



April 17, 2018

Mr. George Cooke, Chair
OMERS Administration Corporation (OAC) Board of Directors
900-100 Adelaide Street West
Toronto, Ontario, M5H 0E2

Dear Mr. Cooke:

RE: 2017 Annual Report and Various Governance and Communications Issues

Thank you for responding on behalf of the OAC Board to our April 5th letter.

We are encouraged with a number of your responses, while also disappointed with your reactions to some of our issues. Beyond this, we are concerned that, perfunctory gestures aside, our feedback has been glossed over.

COTAPSA invested a good deal of time and resources to lay out our issues and feedback in a straightforward manner. Your letter responded to approximately half of our questions - not necessarily to our liking - but clear all the same. The reordering of our other questions and feedback compromises the effectiveness of your communication. Nonetheless, the issues are now out in the open and I will attempt to respond to what I believe are the salient points in the OAC Board of Directors' response.

I watched the edited video from the OMERS Annual Meeting of April 9th and find, despite your insistence, few of our issues were actually addressed - at least not in the way that an outsider or ordinary member would understand.

Even if our specific points were not addressed at the AGM, perhaps some of the issues you refer to were discussed at the private Sponsor meeting, apparently held after the official AGM. Unfortunately, no summary of that meeting has been made available by the SC Co-Chairs, or anyone else representing the SC.

While I appreciate your offers to meet one to one, and fully recognize your professionalism, one-on-one meetings are not the appropriate forum to advance COTAPSA's Board of Directors and members' objectives. Likewise, the many OMERS consultative initiatives "seeking input" have served only to provide COTAPSA with a deep, skeptical perspective about OMERS governance decision-making. Our current preferred channels of communications are participation where possible, and written correspondence, letting as many people as possible know our central concern: that poorly structured and expensive governance is weakening accountability and disclosure at OMERS, and the remedying of this situation must be a top priority, either by the Sponsors or the Ontario government.

I regret to say that some aspects of the recent OMERS AGM have provided us reason to believe that this stream of correspondence is probably our best and only option for getting these concerns addressed.

I noticed how some remarks given during the AGM sounded like subtle attempts to re-write recent OMERS history. For example, it was odd to hear the current OMERS CEO imply that OMERS efforts to communicate with a wider array of stakeholders dates back to his promotion to the role of CEO in April 2014, and that these efforts were somehow *his* idea. It is well known, that those efforts were prompted by the groundswell of responses to the *Dean Review*, which Senator Dean later crystallized into a specific recommendation in his final report in early 2013.

Senator Dean may find this revisionist history merely amusing, and we wonder what he would think. It is a needless distortion of basic fact, uttered by an executive with a two-decade history with the OMERS organization and who should know better.

OMERS Governance

We know the “bicameral structure” is one of a kind. Our concern is precisely that two boards have been expending tens of millions of dollars of member resources for over 11 years, “to [uncritically] make this legislated structure work.” It’s disingenuous of the OAC Board to imply, as your letter does, that OMERS Sponsors and their board appointees had no choice but to “make it work”. COTAPSA met Senator Dean during his review. The current sponsors, to my knowledge, all told him to maintain status quo for the governance model. There is no evidence that we’ve seen to suggest any one of the Sponsors expressed any concerns about the outrageous governance costs, inefficiency, ineffectiveness or the overall unfairness of the model for employers and members.

It’s considerate of the OAC Board to mention the SC in relation to the *Dean Review* and our efforts to obtain sponsor status for management, non-union members on both OMERS boards. I have no recollection of any invitation to COTAPSA from the SC for “constructive input”, or Senator Dean even mentioning the phrase in his report. Despite assurances that the OAC Board did everything “within [OAC’s] control,” we all know that important elements of Dean’s “Recommendation 4” remain untouched by the SC. Our concern is that the OAC Board seems content to look the other way and hopes that no one calls them out on it.

The mentioning of the *Competency Framework* for the OAC Board is welcome. The OAC Board is fortunate to have some very highly skilled Directors, from both employee and employer sponsor organizations. However, the letter neglects to mention other aspects of OAC Board capacity, and ignores the manifestly evident fact that multiple sponsors virtually ignore the OAC Board’s skills matrix and appoint Directors to the OAC Board – and, apparently neither the SC or OAC boards has done anything to curtail this practice. Senator Dean acknowledged the “representative” dilemma in building a strong OMERS board. It follows that not all OAC Board members may be as “effective” as your letter would like us to believe.

Your “over-boarded” comments are not what we were expecting. Notwithstanding your good attendance record, our comment was addressed to the OAC Board. We did not ask for a response, and only hope that we are now receiving the view of the OAC Board. Perhaps the Board voted on the matter or obtained an expert third party opinion supporting your contention that you could effectively manage your time and responsibilities for each company and none are being shortchanged. After all, OLG and Hydro One are also public-facing organizations.

Transparency and Disclosure

Your letter indicates that the OAC Board will consider our specific feedback and suggestions, without saying which ones and when. The letter then backtracks with a number of qualifying statements and conditions tempering your consideration. If the OAC Board has a coherent view on any or all of our issues, then it should say so without equivocation. You followed this same style in the appendix of your letter. To minimally own up to some of the minor deficiencies pointed out and our modest communications requests shows poor judgment and confuses us about the nature of the interface between the OAC Board and Management.

Expense Management and Value Added

Did the OAC Board take a vote on its position against further disclosure of Board travel and conference expenses, believing these disclosures to be, as your letter suggests, irrelevant and meaningless? Or is this your view as the independent Chair? Regardless, your response, that, “the review of these items is well in hand through our Governance Committee,” is unsatisfactory. We are asking that members, employers and the public see for themselves that their money is used prudently and responsibly, in support of the stated objectives of both OMERS Boards. If, as you state, the committee with oversight of these expenses is doing its job, then surely it can withstand the scrutiny of members.

While there are few adequate responses in this section of the letter, it seems that the OAC Board is trying to justify its actions and policies, rather than providing sufficient rationale or answers in response to our questions.

Next Steps

This is not the final word on your letter and we may seek clarification on a number of your responses. We wish to remind you that we are interested in the Board’s domain, and its decision-making, not management’s and we stress the importance placed in these communications in obtaining meaningful and useful disclosure about OMERS governance decision-making.

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