

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

June 17, 2009

AGENDA

1. Approval of Agenda
 2. *In Camera* Session
 3. Minutes of Previous Meeting
 4. Business Arising from the Previous Minutes
 5. Report from the Advisory Council
 6. Report from the AFR Committee Chair
 7. Report from the Siting Committee Chair
 8. President's Report
 9. Management Reports
 10. Transportation of Radioactive Materials
 11. Update on 2010-2014 Business Planning
 12. Update on Waste Owner Cooperation on Low and Intermediate Level Waste
 13. Plans to Conduct a Study on Revised Funding Formula
 14. Report of Directors
 15. Update on Youth Roundtable
 16. *In Camera* Session
 17. 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 Montreal, QC
on June 17, 2009
commencing at 8:30 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

Frank King	VP and Chief Engineer (except item 2)
John Mauti	Chief Financial Officer (except item 2)
Pat Moran	General Counsel and Corporate Secretary
Gillian Morris	Assistant Board Secretary (except item 2)
Sean O'Dwyer	VP, Human Resources (except item 2)
Ian Pritchard	VP, Design and Construction (except item 2)
Jamie Robinson	Director, Communications (except item 2)
Sean Russell	Acting VP, APM Technology (except item 2)
Kathryn Shaver	VP, Public Engagement, Communications and Siting (except item 2)

1. Approval of Agenda and Constitution of Meeting

Dr. Kugler chaired the June 17, 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 8:30 a.m.

The agenda for the June 17, 2009 meeting was approved.

2. In Camera Session

The Board received an update on Human Resources items and discussed a continuing education program for Directors.

3. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on April 16, 2009, copies having been sent to each member of the Board, were approved.

4. Business Arising from the Previous Minutes

Mr. Moran reviewed the outstanding actions arising from the previous Board meeting. All items were reported to be complete. Dr. Binder, President of the Canadian Nuclear Safety Commission (CNSC) has accepted an invitation to attend NWMO's November Board meeting.

5. Report from the Advisory Council Chair

At the request of Mr. Crombie, the Chair of the Advisory Council, Ms. Shaver reported to the Board on the Council's May 27th meeting. It was reported that the May Council meeting focused on the following topics:

- standing updates from NWMO management;
- a presentation from members of the Youth Roundtable on their work and recommendations;
- a presentation on traditional healing from Dr. Marlyn Cook;
- a discussion on Dr. David Cameron's paper on the Aboriginal Dimensions of NWMO's work;
- a discussion of AECL's proposal for a deep geological repository for AECL's low and intermediate level waste at Chalk river and the impact it may have on NWMO's work on APM.

The Chair asked for a review of the Advisory Council membership requirements under the Nuclear Fuel Waste Act to be brought forward at a future meeting. (*)

6. Report from the Audit, Finance & Risk Committee

Mr. Ross reported on the May 8, 2009 meeting of the Audit, Finance & Risk Committee. Mr. Ross updated the Board on the status of the management letter observations raised by Deloitte & Touche in the 2008 year-end audit which highlighted two items:

- dependence on sole and single source procurement and documented justification; and
- the revised audit strategy for 2009 to expand the audit as a result of NWMO's new financial software system.

Mr. Ross reported that the sole and single source procurement and justification item has been addressed satisfactorily by management with the development of additional governance providing detailed guidance. Deloitte and Touche will attend the September Audit, Finance and Risk Committee to table an expanded audit plan.

Mr. Mauti reported that NWMO's new financial software went live on June 1 and is operating smoothly.

Mr. Ross also provided an update on the AFR Committee's discussions on:

- NWMO's organizational authority register;
- pension status report;
- Ontario Nuclear Funds Agreement (ONFA) Reference Plan process update;
- the working relationships with Ontario Power Generation;
- the expense reimbursement practices from various forums such as the Advisory Council, Municipal Forums and Aboriginal meetings. Mr. Ross reported that AFR Committee members were satisfied that the practices were appropriate;
- the funding formula and consideration of how to approach adjusting the funding formula in the event of new reactor build; and
- the annual Report of Directors.

The Board discussed the workplan and the role of the Board and the Audit, Finance & Risk Committee for the ONFA Reference Plan update. Board members also asked for assurance that updating NWMO's cost estimates would be coordinated with the ONFA Reference Plan Update. The Board also discussed the importance of ensuring that the Province is briefed and involved as much as possible in the ONFA Reference Plan update.

7. Report from the Siting Committee

Mr. Ron Jamieson, Chair of the Siting Committee reported on the Committee meeting of Tuesday June 16, 2009. The Committee received an update on the engagement activities for the public review of the proposal for a siting process. The Committee was also provided with a detailed update on the discussions and feedback from the public session participants. The Committee Chair commended staff for an excellent job on the engagement sessions noting that much of the feedback on the NWMO process had been positive.

Mr. Jamieson reported that the Committee is confident that the open houses were carefully planned, well run, and continue to build the positive reputation of the NWMO. The Committee was also informed on the engagement activities planned for the remainder of 2009.

The Board was invited to discuss Mr. Jamieson's report. In the discussion that ensued, Directors discussed with staff the level of engagement planned for this phase of work. Directors requested staff bring forward for further discussion the scope of engagement required to support next steps in NWMO's implementation of Adaptive Phased Management. (*)

8. President's Report

The President updated the Board on NWMO's activities since the last Board meeting.

Development of Siting Process:

Mr. Nash reported that the launch of the public review of the proposed siting process went as planned. He also noted a strong expression of interest in engaging on the design of the siting process was received from many Aboriginal organizations. There were very good responses from leaders of the Province of Ontario and New Brunswick when challenged. Mr. Nash also discussed the letters received from members of the Quebec National Assembly opposed to the siting of a DGR in Quebec and pointing out the unanimous vote in the Assembly passed in November 2008. He noted that NWMO will acknowledge the letter. The Board asked that Hydro-Quebec and officials at Natural Resources Canada have an opportunity to review the response that NWMO sends. (*)

Relationship Building

It was reported that the Ontario government has formed an inter-ministerial committee of ADMs to interact with NWMO, recognizing that NWMO's work touches upon the mandates of several Ministries.

NWMO's work with the Municipal Forum continues to go very well and members have been providing constructive and helpful advice on the development of the siting process. The Forum also agreed to jointly develop material on economic impacts and community well being.

Research and Development

Mr. Nash reported that NWMO is close to issuing a contract to update the concept designs and cost estimates for used fuel DGRs in crystalline and sedimentary rock. This work will be used to seek a level of endorsement from CNSC and to help focus future research.

In April, NWMO signed a Special Project Arrangement with the President of the CNSC. The CNSC has agreed to participate in the siting process and has agreed to a pre-licensing review of the DGR design and safety cases.

Adapting to Change

Development of the 2010-2014 business plan is underway with no significant changes for the APM program expected. Management is assessing potential schedule and cost impacts of new information on L&ILW DGR regulatory process.

Funding Formula

As previously reported, the Minister requested NWMO develop a funding formula incorporating new build reactors. This process will be challenging and complex, involving five provincial governments and multiple companies including new build proponents.

Governance

The work on the development of the quality assurance system to become ISO9001 certified is proceeding well. NWMO's work program will be defined by four major projects each with its own project execution plan and QA objectives:

- Identify an informed and willing host community for a used fuel DGR
- Refining reference design and safety cases for used fuel DGRs in sedimentary and crystalline rock
- Obtaining a construction license for a L&ILW DGR
- Design and construction of a L&ILW DGR

Building Organizational Capacity

Mr. Nash reported that NWMO is on track to hire 35 people this year, and is currently approaching the hiring of its 100th employee. NWMO expects to move staff into additional office space at 2 St. Clair in August.

DGR for OPG's L&ILW

The DGR project is proceeding as planned towards licensing submission in the first quarter of 2011. A protocol agreement with Saugeen Ojibway Nations was signed in April for their involvement in this project. However, progress is slow and is of concern.

External Nuclear Scene in Canada

As widely reported in the news, there are further problems with the Chalk River isotope reactor and reports of the potential re-structuring of AECL. Four provinces are also looking at new reactor build and Ontario is awaiting the vendor selection for a new-build nuclear electricity generating station.

Further meetings were held with Natural Resources Canada and waste owners on the coordination of Canada's L&ILW and agreement was reached to formalize a Waste Owner Group and a Terms of Reference has been developed.

Internationally

Developments continue in the United States as President Obama further clarified that Yucca Mountain is not an option and is now forming the blue ribbon panel to develop an alternative plan.

Sweden selected its Forsmark site as the location for its used fuel DGR. The United Kingdom has two local governments interested in hosting a national DGR.

9. Management Reports

APM Engagement Report

Ms. Shaver reported that the launch of the public review of the site selection process took place on May 4, followed by information sessions in Quebec, Ontario and New Brunswick (with Saskatchewan sessions planned for the fall). Multi-party dialogues and citizens panels are also scheduled for the fall. Meetings were also held with key government staff in New Brunswick, Quebec and Ontario.

A Board member asked management to provide details of a meeting with one of the Quebec MLAs. (*) The Board also discussed correspondence received from the Deputy Minister of Natural Resources Canada expressing her appreciation for NWMO's work on the draft siting process.

The Board also discussed the meetings with municipal associations in various provinces and the translation of the NWMO DVD into Aboriginal languages.

APM Technical Report

Sean Russell reviewed the work underway in the APM technical program, outlining:

- participation in international conferences, including hosting of the International Spent Fuel Workshop in Toronto;
- work completed in the areas of Geoscience, Safety Assessment and Repository Engineering;
- an update on interface with the regulator;
- technical presentations to support engagement; and
- the continuing work of the Independent Technical Review Group.

The Board discussed the work being contracted to update the cost estimates, develop conceptual engineering designs and prepare illustrative safety assessments. In particular, the Board discussed the scope of the designs and quantity of used fuel it will accommodate and the time frames for delivering the work.

Low & Intermediate Level Waste Deep Geological Repository (L&ILW DGR) Project Report

Frank King updated the Board on the on-going work in the L&ILW DGR project reporting that:

- drilling of the incline boreholes had been slightly delayed but is still expected to meet milestones;
- the engineering team is reviewing the repository layout;
- the post closure safety assessment (V1) will be presented to the CNSC on June 29, and followed up with the submission of preliminary reports for early review;
- the DGR Project Agreement has been received from the federal Major Projects Management Office;

The Board discussed the Crown's duty to consult with the Saugeen Ojibway Nations, the timelines for submitting the safety case, and whether there is consistency in the approach to the APM and DGR safety cases.

Progress Against 2009 Business Plan & Performance Objectives / Cash Flow Report

The CFO updated the Board on NWMO's performance against its 2009 objectives reporting that NWMO is on, or ahead of target on all objectives.

With respect to the budget, Mr. Mauti reported that as of the end of April, NWMO is slightly below budget but is expected to see spending accelerate in the second half of the year with engagement contracts underway for Aboriginal dialogues.

The Ontario Financing Authority has challenged OPG to reduce 2009 expenditures by 3%, which also applies to both the APM and L&ILW DGR projects.

Mr. Mauti reported that the work on the pension transfer continues and that NWMO and OPG's actuaries are in agreement regarding the amount to be transferred to NWMO.

The Board discussed the development of the governing documents and the Board Chair complimented management on a comprehensive list. Communication of the governing documents was discussed and the Board was assured that all staff will be provided with briefings.

Human Resources Report

Sean O'Dwyer updated the Board on succession planning for senior management, noting that a committee has been formed to address the issue. Recruitment of new employees continues and it is expected NWMO will add its 100th staff member this month.

Legal Report

Pat Moran reported on the status of the Mushkegowuk Council Judicial Review.

10. Transportation of Radioactive Materials

Mr. Sean Russell provided the Board with a technical overview on used fuel transportation experience in Canada and internationally.

11. Preliminary 2010-2014 Business Plan

The CFO provided a preliminary view of the 2010-2014 business plan.

12. Update on Waste Owner Cooperation on Low and Intermediate Level Waste (L&ILW)

The President reviewed the history of Canada's low and intermediate level waste (L&ILW) issue.

Mr. Nash also discussed AECL's proposal to build a deep geological repository and the risks of public confusion between that project and NWMO's work.

Current waste owners have agreed to formalize a working group and work towards a comprehensive plan for all low and intermediate level waste. A meeting of the working

group was recently held and tentative agreement was reached on moving forward with a comprehensive plan for L&ILW.

The Directors had a lengthy discussion about the possible impacts and risks of AECL's DGR work to NWMO as well as the Advisory Council's concerns on this topic.

13. Proposed Study to Develop a Funding Formula for New Build Nuclear Reactors

The President reviewed that under the *Nuclear Fuel Waste Act*, NWMO is responsible for development of a funding formula to meet the cost of long-term management of Canada's used nuclear fuel. In the April 7 Minister's letter to NWMO approving the funding formula, the Minister specifically requested that NWMO develop a funding formula that would apply to new reactors and new owners and for NWMO to report on progress in its next annual report in March 2010.

The Board discussed a number of aspects relating to developing the funding formula including:

- development timeline;
- the fairness principle – how do you share past and future costs?; and
- how broad a public review of the funding formula might be.

The Directors expressed varying views on the breadth of public engagement on the funding formula due to the complexity of the issue and potentially significant consequences for the members of NWMO.

The Board Chair expects management will develop the principles to be applied in the funding formula for apportioning the cost of managing used fuel to owners of new build reactors.

14. Report of Directors

The Board Chair presented the 2008 Report of Directors for Board approval. This report is for tabling with the NWMO Members at the June 18 Annual General Meeting.

The Board discussed the report. Mr. Ross, the Audit, Finance and Risk Committee Chair reported that the Committee agreed with the report as written.

IT IS HEREBY RESOLVED THAT:

The Board of Directors, having reviewed the 2008 Report of Directors as presented at its June 17, 2009 meeting, approves the Report for tabling with NWMO Members.

The motion was made, seconded and unanimously passed.

15. Youth Roundtable

Jamie Robinson introduced the work of the NWMO Youth Roundtable which was established in late 2008 to provide advice to the NWMO on how it might better reach young audiences as part of its engagement program. Sixteen participants aged 18-24 representing the four nuclear provinces met over three separate weekends, held conference calls, online discussions and interviews with their peer groups.

Mr. Robinson summarized the recommendations provided to NWMO by the Youth Roundtable. Youth Roundtable members met with NWMO's Advisory Council on May 27 to present their recommendations. Mr. Robinson reported that the presentation and recommendations of the Youth Roundtable were very well received by the Council. Mr. Robinson shared with the Board a video created by Youth Roundtable members.

16. In Camera Session

It was determined that a second *in camera* session was not required.

17. Next meeting

Board members were asked to review their availability against the proposed 2010 meeting calendar and report any conflicts to Gillian Morris. (*)

Conclusion of Meeting

There being no other business, the Chair declared the meeting terminated at 2:15 pm.

(*) Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair