



August 30, 2018

Mr. George Cooke
Chair, OMERS Administration Corporation Board of Directors (OAC)
100 Adelaide Street West
Toronto, ON
M5H 0E2

Re: OMERS Disclosure surrounding Canada v. Oxford Properties Group Inc.

Dear Mr. Cooke,

On February 1, 2018, the Federal Court of Appeal ruled on Canada v. Oxford Properties, a case dealing with federal taxes owing from a series of real estate transactions dating back to the early 2000's. We are writing to inquire as to why there has been no disclosure of this very serious matter from OMERS to its members.

<https://www.canlii.org/en/ca/fca/doc/2018/2018fca30/2018fca30.html?searchUrlHash=AAAAAQARb3hmb3JkIHByb3BlcnRpZXMAAAAAAQ&resultIndex=1>

Minimally, the reassessment and the resultant costly external legal fees could cost OMERS members' tens of millions of dollars. We have found no evidence that any part of this longstanding tax matter has been disclosed by your board or referenced in any official communications, including annual reports, annual meetings, the OMERS website, or annual financial results.

Why has OMERS not disclosed or communicated information on this matter? Official silence is not in the best interests of OMERS beneficiaries. Does the OAC board think the reassessment is too insignificant to mention? One would question how OMERS and Oxford's reputations are perceived by international regulators, and its current and prospective co-investors when this sort of low quality, selective disclosure takes hold.

Mr. Michael Latimer was a senior official with Oxford at the time of the original transactions and subsequent structuring. He was OMERS CIO in 2011, and has been OMERS CEO since April of 2014. Mr. Blake Hutcheson, your current Chief Pension Officer, became CEO of Oxford in 2010. What did the OAC's Audit Committee decide when this extraordinary financial matter was brought forward to your board by management from 2011 onwards? What sort of compensation claw backs are being considered by OAC's Human Resources Committee, should the final appeal fail?

Public sector salary disclosure records and annual reports indicate that OMERS CEO Michael Latimer saw his compensation at OMERS/Oxford go from \$130,000 in 1997 to over \$5.33 million in 2017. Comparatively, the OMERS fund and/or OMERS members have not done as well over the same 20-year period. Mr. Latimer is presumably not worried about retiring comfortably but active OMERS members are being forced to accept diminished retirement benefits and they are worried and angry.

We recognize Oxford has filed a *leave to appeal* the Court of Appeal's February decision to the Supreme Court of Canada, and is awaiting a decision as to whether the appeal will be heard.
<https://www.scc-csc.ca/case-dossier/info/dock-regi-eng.aspx?cas=38049>

However, the *leave to appeal* should not be used as a shield against communicating the risk of the final reassessment costs to OMERS members when this matter must be settled with Revenue Canada.

It is expected that the OMERS boards be oriented to the long-term health of our fund and are responsible to step in and be accountable when necessary. But, on this and so many other matters, OMERS boards and management seem unconstrained in their spending of members' pension dollars and the selective disclosure to those same members.

OMERS is a large organization with a tremendous amount of power over the quality of life of its hundreds of thousands of beneficiaries. As our administration board you are obliged to disclose important information in a timely and accurate manner. As such, the Oxford tax issue and the potential financial exposure is worth mentioning in OMERS financial statements and/or on your website.

We look forward to an explanation of the OAC board's actions to date on this matter.

Regards,

A handwritten signature in black ink that reads "M. MAJOR". The letters are bold and slightly slanted, with a casual, personal feel.

Mike Major
President
COTAPSA