

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

September 22, 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. President's Report
8. Management Reports
9. Update on Yucca Mountain and GNEP
10. Strategy Issues for APM Siting
11. Update on Radioactive Waste Strategy Group
12. Design and Construction Strategy for OPG's L&ILW DGR
13. Business Risk Update
14. Update on Aboriginal Engagement for the OPG L&ILW DGR DGR
15. Draft 2010-2014 NWMO Business Plan
16. Advisory Council Appointments
17. Development of the Funding Formula to Incorporate New Build
18. Appointment of Vice President and Treasurer
19. Upcoming Visit of CNSC President to NWMO Board Meeting
20. *In Camera* Session
21. 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 September 22, 2009
commencing at 9:00 a.m.

Present

Gary Kugler	Director, Chair
Pierre Charlebois	Director
Donn Hanbidge	Director
Ron Jamieson	Director (via conference call for items 1-8)
Ken Nash	Director, President & CEO
Josée Pilon	Director
Deborah Poff	Director
Ian Ross	Director

Regrets:

Sharon MacFarlane	Director
-------------------	----------

Staff in attendance

Paul Gierszewski	Director, Repository Safety (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, APM Engagement and Site Selection (except item 2)

Guests:

Albert Sweetnam	Executive Vice President, OPG
Tom Isaacs	Director of Policy and Planning, Lawrence Livermore National Laboratory (for item 9)

1. Approval of Agenda and Constitution of 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 Chair declared the meeting duly constituted for the transaction of business and called the meeting to order at 9:00 a.m.

Dr. Kugler introduced Albert Sweetnam, Executive Vice President, OPG as an observer to the meeting.

The agenda for the September 22, 2009 meeting was approved.

2. In Camera Session

The Board received an update on Human Resources items and discussed Board Committee evaluations and director education.

3. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on June 17, 2009, copies having been sent to each member of the Board, were approved with one minor editorial change.

4. Business Arising from the Previous Minutes

Mr. Moran reviewed the outstanding actions arising from the previous Board meeting. All items but one were reported to be complete or on the agenda for discussion. A Board member proposed a change to the proposed 2010 meeting calendar. The Corporate Secretaries' office was tasked with confirming the change with the Advisory Council and the Board members. (*)

5. Report from the Advisory Council Chair

Mr. Crombie, the Chair of the Advisory Council reported to the Board on the Council's September 15th meeting. He reported that the Council meeting focused on the following topics:

- standing updates from NWMO management during which:
 - Council emphasized the importance of provincial governments being well informed and prepared in advance of the launch of the siting process.
- development of the site selection process:
 - Council supports NWMO's proposed launch approach but emphasized that NWMO should ensure a clear distinction between the pre-launch "learn more" phase and the launch of the siting process.
 - Council also asked NWMO to ensure the siting process is transparent and accessible to all communities;
- strategic planning issues (including the launch of the siting process, transportation and community well-being);

- NWMO's proposed business plan – Council was impressed with the plan and had no additional advice to offer;
- the potential impact of AECL's work relating to a potential DGR near Chalk River on NWMO's work;
- dispositioning of the youth roundtable's recommendations. Council was very impressed by the youth roundtable recommendations and how they were handled by NWMO;
- NWMO's approach to Aboriginal Traditional Knowledge to date. Council wants to see how Aboriginal Traditional Knowledge might be used in the future; and
- planning for the triennial report.

The Board was invited to discuss Mr. Crombie's report. The Board asked for elaboration on the Council's comments on the launch of the siting process and on the Council's discussion on Aboriginal Traditional Knowledge. Mr. Crombie elaborated on the Council's discussion on both topics and referred to work undertaken by David Cameron discussing the Aboriginal dimension of NWMO's work. The Board requested a copy of Mr. Cameron's work. (*)

A Board member asked Mr. Crombie if the Council had any particular advice or suggestions regarding AECL's proposal for a deep geological repository for its low and intermediate level waste and its potential impact on NWMO's work. Mr. Crombie noted that Council shares the NWMO's concerns and asked to be regularly updated.

6. Report from the Audit, Finance & Risk Committee

Mr. Ross reported on the September 10, 2009 meeting of the Audit, Finance & Risk Committee. Items discussed by the Committee included:

- approval of the 2009 Audit Services plan with an expanded scope to deal with larger NWMO operations;
- proposal for establishment of the Pension Management Committee and its operations;
- a new banking resolution;
- review of NWMO's risks;
- review of the NWMO 2010-2014 business plan;
- pension status report;
- a process update on the ONFA Reference plan; and
- the semi-annual review of the Chair's and President's business expenses, which were reported to be in order.

Mr. Ross reported that due to the pension plan being transferred from a provincial to federal registration there was a change in the indexing requirement which has created a funding shortfall. The Board Chair asked management to report on resolution of this shortfall at the next meeting. (*)

The Board discussed Ontario's announcement and application of Ontario public service guidelines for expenses and how that will affect NWMO's expense policies.

a) Remuneration for External Auditors

Mr. Ross indicated that the Committee had reviewed and approved the proposed audit plan for the 2009 fiscal year and that the Committee recommended approval by the Board of the proposed remuneration for the external auditors.

IT IS HEREBY RESOLVED THAT:

Remuneration of the external auditors, for undertaking the external audit of NWMO's financial statements for the fiscal year ending December 31, 2009, be confirmed at:

- \$47,500 in audit fees, plus applicable taxes and associated administrative expenses;
- \$5,500 for translation fees for the financial statements; and
- a one-time fee for NWMO's change over testing of NWMO's new Great Plains computer system \$22,500 - \$25,000 plus GST.

The motion was made, seconded and unanimously passed.

b) Corporate Banking Resolution

Mr. Mauti reported that NWMO proposes to switch its existing corporate credit cards to American Express Corporate Cards as it offers opportunities for easier administration. The Committee reviewed the proposal and was prepared to recommend it. A corporate banking resolution (see Appendix A) was required to implement the change. The motion was made, seconded and unanimously passed.

c) Pension Management Committee

Mr. Ross indicated that the Committee was recommending approval of the proposed Pension Management Committee (PMC). He asked Mr. Moran to speak further to the proposal. Mr. Moran said that Board approval was being sought to establish a PMC which would act in accordance with the proposed Terms of Reference to provide for an appropriate level of management oversight and support the Board's fiduciary obligations to the NWMO pension plan. The PMC would oversee the ongoing administration of the pension plan and report regularly to the Board. The proposal does not include any delegation of Board decision-making authority over the pension plan.

The Board discussed the formation of the PMC and its proposed Terms of Reference and agreed with the proposal. See Appendix B for the resolution. The motion was made, seconded and unanimously passed.

The Board also discussed the need to amend the Audit, Finance & Risk Committee Charter to delegate authority to the Committee to appoint the pension plan fund auditor. The Board agreed with the recommended change to the Charter.

IT IS HEREBY RESOLVED THAT:

The Charter for the Audit, Finance and Risk Committee, as amended by the Board, be approved.

The motion was made, seconded and unanimously passed.

7. President's Report

The President updated the Board on NWMO's activities since the last Board meeting. He noted that 2010 will be an important year for NWMO as it moves into the siting process for the used fuel repository and works toward finalizing the construction license submission for OPG's L&ILW DGR.

Adaptive Phased Management

The President updated the Board on the development in the site selection process and the engagement plan that has been executed in the four nuclear provinces and with Aboriginal People. He also reported that NWMO has made progress in ensuring that the provincial governments in the four nuclear provinces are well briefed.

Design and Safety Case Development

Work towards developing a reference design and safety assessments for the used fuel DGR in crystalline and sedimentary rock continues.

Funding Formula

Work continues on consultations on how the funding formula might address the accommodation of fuel from potential future new build nuclear reactors and their new owners.

DGR for OPG's L&ILW

The work program for OPG's L&ILW DGR continues toward finalizing the environmental assessment and construction license submission. Borehole work continues to confirm the suitability of the geology in the area. Meetings with the Saugeen Ojibway Nations (SON) are ongoing. It will be important to continue to work toward making significant progress with SON prior to submission of the Environmental Impact Statement and Construction Licensing documentation in March 2011. Planning for the construction phase has begun with preliminary work to build a project team and resolve the main roles and responsibilities as part of the construction license submission.

Staffing:

Mr. Nash reported that NWMO now employs over 100 people and is on target to reach its year-end goal of 112 employees. NWMO's offices have now expanded into 2 St. Clair Avenue East on the 4th floor.

External Nuclear Scene in Canada

Mr. Nash reported on the following:

- the new build environmental assessment process continues in Ontario although the procurement process has been put on hold;
- a report was issued in Saskatchewan by Dan Perrins on the Uranium Development Partnership;
- the Chalk River isotope issue remains in the forefront and has been raised during NWMO's engagement process; and
- restructuring of AECL continues to be in the news.

Internationally

Mr. Nash reported on developments in the United States, Germany, Sweden and Finland.

8. Management Reports

a) APM Engagement Report

Ms. Shaver reported on the following activities:

- open houses scheduled for Saskatchewan;
- multi-party dialogues;
- Aboriginal dialogues;
- Citizen dialogues with panelists returning from previous panels;
- a dialogue on the siting process with the Canadian Association of Nuclear Host Communities;
- continuation of provincial government briefings;
- an Elders' Forum in July in New Brunswick;
- providing of information through the "learn more" program; and
- an upcoming national poll.

Mr. Robinson reviewed NWMO's recent media coverage with the Board of Directors.

The Board discussed NWMO's engagement plan in Quebec considering the passing of a resolution by the Quebec National Assembly saying that Quebec would not host a used nuclear fuel repository. A Board member noted that the resolution is non-binding and NWMO is still obligated to engage people in Quebec because Quebec is a province that owns nuclear waste. The Board had a lengthy discussion on how to ensure people in Quebec are adequately informed. It was noted that APM will continue with a process that aims to find a willing host community.

Directors also discussed NWMO's planned national polling and its purpose. A request was made to send last year's national poll to Mr. Sweetnam. (*)

b) APM Technical Program Report

Mr. Russell reported on APM's technical program updating the Board on the following activities:

- the APM design and cost estimates;
- the CNSC pre-licensing review of the APM design and safety case;
- a realignment of NWMO's technical program as it moves from generic research and development to a more focused application based program;
- a meeting of the Independent Technical Review Group held to review NWMO's action plan in response to their recommendations, upcoming technical activities and the planned 2010 technical program.

The Board discussed the realignment of the technical program and impact on the future budget. Mr. Russell noted there will be a significant increase in the cost of technical support to the siting process when communities enter into agreements with NWMO.

c) OPG L&ILW DGR Project Report

Paul Gierszewski reported to the Board on activities underway in OPG's L&ILW DGR project:

- an active, ongoing engagement program continues;
- NWMO is briefing representatives in Michigan regarding the L&ILW project;
- progress was reported on the borehole drilling and a delay in the program is anticipated as a change in approach to the drilling of the inclined boreholes was required;
- an International Peer Review of the safety assessment work is underway;
- a Technical Review Group has been formed to provide advice on matters related to the design and construction of the OPG's L&ILW DGR facility;
- a member of the Canadian Nuclear Safety Commission will be visiting the OPG's L&ILW DGR site to view the site and rock samples; and
- other than a delay in completing the borehole drilling, the overall work program is on track and on budget and the workplan for 2010 is being finalized.

d) Finance & 2009 Business Plan Performance Report

Mr. Mauti reviewed the Management Cost Report with the Board reporting that NWMO is projected to be under spent at the end of the year and provided explanations for the under spending. The Board discussed NWMO's funding schedule from its member companies and a possible change in the timing of the funding to ensure that NWMO has sufficient cash flow without excessive cash balances.

Mr. Mauti also reviewed NWMO's objectives reporting that only one of the objectives related to borehole drilling is at risk of delay.

The Board also discussed risks to NWMO and how they are reflected in NWMO's objectives.

As Mr. Mauti will be returning to OPG in the near future, the Committee Chairman, Ian Ross, thanked John Mauti for the great work he has done as CFO with NWMO and the excellent job in implementing the new financial systems.

e) Human Resources Report

Sean O'Dwyer provided the Board with an update on Human Resources activities.

He reported that succession plans had been developed for the President's direct reports. The Succession Planning Committee will monitor these plans. The NWMO will continue to ensure consideration is given to successor potential when assessing external hires.

Mr. O'Dwyer reported that recruitment has been reasonably successful and that there are some challenges in attracting qualified staff at the senior technical level. Options are being developed to address this issue.

Mr. O'Dwyer reported on the status of collective bargaining with the PWU.

He also updated the Board on the status of Human Resources Policy development and other labour relations matters.

f) Legal / Corporate Secretary Report

Mr. Moran advised the Board that the federal Crown had entered into a memorandum of understanding with NWMO regarding the Crown's duty to consult Aboriginal people potentially affected by a proposed site for APM. He also provided a status update on the Mushkegowuk Council judicial review application.

9. Update on Yucca Mountain and GNEP

Dr. Tom Isaacs, Director of Policy and Planning, Lawrence Livermore National Laboratory, provided a comprehensive update to the Board on the developments in the United States regarding the Yucca Mountain project and an update on the Global Nuclear Energy Partnership (GNEP).

The Board asked a number of questions related to the U.S. program and whether there was a potential for impact on NWMO's work.

10. Strategy Issues for APM Siting

The President noted that NWMO is using a working assumption for business planning that the siting process will be initiated in spring of 2010. NWMO needs to consider what success might look like. Three key issues for Board discussion are: the launch of the siting process; transportation; and community well-being.

a) Launch of the Siting Process

Ms. Shaver introduced the item to discuss the launch of the siting process and consideration of when and how the process should be launched. International experience shows that the way in which a siting process is communicated and launched can have profound impacts on the success of the siting program. Management presented some preliminary considerations for Board discussion.

Board members discussed:

- the importance of defining the difference between the processes (i.e. design of the siting process and the start of the actual siting process);
- how to ensure that all communities that may have an interest have been made aware that the siting process has begun. The Board expressed concern that a community should not be eliminated because they came late into the process; and
- when NWMO might set up local offices and employ local people.

b) Transportation

Mr. Nash introduced the item of transportation of used fuel to initiate discussion with the Board on potential initiatives to mitigate risks associated with public concerns related to the transportation of used fuel.

Mr. Nash reviewed the international experience with the transportation of used fuel and confirmed that NWMO plans to develop contacts to draw on the experience of others. He also noted that NWMO will begin to establish a transportation working group to review existing regulatory requirements and become a single point of contact for public questions and information requests. He noted that NWMO's Advisory Council suggested developing a case study on a hypothetical transportation route in order to work through the process.

c) Community Well-Being

Ms. Shaver introduced the discussion on the concept of community well-being and how NWMO might put mechanisms in place for involvement of NWMO's members.

The Board discussed the topic of community well-being, particularly:

- the need for a mechanism around how to start negotiations with a community;
- the need to define what is fair and reasonable for a community; and

- lessons learned regarding community well-being from the siting process in Sweden.

11. Update on Radioactive Waste Strategy Group

The President provided the Board with an update on the activities of the Radioactive Waste Strategy Group that was formed by waste owners to develop a comprehensive plan for Canada's low and intermediate level waste.

The Board discussed the progress made by the group and also the work of AECL.

12. OPG L&ILW DGR Design and Construction Strategy

Ian Pritchard reviewed a proposed approach for the design and construction phase of OPG's L&ILW DGR. The licensing phase of the project was initiated in 2005 with a reference timeline of obtaining a license to construct by 2012.

Mr. Pritchard reviewed:

- the engineering contracting approach;
- commencement of engineering;
- owner's project team;
- funding release strategy; and
- the execution schedule.

13. Business Risk Update

The CFO reviewed NWMO's APM and the OPG L&ILW DGR risks with the Board. The Board discussed the risks for both projects at length including the risks that each project holds for the other.

The Board discussed the communities coming forward to ask for briefings on the project and how the communities might handle risks involved. The President reiterated NWMO is not in the siting process and briefings at this time are under the "learn more" program and are information only. There was discussion of timing considerations between the APM siting process and the OPG L&ILW DGR project. Management agreed to give further consideration to this matter and report back to the Board. (*)

The Board also discussed the risk factors that may influence the Canadian Nuclear Safety Commission in the licensing process.

Several Board members agreed that NWMO must treat all communities in the same manner and respond to all requests for briefings at this time.

14. Update on Aboriginal Engagement for the OPG L&ILW DGR

Angelo Castellan provided the Board with an update on the Aboriginal engagement for the OPG L&ILW DGR Project.

Mr. Castellan outlined the work with the Saugeen Ojibway Nations (SON). He also discussed the Canadian Nuclear Safety Commission (CNSC) and its assignment of the role of “crown consultation coordinator” for the L&ILW project.

15. Draft 2010-2014 NWWMO Business Plan

The CFO tabled the draft NWWMO 2010-2014 Business Plan for review and discussion by the Board. Presentations were made on the major work areas of APM, OPG L&ILW DGR, and Lifecycle Liability Management.

The President noted that the business plan had not changed dramatically from the previous year. The Board was invited to discuss and comment on the draft business plan.

a) APM Siting

Kathryn Shaver reviewed the objectives, milestones, staffing and budget for the APM Siting program.

The Board discussed the plan for APM Siting including the timing and the budget. The Board discussed the staffing assumptions and how they were determined. Management confirmed that they followed a process of identifying the work that needs to be done to achieve the planned objectives and identify the staffing and budget required to deliver that work.

b) APM DGR Development

Sean Russell reviewed the objectives, staffing and costs of the APM DGR Development program.

16. Advisory Council Appointments

The Board had previously requested a legal opinion on whether the NWWMO is meeting the requirements for current Advisory Council appointments under the *Nuclear Fuel Waste Act*. Mr. Moran reviewed the requirements of the Act and advised that NWWMO was in compliance with those requirements.

Ms. Pilon noted that Hydro-Québec will recommend a new member for the Advisory Council with the resignation of Daniel Rozon due to illness.

17. Development of the Funding Formula to Incorporate New Build

The purpose of this item was to review the scope of work for responding to the request by the Minister of NRCAN for NWWMO to consider how the funding formula would address the cost of managing used fuel from potential new owners of new reactors.

The Board discussed the various considerations that will have an impact on any updated formula.

Management agreed to further review the process for the development of the funding formula with the members. (*)

18. Appointment of Vice President and Treasurer

The President reported that John Mauti will be returning to OPG. As a result, Steve Cavan will be joining NWMO in the position of Vice President and Chief Financial Officer (Treasurer).

Mr. Nash noted that Mr. Cavan comes to NWMO with extensive experience, including working at Ontario Power Generation, and recommended his appointment as Treasurer to the Board.

IT IS HEREBY RESOLVED THAT:

Effective November 1, 2009, the following person be appointed to hold the office of Treasurer with the title of Vice President and Chief Financial Officer until such time as a successor is elected or appointed:

- Steve Cavan

The motion was made, seconded and unanimously passed.

The President and the Chair thanked Mr. Mauti for his excellent work during his time at NWMO.

19. Upcoming Visit of CNSC President to NWMO Board Meeting

The purpose of this item was to discuss potential topics for discussion during the visit of Dr. Binder, Chair and President of the CNSC to the NWMO Board on November 24, 2009.

The President noted that Dr. Binder will meet with the Board in his capacity as President of the CNSC. Board members suggested topics to be reviewed with Dr. Binder.

20. In Camera Session

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

21. Next meeting

Board of Directors Meeting #4

November 24, 2009

9:00 am – 4:30 pm EST

Location: Toronto

Conclusion of Meeting

There being no other business, the Chair declared the meeting terminated at 3:30 pm.

(*) Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair