RE: ONTC Q+A

From:	"Donaldson, Mark (TBS)" <mark.donaldson@ontario.ca>
To:	"Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc:	"Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date:	Sun, 04 Feb 2018 16:06:44 -0500
Attachments:	ONTC Transfer Summary v5.docx (195.52 kB)

Hi Cindy,

This is the latest BN. It reflects an impact of $21M for past service costs benefit enhancement based on current information (subject to update).

Mark

From: Veinot, Cindy (TBS)
Sent: February 2, 2018 4:09 PM
To: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>
Cc: Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>
Subject: FW: ONTC Q+A

Fyi – let's discuss how to get Scott Mantle (CAO) up to speed on the work we have been doing. Is the memo on this issue ready for my review? Perhaps that is a document that would be useful to provide to him.

Thanks,

From: Mantle, Scott (MNDM)
Sent: February 2, 2018 3:34 PM
To: White, Kim (MNDM); Campbell, Rob W. (MNDM)
Cc: Cook, Tim (MOF); Veinot, Cindy (TBS)
Subject: RE: ONTC Q+A

I understood that at the time of the merger, the write-off (or settlement) of the ONTC Pension Plan which will cease to exist causes a pension expense (estimated at $95.5M before SERP at Dec 31, 2017) largely as a result of unamortized net actuarial losses that can't be carried over to the PSPP plan. I also understood the 'plan differences' were considered in the original forecasting, however, an updated valuation/assessment would be required at the time of the actual merger to capture evolving circumstances to that date. While I'm out of my depth on the accounting implications of the proposed merger, I could really benefit from a more complete explanation of the anticipated consolidated impact, cost, and perhaps a review of the Ernst and Young materials?

Scott

From: Cook, Tim (TBS)
Sent: February-02-18 1:08 PM
To: White, Kim (MNDM)
Cc: Malekzadeh, Afshin (TBS); Skubel, Chris (TBS); Warren, Skyler (TBS)
Subject: ONTC Q+A

Hi Kim

Here’s a draft of the Q+A we discussed. Hope this helps

Tim

Q: What is the cost of the transfer of the ONTC pension plan to the Public Sector Pension Plan?

A: The impact of the transfer of the ONTC Pension Plan as an asset is neutral. As both the ONTC Pension Plan and the Public Sector Pension Plan (PSPP) are part of the Province’s overall financial statements, combining these into one plan will not have an impact. However, there are differences between the benefits of the two plans. As the PSPP is slightly more generous than the what was previously offered in the old ONTC plan, there is a one-time cost that will arise. This cost is estimated at approximately $21 million. This estimate is based on the preliminary calculations of Ernst and Young that was hired to review the transaction. While the final calculation of the fiscal impact will not be known until another valuation is conducted following approval in principle of the merger, it is not anticipated that the impact will deviate substantially from the current estimate.