

November 29, 2018

To the OMERS Sponsors Corporation Board of Directors:

We are in receipt of your November 23, 2018 Bulletin, *“Important update: Final decision on the Comprehensive Plan Review”*, and wish to provide the following feedback.

As another unsuccessful OMERS Sponsors Corporation'(SC) Annual Plan change process concludes, we want to share our perspective regarding the Comprehensive Plan Review (CPR), the 2018 Plan change process and related communications.

We are pleased to read, albeit from a Sponsor's website, that the majority of SC employee Directors opposed the unjustified Plan changes and made a commitment that future Plan change options will not be considered without direct input from members.

<https://cupe.on.ca/important-update-on-proposed-omers-plan-change-vote/>

Concerning OMERS Plan change communications, your most important duty was to ensure that any changes in Plan design were balanced and informed by a wide range of member input and opinions. We understand there may have been a need for focused consultation with Sponsors but not to the exclusion of contributing members. Minimal individual contributor and employer feedback was sought and seemingly unimportant to the SC's process – that is, until members became aware and became angry. Communication efforts of the scale necessary for the SC Plan change process will never be successful if it consists only of minimal data and attractive graphs provided to members while only SC insiders received essential information.

SC staff were poorly prepared for the CPR and knew little of the SC's peculiar decision making to properly support the entire Plan change process. They also lacked the requisite subject matter expertise to deal with member concerns. Meanwhile, OMERS pension staff remained silent, watching as contributors were forced to navigate ad-hoc SC communications containing incomplete and inadequate information.

OMERS staff must be able to educate contributors about the individual components of their pension benefits. Pension staff, who engage daily with contributors and employers, must be permitted, by both Boards, to objectively lay out the pension benefit and OMERS governance fundamentals to contributors in tandem with future Plan change processes. As beneficiaries, it is not unreasonable to expect the Plan Administrator to engage with members and employers and offer, if not promote, educational opportunities to help avoid unnecessary anxiety brought on by the SC's ever-changing and opaque, annual process.

The work of SC Directors is not a voluntary service -- they are paid by contributors to drive the change required to make the Plan sustainable. Yet, most SC Directors seem unaware of what being an 'active' SC Director entails or demands. COTAPSA believes SC inefficiency is a severe problem requiring immediate acknowledgement and a response from all Sponsors, the OAC Board of Directors and OMERS management – each of whom have a hand in approving, or are accountable for, the SC's annual expenses.

Below, for consideration, is a brief “accountability” checklist for SC Directors as they evaluate their annual performance at their year-end meeting. We are not suggesting to *reinvent the wheel* as many of the items originate from the OMERS SC Governance Manual itself, attached for reference: <https://www.omerssc.com/Sponsors/Governance/Governance-Manual>

- Approval and posting on the SC website of the SC’s 2019 operating/business plan.
- Annual review of external advisors/suppliers should include the dismissal of all CPR related advisors and suppliers.
- No approvals should be made for SC Directors attendance or speaking at any industry conferences or optional educational courses until the OMERS deficit is eliminated.
- Implement improvements in corporate governance practices with the introduction of proper disclosure of SC Board activities. In other words, evaluate and improve how the SC is directed and administered to ensure it meets its mandate of Plan stewardship.
- Evaluate the mandates of the SC Board and its committees for value-added benefits. All aspects are to be reviewed through the scope of the SC's annual operating costs. Resultantly, SC will realize ways to increase decision making efficiency while reducing or limiting costs, including unrequired meetings, etc.
- Develop and execute a meaningful Member engagement strategy for SC Plan changes.
- Review and revise all SC Bylaws and policies as many may have outdated elements.
- Utilize the information provided by the OMERS Pension and Actuarial staff to identify, monitor and report on risks related to Plan design, contribution rates, and issues related to actuarial assumptions.

2018 has proven to be a turning point for awareness as to the state of OMERS governance by its members. Directors are no longer immune from scrutiny of their actions surrounding the stewardship of the OMERS Plan. It is expected that pressure from contributors will intensify in response to poor Board governance – we are all watching closely. COTAPSA remains committed to pushing for improved accountability for our members and will maintain this pressure in 2019 and well into the future. We will continue to highlight and make public our concerns with overall transparency including but not limited to: OMERS annual reporting, strategic planning, disclosure of board and management expenses, as well as the plans relative performance compared to other Ontario peer public pension plans.

We will continue to hold both OMERS Boards accountable for the Plan’s financial performance, and for the management team they have in place.

Sincerely,



Mike Major
President