



March 27, 2019

OMERS Administration Corporation Board of Directors
OMERS Sponsors Corporation Board of Directors
900 -100 Adelaide Street West
Toronto, ON M5H 0E2

Attention: George Cooke, Frank Romagnano and Barry Brown

Dear Directors:

On behalf of our members we wish to express concern with your recent appointment of Michael Rolland as the interim Chief Executive Officer (CEO) of the OMERS Sponsors Corporation (SC).

While very little background information was provided in last week's announcement (see attached) our assessment is that Mr. Rolland's professional qualifications and primary investment experience is with the financial aspects of the privatization of public healthcare and other government assets. We would question why the SC Directors think they need the profile and skillset of this successful investment executive working in what is essentially an administrative and coordinating role for pension benefit design issues? (See attached – position description for CEO of OMERS SC, as per the OMERS website March, 2019.)

Interim staffing decisions are typically not tough calls, but in the case of the SC Board it seems they invariably err on the side of needless complication and incoherence. Why was the interim role not offered to the SC's long serving Vice President, who has relevant professional pension and actuarial credentials, and in our experience with him over the past 7 or 8 years, has shown an excellent working knowledge of the Sponsors Corporation mandate, its plan change processes and the OMERS governance model?

Beyond his boardroom experience, how is this "*expansion of his responsibilities*" an appropriate use of pension plan funds to use the otherwise talented Mr. Rolland in a role for which he has few apparent qualifications? In whose interest will he be acting – the Sponsors Corporation Board or the Administration Corporation's? As OMERS members and employers have been told for over a decade by OMERS Directors and executives that the SC is a separate statutory corporation with a unique governance structure and must have separate staff and advisors to properly serve its collective bargaining like needs.

How will he be compensated? The SC's CEO role is presently estimated to be \$350k per year while his reported annual compensation at OMERS Administration Corporation topped \$3.7 million for each of the last three years. Will any element of his SC compensation be tied to his AC compensation? Will his SC compensation and services be reported as SC expenses or be treated as information or advice to the SC from the Administration Corporation?

The bigger question is - how will he retain his role as President and Chief Operating Officer, Asia-Pacific for OMERS, overseeing and directing "*OMERS operations, business relationships*

and the growth opportunities in that region”, and have the time and energy to be the CEO of the SC? Is the Asian Pacific region, with offices in Sydney and Singapore, an enterprise priority for OMERS? The executive leadership has hired professionals to work in those offices but their leader and mentor will be 12 time zones away serving the fourteen SC Directors as they attempt to vote, once again, on 10-year-old plan design decisions?

As talented as he may be, our members and employers are owed an explanation as to why you think this dual role is the highest and best use of his time and OMERS scarce resources in 2019? As contributors we need to understand this and as stewards of our monies you have a responsibility to inform us.

OMERS is the only major Ontario public pension plan still in deficit after 10 years and has chronic reputational challenges with governments and pension plan investing circles for its poor governance. With all due respect to Mr. Rolland, the lack of clarity and details around his new dual role, however temporary, fuels more uncertainty about OMERS Directors’ fiduciary abilities to perform effective plan governance and be accountable for their actions.

These sorts of Board decisions reflect poor business acumen. The consequences of this weak judgement will likely cost members and employers’ unreasonable sums of money and lost opportunity – all to perform work that can be otherwise accomplished with far fewer resources and reasonable positions by employer and employee sponsors.

No doubt you see the nature and purpose of the interim CEO role differently. Please help us better understand your handling of this matter with more detail and increased transparency as soon as possible.

Sincerely,

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

From: Kara McAulay [<mailto:KMcAulay@omerssc.com>]

Sent: March 21, 2019 9:50 AM

To: Kara McAulay <KMcAulay@omerssc.com>

Subject: Michael Rolland tapped to take on OMERS Sponsors Corporation CEO role on an interim basis



A message from the Co-Chairs

We are extremely pleased to announce that [Michael Rolland](#) will lead OMERS Sponsors Corporation as CEO on an interim basis.

Known for his high level of integrity, investment track record, genuine interest in people and deep ability to create value for all stakeholders, Michael has driven success across many initiatives over his 20 years at OMERS. He has a deep and unique understanding of the mandates of both the AC and SC Boards, making him the ideal leader for the SC at this critical next stage of its evolution.

Michael's focus will be to help the Sponsors Corporation Board deliver on its key responsibilities related to plan design, contributions, strategy, stabilization reserves and valuation filing.

In addition to this new role, Michael will retain his position as President and Chief Operating Officer, Asia-Pacific for OMERS – continuing to oversee and direct OMERS operations, business relationships and the growth opportunities in that region.

Michael's transition to leadership of the SC will begin immediately, with an effective date of April 15, allowing for a smooth transition ahead of Paul Harrietha's retirement from the SC on April 30.

It is with sincere enthusiasm and trust that we offer Michael our collective support as he embarks on this expansion of his responsibilities. OMERS is indeed fortunate to have an individual with his variety of experience and ability, and we know you will join us in congratulating Michael and extending your full support.

Sincerely,

Frank Ramagnano and Barry Brown
Co-Chairs

OMERS Sponsors Corporation Position Description as of March, 2019

Chief Executive Officer (CEO)

Reporting to the Board of Directors, the CEO is the executive leader of the corporation and is responsible for organizational leadership and direction and assisting the Board in achieving its mission and delivering on its key responsibilities related to plan design, contributions, stabilization reserves and valuation filing. The CEO provides direction, guidance, and supervision to the organization and its staff and assists the Board and Co-Chairs in establishing responsible governance and planning for the organization; monitors and advises regarding the strategic direction of the organization, the strategic design, funding, and communication for the OMERS pension plans, and any new initiatives approved by the SC; builds and promotes consensus among stakeholders; provides leadership, direction and clear lines of accountability; acts as the principal point of contact with Board Members, OAC Staff, government stakeholders, and third parties; and stays current on trends and industry developments.

As the executive leader for the organization, the CEO is responsible for directing and supervising all activities of the organization, including staff and third parties, and for providing objective insight and leadership to the Board in establishing organizational strategies and priorities, and responding to all matters brought to the Board, including:

- Assisting the Board with ongoing advice and guidance regarding its strategic direction, initiatives and policies.*
- Representing the organization within the industry and at public gatherings, as required.*
- Supporting the SC as the Corporate Secretariat, including attending all Board/committee meetings, providing support materials and information required for Members, documenting all meetings and publishing their results using effective tools and approaches to enable good Board governance, and importantly following up on all action items from the meetings.*
- Supporting the Co-Chairs in their roles and assisting them with advice and information necessary to perform their duties; and, handling any situation in their absence.*
- Maintaining a close relationship with all levels of staff at OMERS and outside advisors, to ensure open and prompt communication, receipt of administrative and technical support and to ensure that SC's duties and roles are carried out as effectively as possible, and that it receives timely expert advice when required.*
- Enhancing and maintaining ongoing working relationships with pertinent government and sponsor organizations and representatives, to ensure constant communication and that those communication links are available in urgent or important circumstances.*
- Providing the SC with information and trends in the pension industry, to represent the SC at pension industry events and initiatives and to ensure that the SC has 'best in class' levels of information relating to its primary pension plan mandate.*
- Acting as the catalyst for ongoing enhancement of the strategic vision for the organization.*
- Managing the small administrative function of the SC - continuously enhancing administrative procedures to ensure the SC's needs are met and the work load and time commitment of its Members can be effectively minimized.*

Influencing and guiding discussions, and maintaining a balanced view amongst a diverse group of stakeholders often with opposing perspectives.

Improving PR and communication to each stakeholder group through regular and consistent communication vehicles.

Building upon and continuing to improve the transparency/communication between the OAC and SC.

Understanding pension fund legislation as it relates to the OMERS plans and the inherent risks, and displaying sound judgment in the absence of clear legislation.

Developing annual operating goals and budget, objectives and performance targets.

Identifying and managing risk to the organization.

Ensuring an effective orientation program is provided for new Members, with the advice and support of the Co-Chairs.

Identifying, monitoring and managing risk to the organization.