



IN THE MATTER OF the Pension Benefits Act, R.S.O. 1990,
c. P.8, as amended (the “PBA”).

AND IN THE MATTER OF a Proposal of the Superintendent of Financial
Services to Make an Order under sections 69(1)(a) and (b) of the PBA that the
Retirement Plan for Employees of Northern Sawmills Inc., Registration Number
0978270, be wound up.

TO: **Northern Sawmills Inc.**
1 Maureen St., Box 29039
Thunder Bay, ON
P7B 6P9

Attention: **Mr. Harry Mercer**
Treasurer and Secretary
Northern Sawmills Inc.

Employer and Administrator of the Plan

NOTICE OF PROPOSAL

I PROPOSE TO MAKE AN ORDER under sections 69(1)(a) and (b) of the PBA, that
the Retirement Plan for Employees of Northern Sawmills Inc., Registration Number 0978270
(the “Plan”) be wound up effective as at January 1, 2008.

REASONS:

1. The Plan is a defined benefit, non-contributory, single employer pension plan registered under the PBA.

2. Northern Sawmills Inc. (the “Company”) is the employer and the administrator under the Plan.
3. Section 4.3 of the Plan provides that the Company shall make contributions on behalf of the plan members at a rate determined by an actuary to be sufficient to provide for payment of the benefits required to be paid by the Plan.
4. The Company has not made the employer required contributions to the Plan commencing with the contributions due in January 2008. The latest Actuarial Report in respect of the Plan as at May 31, 2009 (the “Actuarial Report”) indicates that contributions in arrears, with interest are \$3,171,989 as at May 31, 2009.
5. The Financial Services Commission of Ontario (“FSCO”) informed the Company by a letter dated July 6, 2009 (the “FSCO Letter”) of its outstanding contributions and requested that it take steps to bring the Plan into full compliance with the funding requirements under the PBA. The Company was given 15 days to respond to the compliance request in the letter. No response was received from the Company.
6. Section 69 of the PBA sets out the circumstances under which the Superintendent may order a wind up of a pension plan. These circumstances include the following:

69(1) The Superintendent by order may require the wind up of a pension plan in whole or in part if,

 - (a) there is a cessation or suspension of employer contributions to the pension fund;
 - (b) the employer fails to make contributions to the pension fund as required by this Act or the regulations.
7. The PBA states the following with respect to employer contributions:

55(2) An employer required to make contributions under a pension plan, or a person or entity required to make contributions under a pension plan on behalf of an employer, shall make the contributions in accordance

with the prescribed requirements for funding and shall make the contributions in the prescribed manner and at the prescribed times.

8. The Regulation 909, R.R.O. 1990 (the “Regulation”) prescribes as follows:
 - 4(4). The payments referred to in subsections (2) and (2.4) shall be made by the employer or, if a person or entity is required to make contributions on behalf of the employer, by that person or entity and, if applicable, by the member of the pension plan within the following time limits:
 3. In the case of a pension plan that provides defined benefits, employer contributions in respect of the normal costs reported under clause 13(1)(a) or 14(7)(a) for each period covered by a report beginning on or after the 1st day of January, 1988, in monthly installments within thirty days after the month for which contributions are payable, the amount of the instalments to be either a total fixed dollar amount, a fixed dollar amount for each employee or member of the plan or a fixed percentage either of the portion of the payroll related to members of the plan or of employee contributions.
9. The Company has not made any contributions to the Plan as required by the PBA and as prescribed by the Regulation since January 2008. Therefore there is a cessation or suspension of employer contributions to the pension fund and grounds to wind up the Plan under section 69(1)(a) of the PBA.
10. The Company has also failed to make contributions to the pension fund as required by the PBA and the Regulation and there are therefore grounds to wind up the Plan under section 69(1)(b) of the PBA.
11. Such further and other reasons as may come to my attention.

YOU ARE ENTITLED TO A HEARING by the Financial Services Tribunal (the “Tribunal”) pursuant to section 89(6) of the PBA. **To request a hearing, you must deliver to**

the Tribunal a written notice that you require a hearing, within thirty (30) days after this Notice of Proposal is served on you.¹

YOUR WRITTEN NOTICE must be delivered to:

Financial Services Tribunal
5160 Yonge Street
14th Floor
Toronto, Ontario
M2N 6L9

Attention: The Registrar

FOR FURTHER INFORMATION, contact the Registrar of the Tribunal by phone at 416- 226-7752, toll free at 1-800-668-0128, ext. 7752, or by fax at 416-226-7750.

IF YOU FAIL TO REQUEST A HEARING WITHIN THIRTY (30) DAYS, I MAY CARRY OUT THE PROPOSAL AS DESCRIBED IN THIS NOTICE.

DATED at Toronto, Ontario, this **29th** day of **March, 2010**.

K. David Gordon
Deputy Superintendent, Pensions

¹ NOTE - Pursuant to section 112 of the PBA any Notice, Order or other document is sufficiently given, served or delivered if delivered personally or sent by regular mail and any document sent by regular mail shall be deemed to be given, served or delivered on the seventh day after the date of mailing.