

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

February 19, 2009

AGENDA

1. Approval of Agenda
2. Minutes of Previous Meeting
3. Business Arising from the Previous Minutes
4. Report on Wider Cooperation on Low and Intermediate Level Waste
5. Adapting to Change (New Build)
6. Preparatory discussion for meeting with Associate Deputy Minister
7. Meeting with Associate Deputy Minister, Natural Resources Canada
8. *In camera* session
9. Report from the Audit, Finance & Risk Committee
10. Report from the Siting Committee
11. President's Report
12. Management Reports
13. Design of the Site Selection Process
14. Business Risk
15. 2009 NWMO Performance Objectives and Measures
16. Disposition of Independent Technical Review Group (ITRG) Recommendations
17. Disposition of Niigani Comments / Suggestions
18. Low and Intermediate Deep Geological Repository (L&ILW DGR) Community Relations
19. *In Camera* session
20. Next Meeting of the Board

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 Toronto, ON
on February 19, 2009
commencing at 9:00 a.m.

Present

Gary Kugler	Director, Chairman
Pierre Charlebois	Director
Donn Hanbidge	Director
Ron Jamieson	Director
Sharon MacFarlane	Director
Ken Nash	Director, President & CEO
Josée Pilon	Director
Deborah Poff	Director
Ian Ross	Director

Staff in attendance

Angelo Castellan	VP Environmental Assessment & Corporate Support (except item 8)
Jo-Ann Facella	Director, Social Research and Dialogue (items 11, 12, 13)
Frank King	VP & Chief Engineer (except item 8)
John Mauti	Chief Financial Officer (except item 8)
Pat Moran	General Counsel and Corporate Secretary (except item 8)
Sean O'Dwyer	VP, Human Resources (except item 8)
Jamie Robinson	Director, Communications (items 11, 12, 13)
Sean Russell	Acting VP, APM Technology (except item 8)
Gillian Morris	Assistant Board Secretary (except item 8)
Pat Patton	Director, Engagement & Aboriginal Relations (items 11, 12, 13 17)
Kathryn Shaver	VP, Public Engagement, Communications and Siting (except item 8)

Guests (item 7)

Mr. Serge Dupont	Associate Deputy Minister, Natural Resources Canada
Ms. Kathleen Hollington	Senior Policy Advisory, Natural Resources Canada

1. Approval of Agenda and Constitution of Meeting

Dr. Kugler chaired the February 19, 2009 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 9:00 a.m.

The agenda for the February 19, 2009 meeting was approved.

2. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on November 13, 2008, copies having been sent to each member of the Board, were approved with minor edits.

3. Business Arising from the Previous Minutes

Mr. Moran reviewed the outstanding actions arising from the previous Board meeting.

Two items will be brought forward for discussion at the next meeting, the remaining items were reported as completed.

4. Report on Wider Cooperation on Low and Intermediate Level Waste

The President reported that in June 2008, discussions were held among NWMO member organizations regarding the need to work toward a more comprehensive solution for Canada's low and intermediate level waste. The Board discussed the potential implications of this for the NWMO and the need to avoid adverse impacts to the NWMO's used fuel mandate, the potential role for NWMO, and the possible formalization of the working group of waste owners. The Board endorsed this initiative and asked the President to provide ongoing updates on new developments to the Board.

5. Adapting to Change (New Build)

The President updated the Board on how NWMO plans to incorporate used fuel from new build reactors into NWMO's implementation plans for APM. He noted that NWMO's mandate under the *Nuclear Fuel Waste Act* requires NWMO to manage all used fuel produced in Canada.

It was reported that NWMO has completed several research and technical papers which will be posted on the NWMO website under a heading of "adapting to change".

The Board discussed how NWMO will address adapting to change in the design of the site selection process. The President also noted that the need for an interim update of cost estimates to take into account inflationary increases has dissipated with the economic downturn.

6. Preparatory Discussion for Meeting with the Associate Deputy Minister

The President discussed with the Board topics for the meeting with the Associate Deputy Minister of Natural Resources Canada (NRCan), Mr. Serge Dupont who is responsible for NRCan's nuclear portfolio. These included NRCan's views on NWMO's progress on its mandate, NWMO plans for the siting process, adapting to new build, the funding formula, and waste owner cooperation on low and intermediate waste.

Mr. Moran confirmed that discussion of these topics did not constitute lobbying under the *Lobbyist Registration Act*.

7. Meeting with Mr. Serge Dupont, Associate Deputy Minister, Natural Resources Canada

NWMO's Chair, Dr. Kugler, welcomed Mr. Dupont and invited Directors to introduce themselves.

Mr. Dupont's discussion with the Board focused on three areas:

- the government of Canada's commitment to the nuclear industry;
- NRCan's view on NWMO's progress thus far; and
- future challenges.

Mr. Dupont noted that NWMO is considered a success story for Canada with the right legislative framework, right governance framework and is a well functioning waste organization which is recognized internationally. He remarked that NWMO has maintained a positive working relationship with NRCan and is establishing a model in terms of transparency, engagement, and the development of a sound funding formula.

Dr. Kugler thanked Mr. Dupont for taking the time to meet with the NWMO Board and noted the Board's appreciation for the feedback on NWMO's work thus far.

8. *In Camera* Session

The Board convened an *in camera* session without the presence of management or staff.

Mr. Ian Ross, Chair of the Human Resources and Compensation Committee (HRCC) presented the Committee's report on the February 17, 2009 HRCC meeting.

The Board evaluated the 2008 NWMO performance results and approved related staff compensation matters.

9. Report from the Audit, Finance and Risk (AFR) Committee

Mr. Ross, Chair of the AFR Committee reported on the meetings that took place on January 20 and February 13, 2009.

Mr. Ross reported that at its meeting on January 20th, the Committee interviewed three candidates to manage NWMO's pension fund. MFC Global Investment Management

was selected contingent on NWMO meeting MFC’s staff level representatives. NWMO management met with MFC staff representatives and concurred with the decision.

Mr. Ross provided an update from the February 13 AFR Committee meeting. The Committee considered NWMO’s 2008 audited financial statements and received the auditors’ report from Deloitte and Touche LLP. No significant issues arose during the audit, but two areas were identified for follow up: the need for additional detailed guidance on single and sole source purchases and, with expanded operations, the need to conduct an interim audit visit to review the system conversion to Great Plains. Mr. Ross indicated that the Committee had accepted the auditor’s recommendations and would be following up on them.

Dr. Kugler invited Board discussion. The Audit, Finance & Risk Committee recommended the Board approve the 2008 audited financial statements.

IT IS HEREBY RESOLVED THAT:

Further to the recommendation of the Audit, Finance & Risk Committee:
The 2008 Financial Statements for the NWMO fiscal year ended December 31, 2008, as audited and presented by the external auditors, Deloitte and Touche LLP in their January 23, 2009 Auditor’s Report are hereby approved.

The motion was made, seconded and unanimously passed.

Delegation of Authority

The AFR Committee Chair invited the CFO to review the need and the ability for NWMO to pledge assets. Mr. Mauti explained that since NWMO has no credit history, it needs to pledge assets to obtain corporate credit cards. The use of this authority would be limited to instances where no other viable options existed.

IT IS HEREBY RESOLVED THAT:

The Board of Directors delegates authority to pledge assets as required to management as follows:

	<u>\$ - per occurrence</u>	<u>Maximum in Total</u>
President	\$1M	\$4M
Chief Financial Officer	\$500K	\$2M

The motion was made, seconded and unanimously passed.

The Committee Chair reported that the AFR Committee also reviewed the status of the funding formula approval process, NWMO’s risk review, and financial policy issues related to accounting for embedded derivatives and “going concern” analysis.

10. Report from the Siting Committee

Mr. Ron Jamieson, Chair of the Siting Committee, provided a report to the Board on the Committee's February 13, 2009 meeting.

Mr. Jamieson reported that the Committee received updates from management on four key issues: NWMO's work seeking input to the design of the site selection process since November; progress in drafting the proposal for the siting process; plans for public review of the draft proposal; and NWMO's draft Aboriginal Policy.

Mr. Jamieson noted that the Committee had an in-depth discussion on key elements of the draft proposal for the siting process and the plans for public engagement. The Aboriginal Policy, which will support the upcoming Aboriginal engagement program, was also discussed by the Committee.

Mr. Jamieson reported that the Committee was appreciative of the extensive work completed by NWMO staff on the development of the draft siting proposal. He noted that the Committee has arranged an additional meeting in early April to review the draft siting proposal in advance of requesting Board approval to release the proposal for public review at the next Board meeting.

11. President's Report

The Chair invited Mr. Nash to update the Board on NWMO's activities since the November 13, 2009 Board meeting and provide an update on industry-wide developments.

Building Relationships

Mr. Nash reported on recent briefings with Ontario and federal government departments which included the Canadian Environmental Assessment Agency and Natural Resources Canada. He also reported that work continues to complete NWMO's working protocol with the CNSC.

Research and Development

Mr. Nash reported that new NWMO papers on topics such as the impact of new nuclear build and emerging technologies on NWMO's work are complete and will be posted on the NWMO website. Cost estimate updates are underway, as is the development of an illustrative safety case.

Financial Surety

The President reported on Natural Resources Canada's continuing review of the NWMO funding formula.

Adapting Plans

Mr. Nash reported that NWMO's updated 5-year implementation plan has been issued. NWMO management will begin its strategic and business planning process in March and will begin planning discussions with the Board in April.

Governance

NWMO has developed its response to the recommendations of the Independent Technical Review Group. It is also working towards developing a quality assurance system with a long term target to become ISO 9001 certified.

Building Organizational Capacity and Transition

Mr. Nash reported that NWMO's transition on January 1st went very smoothly. An event for all employees was held recently to celebrate the transition. NWMO continues to work on the next wave of hiring with a national multi-discipline / multi-level newspaper advertisement.

Siting

Mr. Nash reported that preparations continue for the April/May launch of the draft siting proposal.

Low & Intermediate Level Waste DGR Project Update

Progress continues to be made in accordance with the project workplan.

Nuclear Waste Management Internationally

The President reviewed progress in other international nuclear waste management programs.

12. Management Reports

Management reports were provided to the Board in advance for review. The Board was invited to comment on the reports.

Engagement Report

Ms. Shaver reported that the engagement team has had two main areas of focus: drafting the site selection process and designing the engagement program for testing the process through an extensive period of public review.

It was reported that the IPSOS national telephone survey on Views and Attitudes Toward Nuclear Waste was completed. Board members agreed that they would like to invite IPSOS to present the results of the survey at the next Board meeting. (*)

Ms. Shaver reported on the progress with the municipal forum and their interest in continuing to work together as a group and pursue research on issues such as community well being. The Forum's next meeting will be in Ottawa in March and an update will be provided to the Board in April.

An update was also provided on upcoming meetings with Niigani, the establishment of youth roundtable, and the initiation of small corporate citizenship initiatives.

The Board discussed the breadth of public engagement initiatives proposed as part of the NWMO 2009 engagement program to engage a diversity of participants.

APM Technical Report

Mr. Sean Russell highlighted key areas of the APM technical program including NWMO's involvement in AECL's international shaft sealing and monitoring research and demonstration project, the annual technical program update with the CNSC, and further design work related to a deep geological repository in crystalline rock and in sedimentary rock.

L&ILW DGR Project Report

Mr. King provided an update on the L&ILW DGR project reporting on the drilling activities underway. The Board discussed the Environmental Assessment process and the work underway with the Saugeen Ojibway Nations.

Financial Update

The CFO provided a financial update noting that NWMO was under budget at year end and did not require access to the contingency fund. He reviewed the specific areas of the budget that were underspent.

Corporate Secretary Report

Mr. Moran confirmed that the Board agreed, electronically, on a resolution confirming the appointment of John Mauti as the Chief Financial Officer.

13. Design of the Site Selection Process

Mr. Nash discussed the importance of the design of the site selection process and the preparations underway for the launch of the public review of the site selection process in April/May of 2009. He noted that the draft proposal is intended to promote dialogue and comment that would assist NWMO in refining and finalizing the site selection process.

Ms. Shaver reported that the development of the draft siting proposal began with the input from the public dialogues received in 2008. She outlined the principles around which the proposal is being developed, with an emphasis on safety first, a commitment to a community driven process, and extensive opportunities to learn about the project. Ms. Shaver highlighted some of the areas to be more fully developed as the document is matured. She reported that work was on track to have a final draft for Board review at its April meeting.

The Board was invited to discuss the directions set out in the draft site selection proposal.

The Board discussed a number of elements of the document including:

- The importance of a full project description;
- NWMO's incorporation of the suggestions from the public dialogues into the document;

- the timeframes for the public review of the document and the major engagement initiatives planned; and
- Aboriginal dialogues and the involvement of Niigani in discussions on how to design the dialogues.

Mr. Ron Jamieson, the Siting Committee Chair, reported that the Committee had a lengthy discussion on the draft site selection process. He reported that the Committee had not identified any concerns with the proposed directions. A Board member complimented the authors on a comprehensive document. The Chairman was pleased to see that the draft proposal was responsive to the key points and suggestions raised in the 2008 dialogues.

The Board agreed with NWMO's proposed direction for the draft siting process proposal and there were no major areas of concern.

Mr. Jamieson proposed the scheduling of an additional Siting Committee meeting for April 3, to which all Board members would be invited. This meeting would enable detailed review and discussion of the next draft of the document, as staff prepare the proposal for public review. The Board concurred with this proposal, directing the Corporate Secretary to arrange the meeting.

14. Business Risk

The Chief Financial Officer discussed with the Board the key risks NWMO faces. He noted the importance of succession planning and that a loss of key senior staff is a high risk for the organization. The Board agreed that this was a risk as the staff ages, and it was noted that NWMO is making an effort to begin to involve the younger generation employed in the organization in engagement activities.

The Board also discussed mitigation of the risks and possible residual risks.

15. 2009 NWMO Performance Objectives and Measures

The President discussed the draft 2009 performance objectives and measures. The performance measures are further refined from 2008 and the objectives are also weighted.

The Chair of the HRC Committee reported that the Committee supported the 2009 performance objectives and measures presented.

The Board discussed the objectives and their proposed measures, and discussed how NWMO might accommodate new initiatives and changes to objectives. The Board agreed with the objectives and measures as recommended by management.

IT IS HEREBY RESOLVED THAT:

The 2009 NWMO performance objectives and measures are approved, as proposed.

The motion was made, seconded and unanimously passed.

16. Disposition of Independent Technical Review Group (ITRG) Recommendations

Mr. Sean Russell reviewed the disposition of the recommendations suggested by the ITRG in their 2008 report presented at the November 2008 Board meeting.

NWMO's proposed responses have been shared with the ITRG and the ITRG is in agreement with NWMO's actions to disposition their recommendations.

The Board discussed the ITRG's recommendations, particularly those relating to increased staffing, the need for additional in-house expertise, and further work on sedimentary rock. The Board agreed with NWMO's disposition report on the ITRG's recommendations.

17. Disposition of Niigani Comments / Suggestions

Pat Patton reviewed NWMO's disposition of the comments and suggestions put forward to the Board by Niigani at the November 13, 2008, meeting. Ms. Patton reported that NWMO has undertaken to consider these suggestions and report back to Niigani on plans regarding the suggestions. She noted that many of the comments were related to working with Aboriginal people at the community level and will be most useful in implementing NWMO's work directly with communities.

The Board discussed Niigani's comments focusing on the following areas: involvement of Aboriginal youth; Niigani's overall work with NWMO; and, Niigani's interaction with the Board.

Ms. Patton noted that Niigani offered to provide cultural training for the Board with time included for conversation. Board members supported attending a cultural training program with Niigani and many suggested that the next meeting with Niigani be held in a more informal setting such as an Aboriginal cultural centre. Board members noted that they would like to formally communicate to Niigani the Board's appreciation of their work and advice provided, and their willingness to attend cultural training with Niigani. A Board resolution will be presented at the next Board meeting. (*)

Ms. Patton noted that Niigani Chair Gordon Williams suggested that Niigani might conduct a ceremony along with the Board once the NWMO Aboriginal Policy is approved.

18. Low & Intermediate Level Waste Deep Geological Repository (L&ILW DGR)
Community Relations

Angelo Castellan provided the Board with an update on community relations activities related to the L&ILW DGR Project in Kincardine.

Mr. Castellan noted that the strong community support in the area is key to a successful regulatory review process. He summarized a number of undertakings to promote communications including: open houses; briefings to local politicians and community leaders; exhibits at local events; and presentations to community groups.

Mr. Castellan also reported on the work with the Saugeen Ojibway Nation, and the progress made on a Protocol Agreement.

The Board discussed the role of Bruce Power and its presence in the community, the relationship with the Saugeen Ojibway Nations, and Michigan interests.

19. In Camera session

The Board held a second *in camera* session.

20. Next meeting

Thursday, April 16, 2009
9:00 am – 4:30 pm
Toronto, ON

Conclusion of Meeting

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

(*) Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair