

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

**convened in Montreal, Québec
on September 25th, 2006
commencing at 8:30 A.M.**

Present

Gary Kugler	Director, Chairman
Ken Nash	Director, President
Laurie Comeau	Director
Fred Long	Director, Chair of Audit, Finance and Risk Committee
Michel Rhéaume	Director

In attendance

Kathryn Shaver	Executive Director, Corporate Secretary
Gillian Adshead	Assistant Board Secretary

Via conference call

Hon. David Crombie	Chair, Advisory Council (Agenda Item 8)
Elizabeth Dowdeswell	Special Advisor to the Board (Agenda Item 5)

1. Approval of Agenda

Dr. Kugler chaired the September 25th, 2006 Board meeting.

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 Chairman declared the meeting duly constituted for the transaction of business and called the meeting to order at 8:30 A.M.

The Agenda for the September 25th, 2006 meeting, as circulated, was approved.

2. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on May 24th, 2006, copies having been sent to each member of the Board, were taken as read and approved.

3. Business Arising from the Minutes

The President reviewed the status of actions arising from the May 24th, 2006 Board meeting, noting that all outstanding actions would be addressed at today's meeting of the Board.

4. Report from the President

In delivering the President's verbal report, Mr. Nash updated the Board on the organization's transition activities. He reviewed the plans in progress to expand the capability of the organization and prepare the NWMO for its future implementation mandate. Implementation would require that NWMO develop a sustaining organization with permanent staff and an expanded base of capabilities which broadens the technical and financial expertise available to NWMO as well as expanding the existing social and ethical research capability.

The President reviewed NWMO's participation in a range of briefings and meetings convened since the last Board meeting. He reported that the NWMO continues to respond to requests for presentations. Two such sessions were attended by NWMO staff in Uranium City, and Ile-a-la-Crosse, Saskatchewan. As part of this update, the President reported on his meeting with representatives of Securad to brief them on NWMO's mandate under the *Nuclear Fuel Waste Act* and provide clarification on the status of the NWMO's activities in the transition period preceding the government decision.

In reporting on plans under development for the Elders' Forum that NWMO will be convening in Toronto on October 11th to 13th, the President invited the Board's participation. He reported that NWMO staff have continued their exploration of lessons learned and case studies on innovative practices in collaborative project management through research and issue table discussions.

Looking ahead, the President reviewed upcoming meetings, including the continued work of NWMO Members on the final drafting of a new membership agreement, to confirm cost-sharing and decision-sharing amongst member companies for the implementation phase. Drafting of a new by-law to support implementation is also in progress.

The President highlighted a range of preparatory activities planned for Fall 2006 to support the future collaborative design of a siting process and capacity building to create conditions for successful implementation.

5. Update on Siting Plan Preparation

Liz Dowdeswell, Special Advisor to the Board, updated the Board on some preliminary considerations for the development of a siting process that seeks to be both adaptive and collaborative. In outlining her underlying assumptions and objectives for the project she highlighted the need to be consistent with commitments made in the Final Study report. She reviewed the four phases of illustrative activities and the associated resource requirements. Ms. Dowdeswell noted preliminary discussions convened with practitioners for the purpose of gaining insights and identifying lessons learned to help inform the design of NWMO's future siting process.

Ms. Dowdeswell invited the Board to comment and ask questions regarding her plan.

Extensive discussion ensued as Directors discussed the proposed approach and timing for development of the siting process, asked questions and sought clarification on the intended scope of opportunities that would be provided to invite public input into the process of developing the siting plan. In discussion, Directors emphasized the importance of continuing preparation for public inquiries about the siting process development following a government decision.

The Chairman thanked Ms. Dowdeswell for her very informative briefing on her preliminary plans.

6. Report from the Chairman

The Chairman reviewed the proposed timelines, process and criteria to guide the search for new directors for the purpose of broadening the membership of the NWMO Board. As recommended by the Advisory Council and from input received during the Study, the Board was in agreement that the Board should be broadened to include perspectives beyond the nuclear industry. The Board confirmed its desire to broaden its composition through appointments of directors with a diversity of skills, capabilities and perspectives. The Chairman reported that a director search process would be launched in Fall 2006.

In addition, the Chairman reviewed proposed timelines and processes for extending existing Advisory Council appointments and for reviewing future membership needs of Council. Following discussion, the Board concurred with the Chairman's proposal that current Advisory Council appointments be extended through to the end of June 2007.

7. Board Committees

The Chairman invited discussion around a proposal to create a new Siting Committee of the Board of Directors to oversee the development and future implementation of the siting process. Siting will be a major area of operational activity for NWMO during the first phase of the implementation mandate.

Discussion ensued as Directors considered the value of establishing a Siting Committee as a prudent vehicle for assisting the Board in its oversight obligations of this key area of activity. It was agreed that a terms of reference for a Siting Committee would be drafted for Board review. (*)

The Chairman reported that the need for any additional Board committees, or other oversight structures, would be considered as the organization prepares for its next mandate.

8. Report from Advisory Council

At the invitation of the Chairman, Mr. Crombie provided an update to the Board on the Advisory Council meeting convened September 21, 2006.

Mr. Crombie reviewed the agenda and discussion from the September 21st meeting. In reviewing meeting highlights, he noted that the Council received an update from the President regarding NWMO's activities and the transition planning in progress as the organization prepares for its implementation mandate.

Jo-Ann Facella provided an extensive briefing for Council on her work to date in learning from practitioners and researching siting case studies and considerations for the development of an appropriate siting process in Canada. Discussion with Council ensued as Ms. Facella reviewed different participatory processes and several international examples. Liz Dowdeswell provided information to the Advisory Council on her initial workplan in respect of the two-year development of a collaborative siting process.

The Advisory Council received a briefing on activities and meetings with Aboriginal peoples. NWMO reviewed an outline of the upcoming Elders' Forum for Council discussion, and invited Advisory Council participation in the Forum, scheduled for October. The Council also received reports from Sean Russell regarding the latest international developments on decision-making around long-term nuclear waste management.

Mr. Crombie expressed his appreciation to the Board Chairman and President for the collaborative dialogue they invited with Council on the topic of NWMO governance for the next phase. The Council is pleased to continue its discussions with the Board on the requirements of NWMO and the Advisory Council role and membership for the next phase.

The Board Chairman thanked Mr. Crombie for his update.

9. Strategic Planning

The Board Chairman and NWMO President reviewed a proposed process for the Board's strategic planning in 2007 to support development of a five-year strategic plan.

The Board concurred with the proposal to undertake strategic planning in early 2007, recognized to be a key Board responsibility in setting the overall direction for the five-year planning period. The Board confirmed its interest in discussing this item further at the November meeting. Upon the Board's suggestion, the NWMO will consider independent facilitation of the strategic planning session. (*)

10. 2007 Business Plan and Budget

The President reviewed the Business Plan and Budget and sought Board approval on the budget envelope and overall direction for 2007.

The President profiled the key elements of the Business Plan that had been distributed to Directors in advance of the meeting:

- i. collaboratively developing a siting process; and
- ii. creating conditions and building capacity for successful implementation.

The 2007 Business Plan and Budget consolidates for the first time, the social research and engagement work of the NWMO with the technical research program and financial analysis.

The Plan sets out a preliminary projection of budgetary requirements for the next five-year period. These multi-year projections will be refined over the course of next year:

- o NWMO will review with the Board a detailed process for strategic planning in 2007 to set the overall direction and goals for NWMO for a five-year planning period. NWMO will work with the Board to map out the strategic underpinnings for designing the siting process and building the conditions for successful implementation.
- o The five-year strategic plan will form the foundation from which the 2008 and subsequent annual business plans may be developed.
- o Much of NWMO's proposed work for early 2007 is intended specifically to inform the strategic planning process and guide NWMO in setting corporate objectives and goals.

Until such time as the government makes a decision on the recommend management approach, NWMO will not formally assume its implementation mandate. These considerations were taken into account in formulating the 2007 business plan and proposing the 2007 budget envelope. The business plan proposed to the Board on September 25 assumes a government decision will occur prior to year-end 2006 and will have a total planning envelope for 2007 of \$18 million. Of this amount, the 2007 Business Plan identifies separately:

- o The portion of the plan to be carried out irrespective of a government decision. This includes social and technical research, compliance and limited engagement activities. This part of the plan is costed at approximately \$15.7 million; and
- o The portion of the plan that would not be carried out until a government decision.

The President reported that he was seeking Board approval on the first part of the budget envelope, the \$15.7 million to fund work that is required irrespective of a government decision in 2007.

The Chairman invited Board discussion of the proposal. Extensive discussion ensued as Directors commented on the proposed plans and budget. In discussion, Directors expressed support for the overall direction proposed. Mr. Long noted that the draft plan had been previously reviewed by the Audit, Finance and Risk Committee. In discussion, the Board emphasized the importance of expanding NWMO's capability and resources to support an active implementation mandate. Issues covered in this discussion were the pace of expansion and the importance of succession plans to ensure a viable, long-term operation.

The Board discussed and concurred with the proposed directions and budget envelope for the 2007 Plan. It was agreed that consistent with these directions a refined 2007 Business Plan would be prepared for tabling with the Board in November 2006 that streamlines and sets priorities for the 2007 workplan. (*)

Following a government decision on a management approach, NWMO proposes to bring forward for Board consideration and approval the supplementary budget envelope for 2007 in respect to initiating implementation of a government decision, estimated at \$2.3 million. (*)

IT IS HEREBY RESOLVED:

THAT the NWMO Board of Directors:

- Approve the 2007 business plan subject to refinements to the 2007 workplan to be presented to the Board of Directors in November 2006;
- Approve a budget envelope of \$15.7 million for the NWMO's financial year ending December 31, 2007, in respect of required preparatory work in advance of the government decision on a management approach; and
- Following a government decision on a management approach, direct NWMO to bring forward for Board consideration and approval the supplementary budget envelope for 2007 in respect of initiating implementation of the government decision, estimated at \$2.3 million.

The motion was made, seconded and unanimously passed.

11. Office Accommodation

The President reported on NWMO's plans in progress to obtain expanded office accommodation by early 2007 to support an expansion of NWMO staff resources. In this regard, the President sought Board approval to enter into a lease for NWMO's future office accommodation. Mr. Nash reviewed the estimated cost of a five-year lease and leasehold improvements for the new space. It is planned to fund NWMO's portion of the leasehold improvements for the new office space from the NWMO's approved 2006 budget.

The President invited discussion and addressed questions of directors.

In expressing support for the proposal, the Board agreed that the 2006 budget allocation could be applied toward leasehold improvements for the new office accommodation. In anticipation that some leasehold improvement activities will carry over to 2007, the Board proposed that NWMO seek Members' consent to allow NWMO to retain 2006 funds that are unspent at year end that would otherwise be credited to individual members against amounts payable under the NWMO membership agreement. NWMO undertook to follow up with Members at the appropriate time to seek their written confirmations of this understanding and waive their entitlements to the credit provision. (*)

IT IS HEREBY RESOLVED:

THAT Pursuant to Sections 8.10.3, 8.10.6 and 12.2 of By-Law No. 1 of the Nuclear Waste Management Organization,

- That the Board of Directors authorize the President and CEO to enter into a lease, sub-lease or contract for the rental of office accommodations for the organization for a period of five years valued at \$2.8 million, and to contract for leasehold improvements up to \$1.1 million.
- That the Board of Directors authorize the NWMO to fund the leasehold improvements for the new office accommodation from within the approved 2006 budget provision.

The motion was made, seconded and unanimously passed.

12. Update from the Audit, Finance and Risk Committee

Mr. Long delivered a report on the Audit, Finance and Risk Committee meeting convened September 7, 2006.

In reviewing the items addressed by the Committee, Mr. Long noted the regular reports received as part of the NWMO's internal controls. He reported on the Committee's discussion around ensuring effective expense guidelines and policies and strong internal controls for accountability within the organization and continuing to build good governance practices as the organization expands for the implementation phase. A Board discussion followed regarding the possible future need for other internal audit functions as NWMO transitions to the implementing organization. The Chairman proposed that this matter of internal audit be considered at the next meeting of the Audit, Finance and Risk Committee.
(*)

Dr. Kugler withdrew from the meeting.

13. Appointment to the Audit, Finance and Risk Committee

The Chairman of the Audit, Finance and Risk Committee tabled a proposal to nominate a third member to the Audit, Finance and Risk Committee.

Mr. Long noted that the terms of reference of the Audit, Finance and Risk Committee provide that there shall be three directors. The Board agreed that it was both desirable and appropriate for a third member to be appointed to the Committee at this time.

IT IS HEREBY RESOLVED:

THAT the Board of Directors appoint Dr. Gary Kugler to the NWMO Audit, Finance and Risk Committee.

The motion was made, seconded and unanimously passed.

It was recognized that at such future time as the NWMO Board is expanded to include additional external directors, the Board may wish to review Committee Membership.

Dr. Kugler re-joined the meeting.

14. Remuneration for External Auditors

The Audit, Finance and Risk Committee brought forward a proposal for Board approval concerning the level of remuneration for the external audit of NWMO's 2006 financial year. It was noted that the fee for the 2006 year-end audit is unchanged from that of the 2005 audit.

IT IS HEREBY RESOLVED:

That remuneration of the external auditors, for undertaking the external audit of NWMO's financial statements for the fiscal year 2006, be confirmed at \$18,500 in audit fees, plus applicable taxes and associated administrative expenses.

The motion was made, seconded and unanimously passed.

15. Quarterly Financial Statement

The President presented the Board with a summary of expenditures for the second quarter of 2006. He reported that the second quarter expenditures tracked within (slightly below) the quarterly budget provision for 2006.

16. In-Year Budget Projections

The President delivered an updated projection of year-end expenditures for 2006. Total year-end expenditures are projected at \$3.356 million, which foresees a requirement of \$91,000 in previously-approved contingency provisions to complete the work programs under way at NWMO. In addition, subject to the terms of the lease presently under negotiation for NWMO's new office accommodation, some expenditures may be made in 2006 in respect of leasehold improvements for the new office space.

17. Future Meetings

The Chairman reviewed a list of items for potential discussion at November's Board meeting and invited Board comment and discussion.

A joint dinner of the Board and Advisory Council will be held on the evening of **November 23, 2006**.

The last 2006 meeting of the Board of Directors is scheduled for **November 24, 2006**.

Conclusion of Meeting

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

(*) Denotes actions to be taken.

Kathryn Shaver
Corporate Secretary

Dr. Gary Kugler
Chairman