



July 16, 2018

Bill Harford, President
Municipal Retirees Organization Ontario
4094 Tomken Road
Mississauga, Ontario
L4W 1J5

Dear Mr. Harford:

Thank you for your July 13th comments on our July 9th bulletin to the OMERS Sponsors Corporation Board of Directors (SC) entitled, Initial Questions to OMERS on Proposed Plan Changes.

We are grateful that our questions have elicited some candid feedback but none of your comments dealt with any of our member questions and concerns. In fact, your letter reinforces our suspicion that the Retiree Group is intending to vote in November with the employer side of the table on the critical conditional indexation change proposal.

I wish to remind you that OMERS is a jointly-governed risk-sharing plan, which means members and employers share the legal obligation for funding the pension plan, not Sponsor Organizations or retirees whose pension promise has been met. Individual employers and individual union locals or employee bargaining units bear full financial responsibility for their respective portion of OMERS assets and liabilities – not sponsors or retirees.

Your 'blunt' statement that "COTAPSA and its members cannot claim anything like the same level of ownership of the OMERS Plan" as MROO or the Retiree Group, is irrelevant and inaccurate. COTAPSA represents over 4,000 contributing members to the plan. The current asset base of OMERS is largely a result of current contributors, investment returns, and past employer and member contributions. In this context, your points are completely moot so please don't waste OMERS resources by asking OMERS staff to build a defense of your statements.

Further, we have never claimed that the SC is proposing eliminating indexing altogether. However, even conditional de-indexing raises serious concerns about financial impacts to future retirees and how future decisions on how and when decisions about de-indexing and reinstatement of indexing will be made by the SC. This is an organization that never fails to disappoint when it comes to providing timely or meaningful information, and allowing meaningful input from contributing members and employers. Any sustained period of de-indexing will adversely impact incomes of future retirees – a concern MROO and retiree organizations should share. How will you justify your support for these changes to your future members that you spend so much effort recruiting?

Based on your letter, your respective organizations also seem to be out-of-the-loop on the so called SC plan change "consultations" occurring throughout the summer and fall. OMERS SC officials confirmed to attendees on July 11th that notwithstanding any requests for amendments through the "consultation process" between now and November, the current proposed changes will be presented "as-is" to the SC Board for a vote in November. This begs a crucial question: Why waste more members and employers resources on meaningless consultations on an already needlessly expensive, complex and opaque plan change process?

Most of the non-union organizations you reference in your letter are professional development or peer networking organizations. COTAPSA is an employee-based organization that has a mandate to, among other pursuits, broadly advocate for its members for OMERS pension benefits and regularly question the ability of the SC and AC boards to make fair, effective and efficient decisions. In this crucial respect, we differ from other non-union stakeholders whose membership dues and involvement is often paid for and supported by member employers, and whose organizational goals tend to be focused on sectoral governance goals and individual professional development. We understand too that with respect to the many related parties and overlapping employer and employee roles surrounding OMERS administration and governance, some stakeholder and employer representatives may be uncomfortable or sometimes confused in the collective bargaining-like setting that is the SC. Not COTAPSA.

We can only assume that you are conveying a consensus view of "The Retiree Group" (The Association of Retired Fire Fighters of Ontario, The Municipal Retirees Organization of Ontario and The Police Pensioners Association of Ontario) as well as the perspective of Paul Bailey, the Retiree Group appointee on the SC. Perhaps you can help us with your views on other big OMERS governance questions like how the Retiree Group is helping to contain or address the overall governance costs of OMERS two boards; or tell us how the OMERS Administration Corporation management team is going to offer competitive "third party" investment services or pension products to prospective investors, while the approving SC is publicly and perpetually in the limelight for poor governance, excessive costs and efficiency issues?

The Retiree Group sits on the "Employee Member" side of the SC bargaining table. Bill, I believe you are, or were until recently, also serving as a proud retiree representative on CUPE Ontario's pension committee. As well, the Retire Group's role as a voting member on the OMERS boards from 2007 onwards was said to have stemmed largely from the trust that the other SC member unions and associations placed in your organization's dedication to protecting members' interests, first and foremost. The conditional indexation change/vote is arguably the most important pension bargaining vote in the SC's twelve year beleaguered history. Please resist allowing your Retiree Group appointee to vote with the Employer side on this momentous decision. Voice

your opposition alongside CUPE, OPSEU and other unions and associations who may yet make public their opposition to the proposed change to indexation. Even Toronto City Council voted to oppose the indexation proposal and their appointee, Joe Pennachetti, has been directed to vote against it in November.

The irony of a sponsor from the employee side of the table potentially voting with employers on important plan changes is not lost on COTAPSA. After all, Tony Dean stated to me and in his 2012 report that the union representatives on the SC feared that in a "clutch", the nonunion appointees on the employee side of the SC bargaining table, were there ever to be one, would vote with their employers. This fear was at the core of union opposition to COTAPSA and other management nonunion organizations sitting on the member side of the SC table.

I am always happy to take your call or meet if you believe there can be constructive dialogue and problem solving on OMERS matters.

Sincerely,

A handwritten signature in black ink that reads "M. MAJOR". The letters are cursive and somewhat stylized, with a period at the end.

Mike Major
President