

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

February 18, 2010

AGENDA

1. Approval of Agenda and Constitution of Meeting
 2. Minutes of Previous Meeting
 3. Business Arising from the Previous Minutes
 4. *In Camera* Session
 5. President's Report
 6. Committee Reports
 7. Report from the Advisory Council
 8. Disposition of Advisory Council Advice in 2009
 9. Disposition of Comments of the Independent Technical Review 2009 Report
 10. Update on Preparation for Siting Launch
 11. NWMO Role as a Constructor
 12. Draft Memorandum of Agreement for Design and Construction
 13. Waste Owner Cooperation
 14. Strategic Planning
 15. Business Risk
 16. 2010 Performance Measures and Objectives
 17. Travel and Expense Guidelines for Board and Council
 18. Advisory Council Term Extensions
 19. Management Reports
 20. Next Meeting
 21. *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 Toronto, ON
on February 18, 2010
commencing at 9:00 a.m.

Present

Gary Kugler	Director, Chair
Pierre Charlebois	Director
Donn Hanbidge	Director
Ron Jamieson	Director
Ken Nash	Director, President & CEO
Josée Pilon	Director (via teleconference)
Deborah Poff	Director (via teleconference)
Ian Ross	Director

Regrets:

Sharon MacFarlane	Director
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Staff in attendance:

Angelo Castellan	VP Environmental Assessment & Corporate Support
Steve Cavan	Chief Financial Officer
Marni Halter	Senior Counsel (items 11 and 12)
Pat Moran	General Counsel and Corporate Secretary
Gillian Morris	Assistant Board Secretary
Sean O'Dwyer	VP, Human Resources
Ian Pritchard	VP, Design and Construction
Jamie Robinson	Director, Communications
Sean Russell	Director, Repository Engineering
Kathryn Shaver	VP, APM Engagement and Site Selection

Guests:

David Bannon	Ogilvy, Renault (item 11)
David Crombie	Advisory Council Chair (via teleconference, item 7)

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.

The agenda for the February 18, 2010 meeting was approved.

2. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on November 24, 2009, copies having been sent to each member of the Board, were approved.

3. Business Arising from the Previous Minutes

Mr. Moran reviewed the outstanding actions arising from the November 24, 2009 meeting, reporting that all items were complete or on the agenda for discussion.

4. In Camera Session

The Board convened an *in camera* session in which Mr. Ian Ross reported on the Human Resources Committee meeting of February 17, 2010.

The Board evaluated the 2009 NWMO performance results, reviewed the President's performance and approved related staff compensation matters.

5. President's Report

The President updated the Board on NWMO activities since the last Board meeting and reported on developments in Canada and internationally relating to nuclear waste management.

6. a) Report from the Audit, Finance & Risk (AFR) Committee

Mr. Ross provided a report to the Board on the December 8, 2009 and the February 17, 2010 AFR Committee meetings.

Mr. Ross reported on items discussed at the December 8 meeting which included an update on a number of items related to the NWMO pension plan and the transfer of assets from the OPG Pension Plan. The Committee reviewed revisions to NWMO policies on procurement and business expenses against recent Ontario government directives. The Committee Chair noted that although the Ontario directives did not apply to NWMO since it is not a provincial entity, the NWMO's policies were consistent with the directives. He noted that there were specific areas where NWMO's policies were different due to the fact that NWMO's governance structure is based on its federal mandate. The Committee's view was that the approach taken to the NWMO policies was the correct and prudent approach for the NWMO and that a good balance had

been struck in considering the provincial directives and the need to manage the NWMO's federal mandate.

Mr. Ross reported that at the February 17 meeting, the AFR Committee reviewed the 2009 audited financial statements and auditor's report. It was reported that no significant issues arose during the audit. Three minor issues were mentioned in the management letter and were being addressed by management appropriately. Committee members also reviewed the Deloitte & Touche report on the Great Plains System Audit. Mr. Ross reported that an *in camera* session had been held with the auditors and Committee members, in the absence of management, and no further issues had been identified.

The AFR Committee recommended that the Board approve the 2009 audited financial statements.

IT IS HEREBY RESOLVED THAT:

Further to the recommendation of the Audit, Finance & Risk Committee:
The Board approves the 2009 Financial Statements for the NWMO fiscal year ended December 31, 2009, as audited and presented by the external auditors, Deloitte and Touche LLP in their January 27, 2010 Auditor's Report.

The motion was made, seconded and unanimously passed.

Other items discussed at the February 17 meeting of the AFRC included: the semi-annual business risk review, a pension status report, a review of the draft text of the financial section of the annual report.

Mr. Ross also reported that the current three year engagement with the auditors expires this year and management will bring a recommendation to the next Annual General Meeting of Members.

The Board was invited to discuss Mr. Ross's report. Board members discussed the status of the pension. The pension plan is fully funded against provincial requirements and as such is in a better position than the OPG plan, but a shortfall exists against the federal requirement, which includes indexing. Board members were assured that NWMO operates under federal jurisdiction and the issue is being resolved fairly and in accordance with the legislation and were also assured that NB Power and Hydro Québec were not assuming any liability for the shortfall. Mr. Hannbidge confirmed that OPG would provide the funds needed by NWMO to address the gap between provincial and federal requirements and that OPG would be producing a letter for NWMO to use in communicating with employees on the issue reflecting OPG's commitment to provide the funding over five years, as permitted by federal legislation.

b) Report from the Siting Committee

The Siting Committee of the Board met on Wednesday February 17, 2010. Mr. Ron Jamieson, Chair of the Committee reported on the meeting.

The Committee reviewed proposed revisions to the Charter for the Siting Committee. The original Charter was focused on the design of the siting process and with this work nearing completion, it was necessary to amend it to reflect the concept of implementation of the siting process. Mr. Jamieson recommended the revised Charter for Board approval.

IT IS HEREBY RESOLVED THAT:

The Siting Committee Charter be amended as recommended by the Siting Committee.

The motion was made, seconded and unanimously passed.

The Committee received a briefing on various aspects of the siting process including the progress in finalizing the siting process, government briefings and timing considerations for the launch.

The Committee was briefed on communities engaged in the “Learn More” activities as advertised on the NWMO web site.

Mr. Jamieson reported that the Committee had a lengthy discussion about the importance of ensuring the appropriate government briefings were held in advance of the launch of the siting process. It was agreed that the Siting Committee would review the state of readiness to launch the process at its next meeting.

7. Report from the Advisory Council Chair

Mr. Crombie noted the passing of long time Advisory Council member Dr. Daniel Rozon who passed away in September. He was recognized for his contribution to the Council and to NWMO's work.

Mr. Crombie reported that the Council received a detailed briefing on the final phase of the public dialogues convened in the Fall and the key themes emerging from those dialogues. Council continued to emphasize the need for provincial governments to support the implementation of APM's siting process.

The Council was also briefed on recent meetings with Aboriginal people. Council also emphasized that NWMO must make municipalities aware of the importance of Aboriginal involvement in the project once the siting process begins.

Council continued to express an interest in several areas of NWMO's work and were provided information on the following:

- The President provided an update on AECL's plans for long-term management of its waste;
- The Independent Technical Review Group (ITRG) provided its 2009 report to Council. Council discussed the findings and noted that relying only on data from a small group of accredited laboratories may limit the expertise available to NWMO;
- As a result of Council's request to continue to have opportunities to meet to exchange views with aboriginal groups, Council met with Niigani members. Niigani,

- in turn, asked to continue to be involved in as many of NWMO's discussions as possible with aboriginal groups in Canada; and
- NWMO's work on OPG's L&ILW DGR and relations with the Saugeen Ojibway Nation.

The Board Chair thanked Mr. Crombie for his report and expressed his appreciation for Council's ongoing guidance and advice and indicated that the Board was looking forward to meeting with the Advisory Council in March.

8. Disposition of Advisory Council Advice in 2009

Further to a previous Board request, Ms. Shaver reviewed the summary of Advisory Council advice provided to NWMO in the calendar year of 2009 and described management's response to that advice. She indicated that the plan is to share management's response with the Council.

The Board discussed how best to follow up on the Council's concern about the need for coordination of industry DGR work on. It was determined that it would be useful to discuss this further in the upcoming meeting between the Board and Advisory Council in March.

9. Disposition of Comments of the Independent Technical Review Group (ITRG) 2009 Report

Sean Russell discussed NWMO's disposition of the comments and recommendations in the 2009 ITRG report, which was provided to the Board at its November 24, 2009 meeting.

The Board was invited to discuss the report and NWMO's responses to the ITRG's recommendations. Management was asked if it disagreed with any of the ITRG's recommendations. Mr. Russell reported that the recommendations of the 2009 ITRG report were reviewed in detail by management, were deemed to be reasonable, and management prepared an NWMO action plan to address the recommendations. Overall, the ITRG report to the Board was considered positive. The Board discussed the status of research in both sedimentary and crystalline rock and how that research will progress in each rock type.

10. Update on Preparation for Siting Launch

Kathryn Shaver provided the Board with an update on the preparation for APM site selection. She discussed community participation in the "Learn More" program.

Staff continues to be on track with its workplan to finalize the siting process and supporting materials for the launch. Ms. Shaver reviewed the detailed engagement plans with the Board and the time frames for finalizing preparations. A readiness review will be held with the Siting Committee and the Board of Directors in the spring, and management will be making a proposal at that time on timing for proceeding with the siting process. Ms. Shaver reviewed the efforts underway for management to brief both provincial and federal ministers and staff.

The Board was invited to discuss Ms. Shaver's report. The Board discussed NWMO's work on economic benefits for communities. Mr. Nash noted the importance of briefing the several newly-appointed ministers at both federal and provincial levels.

The Board also discussed the emphasis on possible reprocessing in the United States and the potential effect it may have on APM. Ms. Shaver reported that reprocessing is a popular topic in the dialogues and that NWMO is working on developing background information.

11. NWMO Role as a Constructor

Pat Moran and Ian Pritchard provided information to the Board on what it means for the NWMO to take on the role of constructor for the OPG L&ILW DGR project.

Mr. Moran reported that the NWMO's role as a constructor was discussed at length with the Audit, Finance and Risk Committee at their February 17 meeting. He outlined the Board's responsibilities along with the responsibilities and obligations of senior management, supervisors, workers and subcontractors arising out of the NWMO's role as constructor. He described the management structure required to promote a culture of safety and to ensure that the Board of Directors exercises appropriate due diligence.

Mr. Pritchard explained the process of setting up an overall health and safety program for the site which will define policies and procedures based on industry standards, as well as his personal experience on other mining projects. Key steps to a successful program will be employing experienced personnel, providing training for the NWMO team, and ensuring that contractors and subcontractors are properly qualified and experienced in meeting the requirements for worker safety. He noted that all contractors would have to be pre-qualified and have an adequate health and safety record. He also noted that the experience with OPG's L&ILW DGR will benefit the future APM program.

Mr. Moran introduced David Bannon, a senior practitioner with experience in occupational health and safety in the mining industry to provide the Board with further advice and context.

Mr. Bannon discussed the importance of NWMO recognizing its role as a constructor and outlined the Board's obligations. Mr. Bannon reported that NWMO is taking appropriate early steps towards becoming a constructor. He outlined the criminal code provisions that apply in cases of gross negligence in the workplace.

The Board discussed the information provided. It was understood that this was a preliminary review for the Board to understand its future obligations. NWMO will continue to complete the development of the management systems and the appropriate infrastructure in order to become a constructor for OPG's L&ILW DGR.

12. Draft Memorandum of Agreement for Design and Construction

Pat Moran discussed the draft Memorandum of Agreement between the NWMO and OPG for the design and construction of OPG's DGR. He advised that the major principles had been agreed upon in the draft Memorandum of Agreement and that the intention was to seek approval to execute it and proceed with the negotiation of the detailed agreement, which will come back to the Board for approval.

Mr. Pritchard described that the proposed work under the agreement will be executed in two phases: engineering and construction. It was noted that there would be no liability for Hydro-Québec or NB Power arising out of this work.

One Board member noted that when the NWMO originally agreed to provide services to OPG on the DGR project, it had not been contemplated that the NWMO would be the constructor. Management agreed to provide an additional risk-benefit analysis at the next Board meeting which would look at any additional implications for the APM program arising out of the proposal for the NWMO to be the constructor for the OPG DGR project.(*)

The Board was asked for approval to proceed with the draft Memorandum of Agreement for Design and Construction.

Mr. Donn Hanbidge excluded himself from the vote, declaring a conflict of interest in his capacity as CFO for OPG.

IT IS HEREBY RESOLVED THAT:

The Board authorizes the President to finalize and execute the Memorandum of Agreement for the DGR EPCM Services with OPG substantially in the form of the draft reviewed by the Board provided that management prepare a risk analysis for Board review in April of what it means to take on the role of constructor.

The motion was made, seconded and unanimously passed.

13. Waste Owner Cooperation

Mr. Nash informed the Board of developments on waste owner cooperation. Wider cooperation on low and intermediate level waste has been discussed with waste owners over the past 18 months and periodically reported to the NWMO Board. Consistent with discussions at the November 2009 Board meeting, the NWMO has now made a proposal to the waste owners offering to initiate a study to evaluate the option of co-locating long-lived intermediate level waste with NWMO's planned used fuel DGR. Mr. Nash discussed the risks to APM.

Board discussion was invited. Ms. Pilon noted that Hydro-Québec was very supportive of initiating a study to co-locate the long-lived intermediate level waste. The Board discussed the next steps.

14. Strategic Planning

Mr. Nash reported that the NWMO management team conducted a high-level planning review that included an assessment of the general direction in each program area. It was determined that the overall direction as defined in the 2010-2014 business plan was appropriate but additional focus was needed in specific areas. Board discussion was invited on four strategic areas.

Directors asked about the level of NWMO's human resources as it moves into the siting phase of the project. Management reported that staffing considerations had been reviewed and will be reviewed again as the siting phase progresses. As far as technical resourcing for the siting process is concerned, the NWMO has reviewed a number of scenarios and the resources required for those scenarios. As a result, the NWMO has an understanding of potential resource requirements and has considered how those requirements would be met through in-house staff, and the consulting community if necessary.

15. Business Risk

Mr. Cavan reported that the NWMO's business risk review is conducted semi-annually by the Audit, Finance & Risk Committee as well as the Board of Directors. Mr. Cavan outlined the risks, the changes highlighted from the September review, and the methods used for assessing the risks for both APM and NWMO's work on OPG's L&ILW project.

The Board was invited to discuss Mr. Cavan's report. The Board discussed the process for the development of the cost estimates and asked management to ensure the Board is informed on developments. The President noted that management will provide an update on the development of the cost estimates at each Board meeting.

Mr. Castellan reviewed the work underway with the Saugeen Ojibway Nations (SON) noting that OPG is currently leading negotiations with the SON. The Board highlighted the need for NWMO to be involved in the discussions to ensure that there are not adverse impacts to the APM program.

16. NWMO 2010 Performance Objectives and Measures

Management sought Board approval for the 2010 NWMO performance objectives and measures. An initial draft was discussed with the Board in November 2009 and management was asked to improve wording, introduce an increased degree of stretch into target performance, and include financial performance objectives.

Mr. Cavan reviewed the changes made to the performance objectives and measures that had been made as a result of the Board's request. In discussion, the Board indicated that the proposed 2010 NWMO performance objectives and measures were generally acceptable. However, the Board expressed concern that with OPG taking the lead in negotiations with the Saugeen Ojibway Nation (SON) that there was a need to ensure that an appropriate performance objective relating to engagement with the

SON was established to ensure that there was an ability to manage potential risk to the APM program. Management indicated that it would work with OPG to do this and bring any proposed revision to the performance measures to the Board at the next meeting. (*) The Board also discussed the implications arising from a delay in the planned commencement of the siting process due to factors external to the NWMO and what management's plan might be in that event. Mr. Nash indicated that in such an event, management would bring the matter to the Board.

IT IS HEREBY RESOLVED THAT:

The 2010 NWMO performance objectives and measures are approved.

The motion was made, seconded, and unanimously passed.

17. Travel and Expense Guidelines for Board and Council

Pat Moran reviewed the revised travel expense guidelines being recommended for the Board and Advisory Council. The proposed guidelines will align the Board and Council policies with the new staff expense policies resulting from recent review of those policies against the Province of Ontario directives.

The Board was invited to discuss the proposed changes.

IT IS HEREBY RESOLVED THAT:

The Board and Advisory Council expense policies be approved as written.

The motion was made, seconded and unanimously passed.

18. Advisory Council Term Extensions

Mr. Moran discussed the extension of the terms of the Advisory Council. Five Council members' terms are set to expire at the end of 2010. As NWMO's and the Advisory Council's first triennial reports must be filed in March 2011, management is proposing to extend those members' terms until the end of 2011 to ensure continuity through this period. During 2011 the Council membership would be examined against the statutory requirements to ensure that the membership of the Advisory Council continues to meet those requirements.

IT IS HEREBY RESOLVED THAT:

The Board authorizes management to approach the five Advisory Council members whose terms expire on December 31, 2010 for the purpose of extending their appointments to December 31, 2011.

The motion was made, seconded and unanimously passed.

19. Management Reports

a) APM Engagement Report

Ms. Shaver reviewed upcoming engagement activities, including upcoming government briefings and meetings with:

- NWMO's municipal association forum;
- Canadian Nuclear Safety Commission;
- Canadian Association of Nuclear Host Communities (CANHC).

Ms. Shaver also reported that staff was working to finalize the updated five year implementation plan for APM which will be released at the same time as NWMO's 2009 annual report. Mr. Robinson reviewed NWMO's media coverage since the last Board meeting.

b) APM Technical Program Report

Mr. Russell reviewed the status of the APM Technical program. He noted that staff continued to participate in international cooperation meetings including a project to advance the understanding of processes associated with glaciation and their impact on long-term performance of a deep geological repository. He also reported that work was underway to complete the design and cost estimate review of the used fuel container and the used fuel packaging plant.

The Board discussed the work on glaciation and potential impacts on a DGR. Mr. Russell noted that work done to date indicates that the depth of a repository and the rock act as a barrier protecting the repository from the effects of glaciation.

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

Mr. King reviewed NWMO's work underway on OPG's L&ILW DGR project. He noted that the fieldwork for the environmental assessment, as well as borehole drilling activities at site, are complete. Throughout April and May, NWMO will be conducting a series of workshops with the regulator to brief them on progress in the areas of design, geoscientific site characterization and environmental assessment. The target is to have final drafts of the Environmental Impact Statement, Preliminary Safety Report and supporting documents by the end of the year.

d) Financial Report

Mr. Cavan reviewed the management cost report, which had also been reviewed by the Audit, Finance & Risk Committee.

e) Human Resources Report

Mr. O'Dwyer reviewed progress on preparations for collective bargaining with the Society of Energy Professionals in 2010, recruitment, and training and development.

20. Upcoming Meetings

Mr. Moran reminded the Board of the meeting with the Advisory Council on Monday, March 8 and noted that the next Board meeting's location has been changed to Toronto.

Wednesday, April 21, 2010
9:00 am – 4:00 pm EST
NWMO's office

21. Conclusion of Meeting

There being no other business, the Chair declared the meeting terminated at 2:25 pm pm.

(*) Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair