



June 27, 2019

Councillor Paul Ainslie
Chair Government Management and Licensing Committee
Toronto City Hall
100 Queen Street West, Suite C52
Toronto, ON M5H 2N2
Email: councillor_ainslie@toronto.ca

RE: **GL General Government and Licensing Committee, June 24, 2019; Item 6.2 - Annual Update on OMERS as it Relates to the City's Employer Contributions**

Dear Councillor Ainslie and Committee Members:

We watched with interest your meeting with the City of Toronto's appointees on the OMERS Administration Corporation (AC) Board of Directors, David Beatty, and the OMERS Sponsors Corporation (SC) Board of Directors, Joe Pennachetti.

We commend the committee members for taking an active interest in Toronto's participation in the OMERS pension plan. The approximately 500 million dollars per year commitment and the aggregate economic stake that our City government and its employees have in OMERS is a strong incentive for Councilors to insist on hearing directly from the City Manager's two appointees each year. Calling them in for direct questions has fielded a quality and directness of answers that are not available in any other OMERS forum, save and accept perhaps private sponsor briefings.

COTAPSA has been advocating since 2005 on behalf of management/non-union OMERS members for an "employee" seat on the OMERS Boards. Nearly 22% or 60,000 active OMERS contributors are not represented on either of the OMERS Boards. This group of employees, which collectively owns over 32% of OMERS assets and are responsible for 30 % of OMERS liabilities, has been repeatedly denied representation by the OMERS Sponsors since 2007.

COTAPSA has long-standing concerns with OMERS governance model. As OMERS members, we believe our pension plan's governance costs are excessive, unjustifiable and unfair to the interests of plan members. We are also concerned that OMERS sponsor's and their director appointees, whose role is to ensure efficient and effective decision making, show little verifiable interest in doing what's right for OMERS members and reviewing these cumulative plan costs

COTAPSA informed OMERS more than 15 months ago of our desire to have OMERS respond in writing to our letters rather than continue to engage in the Sponsor Corporation's stakeholder meetings where nothing of substance was ever offered up for discussion or debate. (Please read attached 2016 letter to FSCO by a group of concerned OMERS stakeholders.) It is precisely because we have endured years of meaningless Sponsors Corporation meetings under the charade of dialogue that we resorted to a writing campaign.

Since our campaign has begun, we have heard from many OMERS members, current and former OMERS employees, senior municipal finance officials and retirees - all concerned about the state of affairs at OMERS. All of them praised our letter writing campaign and offered advice and support for our current approach.

But as the OMERS Sponsors Corporation spokesperson attending your committee, Mr. Pennachetti's responses to your questions were light on the facts and circumstances surrounding of our letter writing in the past 3 years.

Mr. Pennachetti stated that OMERS has received upwards of 100 letters from COTAPSA in the past 18 months. In fact, COTAPSA has sent ten letters and two responses to OMERS on a variety of disclosure and governance issues. We have produced several member bulletins and op-eds addressing issues ranging from OMERS broken Plan change process to the need for changes to the OMERS Act and the accountability of our OMERS directors for the sustainability of our pensions. In addition, we have sent several letters to Ontario's pension regulator and to the current and former Ontario government outlining our concerns with OMERS. The letters and responses are posted chronologically on our website.

We make no apologies for the fact that OMERS may be unprepared or sensitive to criticism over its governance, poor investment performance and unreliable communication practices. It is unfortunate though that Mr. Pennachetti chose to insinuate that if only COTAPSA sat down with OMERS they would show us that our concerns are baseless. Both he and Mr. Beatty would benefit from a reread of Senator Tony Dean's 2012 report on his review of OMERS governance.

COTAPSA letters are all about the increasing costs and governance challenges at OMERS. Every OMERS employer and member should be concerned about OMERS chronic under-performance and staggering investment management costs. Other Ontario public pension plans have been out of deficit for many years and their contributions are not under the sort of pressure that OMERS employers and employees are. Something is wrong - employers and OMERS members must take a closer look at what is happening at their pension plan.

We are in this situation together, so we appreciate the time and attention your committee gives OMERS each year. We would be happy to meet at any time to discuss in greater detail the many issues that we (and others) have been raising over the past 14 years.

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