
Donn Hanbidge	Director
Ron Jamieson	Director
Darren Murphy	Director
Ken Nash	Director, President & CEO
Josée Pilon	Director
Deborah Poff	Director
Ian Ross	Director

Guests:

David Crombie	NWMO Advisory Council Chair (Item 10)
Alan Hooper	Chair, NWMO Independent Technical Review Group (ITRG) (Item 2)
Albert Sweetnam	OPG, Executive Vice President

Niigani Members (Item 3):

Donna Augustine	
Tanisha Augustine	
Tasha Kaye	
Chris Lafontaine	
Mary Magiskan	
Tom Mattinas	
Micheal McGuire	
Krista Peterson	
Jim Sinclair	
Gordon Williams	Chair, Niigani

Staff in attendance:

Angelo Castellan	VP Environmental Assessment & Corporate Support
Steve Cavan	VP Finance, Chief Financial Officer
Jo-Ann Facella	Director, Social Research and Dialogue (Items 11-13)
Frank King	VP & Chief Engineer
Pat Moran	General Counsel and Corporate Secretary
Elena Mantagaris	Manager, Government & External Relations (Items 11-13)
Gillian Morris	Assistant Board Secretary
Sean O'Dwyer	VP, Human Resources
Pat Patton	Director, Aboriginal Relations (Items 3, 11-13)
Ian Pritchard	VP, Design and Construction
Jamie Robinson	Director, Communications
Sean Russell	Director, Repository Engineering
Kathryn Shaver	VP, APM Engagement and Site Selection

1. Constitution of Meeting and Approval of Agenda

Notice of the meeting having been given to all of the Directors of the Company in accordance with the by-laws and a quorum being present, the Chair declared the meeting duly constituted for the transaction of business and called the meeting to order at 9:00 a.m.

The agenda for the December 2, 2010 meeting was approved.

2. Report from the Independent Technical Review Group (ITRG)

Dr. Alan Hooper joined the meeting to present the ITRG's 2010 report. Dr. Hooper thanked Mr. Nash and the NWMO team for their cooperation in providing the information required to complete their work. Dr. Hooper reviewed and summarized the findings of the report for the Board. He reported that there has been an impressive development of the NWMO Technical Program in the past year and that there is a new focus to the technical work as site selection for APM begins. Dr. Hooper noted that the planned program generally reflects a clear understanding of the issues that are relevant to the current stage of implementation and amounts to a well-focused approach to addressing those issues. He also noted that previous recommendations by the ITRG have either been implemented or their implementation is underway.

The Board discussed the report, in particular the topics of research into both sedimentary and crystalline rock.

3. Meeting with Niigani

Dr. Kugler welcomed Niigani, the working group of the Aboriginal Elders' Forum, to the meeting. Donna Augustine was invited to conduct the opening prayer. The Board Chair noted his appreciation for the commitment and the enthusiasm that the Elders' Forum has brought, which will ensure that Aboriginal Peoples are part of NWMO's process. He noted the importance of the Elders' support of the siting process and the advice they provided to NWMO.

Niigani members provided their views to the Board:

- Niigani members asked the Board to consider the future role of the Elders' Forum and encouraged an ongoing role for the Forum as NWMO moves further into the siting process;
- Elders encouraged NWMO to continue to involve Aboriginal Elders from across Canada and not just those in proximity to potential sites;
- Elders provide an understanding of the relationship to the earth and a spiritual connection to the land and want to ensure the protection of Mother Earth;
- Elders would like to see appointments of new Elders to replace those who have passed away or left the Elders Forum for other reasons;
- Youth members asked to be further informed on NWMO's discussions with Aboriginals in potential site hosting communities;
- Youth members also expressed a need for additional training and ways to engage them and participate with the Elders in the Elders Forum and Niigani;

Board members thanked Niigani for sharing their views and committed to reviewing the future role of the Elders Forum in the near future.

Niigani members withdrew from the Board meeting.

The Board discussed the issues raised by Niigani members. Mr. Nash noted that several members of both the Board and the Advisory Council have offered to assist in the review of the Elders Forum role. He will report back to the Board on recommendations at an upcoming Board meeting (*).

4. President's Report

Mr. Nash updated the Board on developments since the last Board meeting. Milestones in NWMO's relationship building program include:

- Meetings with the Ontario Minister of Natural Resources, and Presidents of the CNSC and CEAA;
- signing an agreement with the Federation of Saskatchewan Indian Nations (FSIN);
- municipal meetings including the Municipal Forum and CANHC; and
- an appearance by NWMO at a Standing Committee of the Senate.

Mr. Nash highlighted some of the complexities, challenges and risks in NWMO's work program in 2011. He noted that provincial elections in both Saskatchewan and Ontario will take place in 2011. The APM design and safety case will become public when submitted to the CNSC in 2011 and the OPG DGR licensing submission will also be filed in 2011. Mr. Nash also reviewed staffing levels and areas where further resources are required.

5. In Camera Session

The Board convened an *in camera* session to discuss the report from the Chair of the Human Resources and Compensation Committee.

The Board also discussed director education, evaluated the 2010 NWMO performance results, reviewed the President's performance and approved related staff compensation matters.

The Board also established an OPG DGR Project Oversight Committee, approved its charter and established its membership. An amendment to the NWMO Board Charter was approved.

IT IS HERBY RESOLVED THAT:

- the OPG DGR Project Oversight Committee Charter is approved as tabled at the meeting; and
- the Board of Directors establishes the OPG DGR Project Oversight Committee in accordance with the approved Charter and appoints the following members to the Committee:
 - Dr. Gary Kugler, Chair

- C. Ian Ross
 - Donn Hanbidge
 - Albert Sweetnam
 - Morris Medd (Technical Consultant)
 - Wolf Seidler (Technical Consultant)
- the Board of Directors' charter be amended as follows:

Directors' and Officers' General Duties

Policies & Procedures

The Board shall establish such policies and procedures not inconsistent with the by-law relating to the management and operation of the NWMO as they deem necessary.

The Board has the responsibility to monitor compliance with all significant policies under which the NWMO operates, including Health and Safety Policy and the Environment Policy.

The Board has the responsibility to ensure that the NWMO operates at all times within applicable laws and regulations, and in accordance with the NWMO's stated values and Code of Business Conduct.

The motion was made, seconded and unanimously passed.

6. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on September 23, 2010, copies having been sent to each member of the Board, were approved.

7. Business Arising from the Previous Minutes

There were no actions from the previous meeting.

8. Report from the Siting Committee

Mr. Jamieson provided a report to the Board on the November 30, 2010 Siting Committee meeting.

Mr. Jamieson reported that the Committee's discussions focused on a number of areas. The Committee was briefed on the process regarding the initial community screenings underway and had a lengthy discussion regarding the communities that have engaged in the siting process so far. The Committee was provided with an update on NWMO's engagement activities and a status report on work underway in the area of transportation. The Committee continued its discussion on work related to community well-being through all phases of the site selection process.

9. Report from the Audit, Finance & Risk Committee

Mr. Ross provided a report from the Audit, Finance and Risk Committee meeting held on November 30, 2010.

Mr. Ross reported that NWMO's actuary reviewed NWMO's Statement of Investment Policies and Procedures (SIPP) at the AFR Committee meeting, recommended some minor modifications, and confirmed that it is in compliance with applicable regulations. The AFR Committee recommended the Board approve the revised SIPP.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the Audit, Finance and Risk Committee, the Board approves the revised Statement of Investment Policies and Procedures as recommended by the external Actuary as proposed.

The motion was made, seconded and unanimously passed.

The Committee also agreed with a recommendation to replace the pension fund investment manager. The Committee received an update on APM planning assumptions and the APM DGR cost estimate.

The Committee reviewed the 2011-2015 NWMO Business plan and recommended that the Board approve it.

The Committee also received updates on the ONFA Reference plan, the pension management committee and management reports. The Committee also reviewed the Board Chair's and the top five executive expense claims and found them to be in order.

10. Report from the Advisory Council

The Hon. David Crombie, Chair of the Advisory Council, provided his report to the Board on the December 1st Advisory Council meeting.

Mr. Crombie reported on several main topics of discussion:

NWMO's Communications Strategy

- The Council suggested that the external landscape on nuclear waste has been significantly changed by the recent extensive media coverage on the transport of Bruce Power's steam generators and the Port Hope initiative. Council suggested that while the NWMO's communications work underway thus far has been excellent, NWMO might review its communication strategy in light of these developments (*).

Mandate and Responsibilities of the Advisory Council

- The Advisory Council discussed its role in relation to providing advice to NWMO on the work on OPG's L&ILW DGR. The Council feels it has obligations to comment on this work, as this work can have a significant impact on NWMO's APM work. Mr. Nash acknowledged the request and will discuss it with the Board at the 2011 February meeting (*).

Aboriginal Relations

- The Council met with Niigani and continues to be very impressed with NWMO's outreach to Aboriginal communities. However, Council suggests reviewing the role of the Elders Forum and Nigani to ensure its productive operation as NWMO moves further into the siting phase of its work. Council offered its assistance to NWMO for this review.

Siting and Audit, Finance & Risk Committee Reports

- Mr. Crombie asked if reports from both of these Committees could be provided on an ongoing basis to the Council.

The Chair thanked Mr. Crombie for his report and noted that management will follow up on the communications strategy and the role of the Elders Forum / Niigani and acknowledged Council's offer to hold a separate session to discuss these particular items.

11. Update on the APM Siting Process

Ms. Shaver provided the Board with an update on developments in the APM Siting Process. Ms. Shaver reviewed the status of the communities engaged in learning more about the APM project and the initial screenings underway. The Board discussed next steps in the process, which include feasibility studies. A director requested management to provide a range of costs associated with each feasibility study (*).

12. Community Well-Being

Kathryn Shaver reported that, at the direction of the Siting Committee, staff has continued to address the topic of community well-being. Staff has been assessing the potential range of impacts that will be borne by communities through different phases of the site selection process.

Board members asked that management develop further detail on the range of potential cost impacts for community well-being through the various stages of the site selection process. (*)

13. Transportation Workplans

Sean Russell reviewed the work plan on transportation related to APM siting for 2011. He noted the principal objectives of the work plan are to: assist potential opinion leaders in responding to transportation-related questions on Canada's used nuclear fuel; develop a framework for assessing the transportation component of the siting feasibility studies; and prepare supporting background material.

Directors discussed the transportation work plan and the importance of keeping NWMO's member organizations informed on NWMO's work on transportation-related matters. Directors also discussed the impact of the extensive publicity of the proposed transportation of Bruce Power's steam generators.

14. APM Planning Assumptions

Ken Nash presented an overview of the reference planning assumptions and timelines being used as a basis for updating the APM DGR reference designs and the lifecycle cost estimates. He noted that many of the details cannot be finalized in the absence of having a site selected, so a number of assumptions have been made for costing purposes. These should not, however, be construed as decisions having been made.

15. APM Cost Estimates Update

Steve Cavan updated the Board on the progress in developing the APM DGR cost estimates. Mr. Cavan reported that a financial risk assessment is underway to assess the confidence levels of the lifecycle APM DGR cost estimate. The risk assessment will include an evaluation of key assumptions to be used in developing the cost estimate.

Directors discussed the timelines for member organizations to review and comment on the cost estimates.

16. DGR EPCM Contract with OPG

In 2009 a services agreement was entered into with OPG for NWMO to carry out the work necessary for OPG to obtain a construction licence for OPG's DGR. That work is now underway and the licence submission will be filed early in 2011. Pat Moran reviewed a new proposed EPCM agreement under which NWMO would also manage and perform the engineering, procurement and construction of OPG's DGR.

In the context of the recommendation that the Board approve the EPCM agreement with OPG, Mr. Moran noted that there were a number of minor issues to be resolved and approval should be subject to resolution of those issues to the satisfaction of management. He reiterated that signing this agreement poses no financial risk for Hydro Quebec and New Brunswick Power, the other two member organizations of NWMO.

Board members discussed:

- the development of the health and safety policies that are required for NWMO to fulfill its obligations as constructor;
- what internal controls are in place and how will NWMO ensure that all costs of this project are borne by OPG; and
- management of financial, safety and environment liabilities.

It was also reported that OPG was reviewing the draft agreement with the Province of Ontario.

IT IS HEREBY RESOLVED THAT:

The NWMO Board of Directors authorizes the President to enter into an Engineering, Procurement, and Construction Management agreement with Ontario Power Generation substantially in the form presented, subject to the resolution of the outstanding identified issues to the satisfaction of the President.

The motion was made, seconded, and passed. In his capacity as an officer of OPG, Donn Hanbidge declared a conflict of interest and abstained from voting on the resolution.

17. 2011-2015 NWMO Business Plan Approval

Steve Cavan reviewed the business planning process and the proposed Business Plan with the Board. He reminded the Board that in September management made a commitment to conduct a review of non-siting APM costs with a view to incorporating a number of cost efficiencies, cost reductions, and the cost impact of possible slippage of work. As a result, the planned expenditures for 2011 have been reduced.

The Board discussed the plan and the level of accuracy of the forecasts for 2011.

IT IS HEREBY RESOLVED THAT:

On the recommendation of the Audit, Finance & Risk Committee the NWMO Board of Directors approves the 2011-2015 five-year business plan as proposed.

The motion was made, seconded and unanimously passed.

18. Triennial Report Preparation Process

Kathryn Shaver provided a status report on NWMO's preparations for its first triennial report to be submitted by the end of March 2011. She reviewed the additional requirements as set out in the *Nuclear Fuel Waste Act*: a progress report for the last three years; plans for the upcoming five years, and the inclusion of independent comments by the NWMO Advisory Council. Ms. Shaver reviewed the timetable for completion of the report.

19. Next Steps on Review of Members Cost Sharing and By-Laws

At the June AGM, Members were briefed on the requirement for review of both the cost sharing arrangements among Members and the NWMO By-Laws at least every five years. Members were invited to provide proposals regarding changes to the By-Laws. One proposal has been received from OPG, but no others have been received. Members will be contacted to determine how they would like to proceed, as a unanimous decision on the OPG proposal is required by all three Members.

20. Management Reports

a) APM Engagement Report

The APM Engagement Report was taken as written.

b) APM Technical Program Report

Sean Russell reported on a briefing with the Canadian Nuclear Safety Commission being held in early December.

c) L&ILW DGR Project Report and Update on DGR Communications

Frank King reported on the readiness for submission for a construction licence for OPG's L&ILW DGR. Angelo Castellan summarized the recent engagement activities and briefings provided in relation to the L&ILW DGR. Reference was made to OPG's ongoing discussions with Saugeen Ojibway Nations. It was confirmed that OPG would likely make the submission as planned before the end of March 2011.

d) Financial Report

The financial report was taken as written.

e) Human Resources Report

The Human Resources report was taken as written.

f) Legal Report

Pat Moran reported that NWMO was successful in the latest appeal brought by the Mushkegowuk Tribal Council.

Mr. Moran also addressed the status of intellectual property arising under waste management work carried out by AECL.

21. Upcoming Meetings

Committee Meetings – Tuesday, February 15, 2011
Board of Directors Meeting – Wednesday, February 16, 2011

Conclusion of Meeting

There being no other business, the Chair declared the meeting adjourned at 4:00 pm.

(* Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair