

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

September 27, 2007

AGENDA

1. Approval of Agenda
2. Approval of By-laws and Membership Agreement
3. Remuneration for External Auditors
4. Minutes of Previous Meetings
5. Business Arising from the Previous Minutes
6. Siting Committee Membership
7. Update from the Siting Committee
8. Update from the Audit, Finance and Risk Committee
9. Update from Advisory Council
10. President's Report
11. Update on Social Research and Engagement
12. Update on Technical Program
13. Quarterly Financial Statement
14. Draft of the Five-Year Business Plan and Budget
15. Business Risk
16. Process for Developing Draft Funding Formula
17. Update on Revised Advisory Council Membership Review
18. Initial Proposal for Technical Oversight
19. Organization / Staffing Capability Status
20. Labour Relations
21. 2008 Board Calendar
22. Next Meeting of the Board
23. *In-camera* Session

Conclusion of Meeting

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, QC
on September 27, 2007
commencing at 10:30 a.m.

Present

Gary Kugler	Director, Chairman
Ken Nash	Director, President & CEO
Ron Jamieson	Director
Josée Pilon	Director
Deborah Poff	Director
Ian Ross	Director
Sharon MacFarlane	Director (items 1 -3)

In attendance

Kathryn Shaver	Vice President, Corporate Affairs and Corporate Secretary (except item 23)
Gillian Adshead	Assistant Board Secretary (except item 23)
Angelo Castellan	Treasurer, Chief Financial Officer (except item 23)
Frank King	NWMO (except item 23)
Liz Dowdeswell	Special Advisor to the Board (item 6 only)
Brian Story	Contractor (item 20 only, via conference call)
Karen Smith	Legal Counsel, Gowlings (item 2 only, via conference call)
David Crombie	Advisory Council Chair (item 9 only, via conference call)

1. Approval of Agenda and Constitution of Meeting

Dr. Kugler chaired the September 27, 2007 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 10:30 a.m.

The Agenda for the September 27th, 2007 meeting was approved with agreement that the agenda items relating to Approval of the By-Laws and Membership agreement and Remuneration for External Auditors be moved to the beginning of the meeting in order for them to be discussed in the presence of all Directors.

2. Approval of By-laws and Membership Agreement

The Chairman invited the President to introduce the By-laws and Membership Agreement that had been brought forward for Board approval.

The President reviewed the context for NWMO's general By-Law, noting that Directors developed the original general By-Law in 2002, at which time the By-Law was filed with Industry Canada and formed the basis for the issuance of the corporation's original letters patent. The By-Law addresses membership, the powers and duties of the Board and officers, conduct of meetings and conduct of the administrative affairs of the organization. Mr. Nash noted that the current Membership Agreement specifies that, upon the Government of Canada selecting one of the proposed approaches for the management of used nuclear fuel, NWMO Members must review, amend and restate the By-Law. This is required in order to provide the NWMO with the objectives, governance and other matters as may be necessary or desirable to direct NWMO in its execution of the government decision and its fulfillment of its legislative obligations under the *NFWA*.

The President outlined the context for the NWMO Membership Agreement. The original Agreement was developed in 2002 by the founding NWMO Members (Ontario Power Generation, NB Power and Hydro-Québec) consistent with their obligations under the *Nuclear Fuel Waste Act (NFWA)*. The Agreement clarifies Member roles and responsibilities in furtherance of objectives of the *NFWA*. Mr. Nash noted that the original Membership Agreement was developed against the NWMO objectives for the study period. A new Agreement is required to confirm Member roles, responsibilities and cost-sharing arrangements for NWMO's annual operating funding for the implementation of the approach selected by Government.

The President noted the significant advance collaborative work of NWMO Members in 2006 and 2007 to prepare the new By-Law and Membership Agreement for implementation, in anticipation of the government decision. Further to that work, and with a government decision received on the management approach on June 14, 2007, the governing documents are now ready for adoption.

The Chairman invited comments and Board discussion on the documents presented for approval. Directors from Hydro-Québec and NB Power noted that their earlier comments had been incorporated. Directors requested that some additional minor editorial amendments be addressed in the course of finalizing the documents for signature, subject to final review by the Chairman. Directors further proposed that NWMO Board approval of the Membership Agreement be subject to all Members confirming agreement with their respective cost-sharing allocations specified in the Agreement.

Supplementary Letters Patent

The Corporate Secretary stated that it was necessary to approve By-Law No. 5, being a By-Law authorizing the application for Supplementary Letters Patent amending and varying the provisions of the Letters Patent by deleting Part III of the Letters Patent concerning the objects of the Corporation and replacing it with the following:

“The objects of the Corporation are as follows:

- (a) To ensure Nuclear Fuel Waste is managed in a safe and socially, financially and environmentally responsible way in the long term;
- (b) To implement the decision by the Government for adaptive phased management with an end point of a deep geologic repository consistent with the requirements of all applicable Laws;
- (c) To develop and operate one national facility in accordance with the decision of the Government of Canada and the mandate assigned to the Corporation by the *Nuclear Fuel Waste Act*; and
- (d) To make progress on adaptive phased management consistent with the need for this generation to ensure safe long-term Nuclear Fuel Waste Management.”

IT IS HEREBY RESOLVED THAT:

By-law No. 5, as set out in Schedule "A" attached hereto, is hereby approved.

The motion was made, seconded and unanimously carried.

By-Law

The Chairman stated that it was necessary to approve By-Law No. 6, being a by-law amending By-Laws No. 1 and 4 of the Corporation, as set out in the Schedule “B” attached hereto.

IT IS HEREBY RESOLVED THAT:

Subject to any final copy edits/minor editorial enhancements and final approval of the Chairman of the Board, By-Law No. 6, as set out in Schedule "B" attached hereto, is hereby approved.

The motion was duly made, seconded and unanimously carried.

Membership Agreement

The Chairman stated that it was necessary to approve a membership agreement, as set out in the Schedule "C" attached hereto. The Directors discussed the sequencing of the approvals of the By-laws and Membership Agreement. The Board agreed to approve the Membership Agreement pending approval by the Members on the cost share percentages, any final copy edits or minor editorial enhancements, and final approval of the Chairman of the Board.

IT IS HEREBY RESOLVED THAT:

Subject to any final copy edits/minor editorial enhancements, final approval of the Chairman of the Board, and agreement of the Members on the percentage cost share in Section 5.03 (c), the Membership Agreement, a draft of which is set out in Schedule "C" attached hereto, is hereby approved.

The motion was duly made, seconded and unanimously carried.

All agreed that the effective date of the Membership Agreement should be the date of the Special General Meeting of Members that will be scheduled to approve the By-Laws.

Following the approval of the governing documents, Ms. MacFarlane commented that she had been involved as NB Power's representative throughout the lengthy development of the revised By-Law and Membership Agreement. She expressed to the Board her satisfaction with what she observed to be a very respectful, collaborative process through which the member companies worked with NWMO in good faith towards a common goal.

In reviewing next steps in the approval process, the President noted that a Special General Meeting of NWMO Members would be convened on October 24 via conference call for the purpose of seeking unanimous approval of the By-Laws, after which the By-Laws would be circulated for signatures amongst the Members and then filed with Industry Canada for approval. Following the October Members' meeting, original copies of the Membership Agreement will be circulated for Member company signatures.

3. Remuneration for External Auditors

The Chair of the Audit, Finance and Risk Committee brought forward, for Board approval, the Committee's proposal with respect to the remuneration for the external auditors for NWMO's upcoming three fiscal years.

By way of background, Mr. Ross noted that NWMO Members, at their June 2007 meeting, had appointed Deloitte & Touche as the auditors for the fiscal years of 2007, 2008 and 2009. The NWMO By-Laws now require the Board of Directors to establish the remuneration to be paid to the selected auditors.

Mr. Ross reported that the Audit, Finance and Risk Committee having duly considered and approved for recommendation to the Board a proposed schedule of remuneration for the conduct of the 2007, 2008 and 2009 year-end audits at its September 7, 2007 meeting, is pleased to bring forward a proposal for the Board's consideration.

IT IS HEREBY RESOLVED THAT:

Remuneration of the external auditors, for undertaking the external audit of NWMO's financial statements for the fiscal years ending December 31, 2007, 2008 and 2009, be confirmed as proposed, plus applicable taxes and associated administrative expenses.

The motion was duly made, seconded and unanimously carried.

4. Minutes of Previous Meetings

Copies of the minutes of the meeting of the Board of Directors held on June 14, 2007 having been sent to each member of the Board were approved after review and some minor revisions.

5. Business Arising from the Previous Minutes

The President reviewed the outstanding actions arising from the previous Board meeting. All of the actions were reported to be either on the current Board agenda for discussion, completed or in progress.

6. Siting Committee Membership

The Board Chairman made a recommendation to the Board to appoint a third member of the Siting Committee.

IT IS HEREBY RESOLVED THAT:

Effective September 27, 2007:

the following person be appointed to the Siting Committee of the Board of Directors, until such time as her successor is elected or appointed:

- o Ms. Sharon MacFarlane.

The motion was made, seconded and passed unanimously.

7. Update from the Siting Committee

In his role as Chair of the Siting Committee, Mr. Jamieson reported on the Committee's inaugural meeting convened September 27, 2007. Special Advisor to the Board, Liz Dowdeswell, also joined the Board meeting for this update item.

Mr. Jamieson reviewed the items that had been discussed with the Committee. He noted that Committee business included review of the Siting Committee charter and related organizational matters. He reported that it may be determined in future that more than three meetings may be required annually to support the Committee work. The Committee Chairman noted that the Board retains overall responsibility for the siting process and the Committee will report regularly to the Board.

In addition, the Committee received a number of background presentations by staff including a review of intentions set out in the NWMO Final Study concerning siting, and some lessons learned from siting case studies from other projects and jurisdictions. Also for context, the Committee was briefed on the draft engagement plans under way by the NWMO to support its overall workplan. Ms. Dowdeswell reported that she had reviewed with the Siting Committee the draft planning assumptions to support the collaborative development of the process for site selection, and the preparatory work under way to support that future phase of work.

8. Update from the Audit, Finance and Risk Committee

As Chairman of the Audit, Finance and Risk Committee, Mr. Ross, reported on the recent Committee meeting convened on September 7, 2007. He reported that NWMO is projecting a modest surplus in the budget at the year end. Items addressed by the Committee included auditor remuneration, the draft funding formula under development, and the establishment of an expert panel to review the funding formula. The Committee reviewed both the President and Chairman's expenses and found them to be in order.

In addition, further to the discussion of the Committee, minor updates were proposed for the Committee Terms of Reference and Charter. The revised Terms of Reference and Charter were brought forward for Board approval.

IT IS HEREBY RESOLVED THAT:

the Terms of Reference and Charter for the Audit, Finance and Risk Committee be adopted pending minor editorial suggestions made by the Board.

The motion was made, seconded and passed unanimously.

9. Update from the Advisory Council

The Chairman of the Advisory Council joined the meeting via conference call to provide the Board with highlights from the last Advisory Council meeting held on September 13, 2007.

Mr. Crombie's report referenced Council discussion with respect to:

- NWMO's activities since receiving the government decision in June, including work to finalize the membership agreement and new By-Law; recent meetings with Niigani, the Elders Forum and municipal associations; and the Aboriginal summer program. Mr. Crombie noted that Council member Donald Obonsawin had attended the recent Elders' Forum, along with one of NWMO's Board members, and suggested to Council that it is good practice to have Board, Council and staff all represented at such key meetings.
- NWMO's draft engagement plan under development for the 2007-2009 period. It was reported that the Council was very supportive of NWMO taking the time needed to build relationships before starting siting design discussions.

- Key elements of NWMO's draft five-year business plan, on which Council was invited to comment. Council had advised NWMO on the importance of producing performance measures for the business plan as an accountability framework. There was agreement that the peer review processes would be important. Council emphasized the importance of demonstrating integrity of the technical program within Canadian and international scientific communities.
- An update from Liz Dowdeswell on work in progress to prepare for the collaborative development of the process to guide site selection.
- The process under way to review Advisory Council membership for the next phase of operations.

Mr. Crombie invited Board questions and discussion.

Discussion ensued, as directors inquired as to the Council's reaction to the June government decision to accept Adaptive Phased Management. Mr. Crombie reported that Council was pleased with the decision. He also noted that Council is concerned that NWMO's work may become linked to the broader discussion ongoing regarding nuclear expansion.

Directors, noting their desire to ensure that sufficient time is afforded NWMO to undertake future phases of public engagement, inquired as to Council's perspective on this matter. Mr. Crombie confirmed that Council is also very supportive of NWMO taking the time required to build relationships prior to starting dialogues on the topic of design of a process for site selection. He reported that Council underscored that NWMO must take the time required to properly engage and that it not be held to arbitrary time lines. Council expressed concern that NWMO's suggested time frames for the phases of engagement outlined may be unrealistic. Council acknowledged the complexity in determining the extent to which relationship-building is needed before siting dialogues begin, and determining the amount of time required to do this. Council suggested that NWMO should take stock in early 2008 on its progress. Council also acknowledged NWMO's challenge of determining whom to engage, recognizing the scope is broad and includes the four nuclear provinces, and NWMO must scale its dialogue to a realistic scope.

10. President's Report

The President updated the Board on NWMO's activities since the June 14, 2007 government announcement of its selection of Adaptive Phased Management, noting in particular:

- The continued development of NWMO's staffing capability;
- The drafting of the business plan and budget for the upcoming year;
- The review under way of the Advisory Council membership for the next phase;

- Meetings of Niigani (the Aboriginal Working Group) and the Elders' Forum convened over the summer, and other recent engagement activities; and
- The four cooperation agreements now in place with other countries to support the NWMO's technical program.

11. Update on Social Research and Engagement

At the invitation of the Chairman, Ms. Shaver reviewed highlights of social research and engagement activities since the last Board meeting. Activities in areas of community/municipal engagement, Aboriginal engagement and, government briefings were reviewed, in addition to plans to re-engage individuals and organizations.

Discussion ensued as the Board sought clarification and offered comments on the planned engagement and research.

Director Deborah Poff reported on her attendance at the recent meeting of the Elders' Forum. She reported having received a very positive reaction from the participants on her attendance at the meeting and found it to be a very valuable experience.

12. Update on Technical Program

The Chairman invited Frank King to review highlights of the Technical Program.

As part of this update, it was reported that an international agreement was signed with the French waste management organization, Andra and expectations are that an agreement will be signed in the near future with the Swiss organization NAGRA. It was reported that demands are increasing for presentations from technical staff to universities and noted several upcoming presentations. In the Board discussion that followed, the Chairman emphasized the importance of NWMO staying abreast of international developments, including evolving regulatory standards.

13. Quarterly Financial Statement

Chief Financial Officer, Angelo Castellan, provided the Board with a financial update for the second quarter of 2007. The report had been previously reviewed by the Audit, Finance and Risk Committee.

It was reported by Mr. Castellan that cash flow reports have been refined and reflect cash flows to end of 2007. The year-to-date expenditures are on target, with the cost of the office move reported to come in just under budget. It was reported that funding members are up to date with their respective contributions and it is anticipated that there will be a modest cash surplus at the end of the year.

The Chairman opened the floor to questions and comments.

14. Draft Five-Year Business Plan and Budget

The President introduced the draft of NWMO's five-year business plan and budget.

Mr. Nash noted that the plan provides preliminary views on how NWMO will implement Adaptive Phased Management consistent with draft strategic objectives established earlier this year. The plan assumes a phased approach with decision points between each phase. The plan includes a social and technical research program aimed at building the foundation for medium and longer term progress.

The President invited Ms. Shaver to review business planning assumptions concerning public engagement. The near-term engagement plan and sequencing of specific activities were outlined. In reviewing draft plans for phased engagement, Ms. Shaver noted the importance of taking stock at each phase, to determine readiness to transition from one phase to the next. For this reason, firm timelines had not been set. Mr. Nash reported that NWMO is carefully examining the scope of engagement that can be realistically achieved over the next year with the existing resources. Refinements to the draft engagement plan will be made before the Board is asked to approve the NWMO business plan at its November meeting.

The President reviewed with the Board the preliminary costing of the five-year plan noting that costs are subject to refinement based on further detailed planning assumptions regarding the level of engagement and progress of the workplan. A key decision will be to determine the amount of work that can be realistically completed in the upcoming year with NWMO's current staffing levels. Also important will be refining the performance measures for the work.

Directors were invited to table questions or provide comment on the draft business plan and budget. In the extensive discussion that followed, directors sought details on the technical program and comparable work being undertaken in other jurisdictions. The Board agreed that NWMO should realize progress while moving at a measured pace. The Board expressed its concurrence with the Audit, Finance and Risk Committee and Advisory Council concerning the need for elaborated performance measures. Directors sought clarification on various activities and budget items. Directors suggested that NWMO may need to plan for a higher level of growth in staffing levels above current projections.

The Chairman thanked NWMO staff for bringing forward a strong draft of the business plan. The President confirmed that a refined plan would be brought forward to the Board for approval in November.

15. Business Risk

The President introduced the subject of business risk for discussion with the Board. He noted that business risk is an item also reviewed on a regular basis by the Audit, Finance and Risk Committee. Discussion amongst directors ensued, as Mr. Castellan outlined a number of suggestions made previously by the Advisory Council and the Audit, Finance and Risk Committee regarding the types and levels of risk. In concluding, he reported that the NWMO management team continues to assess risks on a quarterly basis.

16. Process for Developing the Draft Funding Formula

Mr. Castellan was invited to review the process for finalizing the funding formula that is to be submitted to the Minister of Natural Resources in March 2008 as required by the *Nuclear Fuel Waste Act*.

It was reported that a third-party review of the draft funding formula has been initiated and will be completed by the end of October. Mr. Castellan reviewed the composition of the expert panel that will undertake the review. He reported that the Audit, Finance and Risk Committee requested a special meeting to review the expert panel report.

Following this review, the formula will be refined. It is currently planned that the Board will be asked to approve the funding formula at its November meeting.

The Board was invited to discuss and comment on the process for developing the funding formula. The Board discussed the draft terms of reference and the proposed members of the expert review panel. The Board also requested that the information provided to the experts on the review panel also be sent to the NWMO Members and that the Members receive the panel report as soon as it is available.

17. Update on Revised Advisory Council Membership Review

The Chairman invited the President to provide an update to the Board on the review of the Advisory Council membership for the implementation phase.

The President reviewed NWMO's overall governance and management structure with the Board, and described the legislated role of the Advisory Council set out in the *Nuclear Fuel Waste Act*.

An update on the process of reviewing the Advisory Council membership was given by Kathryn Shaver. She noted that, further to the direction at the June Board meeting, NWMO had engaged a firm to coordinate membership review and candidate search. This firm has since conducted interviews with all existing nine Council members, to invite their perspectives on Council competency requirements and their respective interests in serving another term, should they be invited to stay on. Ms. Shaver reported on the results of these interviews and reviewed with the Board some areas of expertise and competencies against which a candidate search is proposed to proceed.

The Board was invited to discuss and comment on the process outlined.

The Board agreed that management would interview prospective Council members and propose candidates to the Board for approval. The Board also agreed that staggered terms of service would be preferable to manage change in requisite expertise over time while preserving some institutional continuity within the Council.

Management committed to conduct interviews and bring forward a suggested candidate list and new Terms of Reference, with recommended terms of service, for Board consideration and approval at its November meeting. To facilitate this November Board decision, management was directed to obtain NB Power's and Hydro-Québec's intent regarding their respective appointees. (*)

The Board also requested more timely feedback from the Advisory Council meetings. It was agreed that the minutes of the Advisory Council meetings would be e-mailed to the Board once minutes are approved at a Council meeting. (*)

18. Proposal for Oversight of Technical Program

The Chairman invited Frank King to outline to the Board the draft proposal regarding the formation of an Independent Technical Review Group (ITRG). The Chairman noted that this proposal was in response to the Board's request to establish a means by which the NWMO technical program would be reviewed by an independent group of technical specialists. The Chairman emphasized the importance of external independent review of the technical program.

The Board was asked for comment on the proposal for technical oversight.

In the ensuing discussion the Board addressed matters of appropriate size of the review group, breadth of expertise required and scope of Canadian and international representation. Board members suggested that the review group report annually, in-person to the Board as well as in-person to the Advisory Council at one of its scheduled meetings. (*)

Mr. King reported that the proposal would be further refined, and brought forward to the Board at the November meeting.

19. Organization / Staffing Capability Status

The President updated the Board on the status of NWMO's core staffing capability and future staffing plans. It was reported that NWMO has increased core staffing from eight full-time equivalent temporary employees in December 2006 to 25 full-time equivalents.

Mr. Nash reported that the current reference planning assumption is to further increase this to 38 full-time staff by mid 2008. He noted that further detail planning is underway on the 2008 engagement work plan and the level of core staffing resources needed to support the plan. As a result of this and a preliminary review of succession planning, the proposed staffing levels may likely increase. The President emphasized that further consideration was being given to whether the proposed growth would be sufficient to undertake the work-plan proposed. He noted further, the intent to hire a full-time Director of Human Resources to provide dedicated support to NWMO on matters of recruitment, training and development and succession planning. The President outlined the areas of staffing that were being considered and asked the Board for their thoughts on the projected staffing level.

The Board considered and discussed the possible areas of staffing that may be augmented. Some directors raised for discussion whether or not the Board should establish a human resources committee of the Board. It was agreed that this will likely be required at some point in the future. However, it was agreed that at present, it is appropriate for the full Board to deliberate on the key human resource and labour relations items.

20. Labour Relations

The President reviewed the deliberations regarding NWMO's long-term staffing plans and outlined different options for future plans, with a long-term objective of achieving a fully independent organization with fully dedicated employees.

The Board had a lengthy discussion concerning alternative long-term staffing options. The President stated that it is NWMO's intention to work cooperatively with the unions in its process to achieve the long-term objective.

The Chairman asked the President to provide an update on this topic at the next Board meeting.

21. 2008 Board Calendar

The Chairman proposed that the dates for the 2008 Board Meetings be confirmed. All Board members were in agreement with the calendar as proposed.

It was noted that a shift in the date of the December Audit, Finance and Risk Committee meeting was required.(*)

22. Next Meeting

The Board was reminded that its next meeting will be held on November 9, 2007 at the NWMO office at 22 St. Clair Avenue East. The Board will also meet with Niigani, the Aboriginal Working Group during its next meeting.

23. In-Camera Session of the Board

The Board members met in-camera.

Conclusion of Meeting

There being no other business, the Chairman declared the meeting terminated at 3:45 pm.

(*) Denotes actions to be taken.

Kathryn Shaver
Corporate Secretary

Dr. Gary Kugler
Chairman