



July 23, 2021

Mark White  
CEO  
Financial Services Regulatory Authority of Ontario (FSRA)  
25 Sheppard Avenue West, Suite 100  
Toronto, ON  
M2N 6S6

Dear Mr. White,

Re: Concerns about the dual roles of the current CEO of the OMERS Sponsors Corporation (SC)

I am writing on behalf of the City of Toronto Administrative, Professional Supervisory Association (COTAPSA). COTAPSA represents the over 4,800 management non-union employees of the City of Toronto, all contributors to the OMERS pension plan.

COTAPSA has written letters on previous occasions about the costs and inefficient decision-making by OMERS two unwieldy boards and 29 directors, their general incapacity to fix themselves, and OMERS respective sponsors' unwillingness to speak out about the chronic unfairness the situation creates for plan contributors.

In March 2019, the SC announced the hiring of Mr. Michael Rolland as its current CEO. We were alarmed at the sudden and unusual move and wrote to the AC and SC directors expressing our concerns about Mr. Rolland's dual roles (letters attached) and received an unsatisfactory response.

“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.”

- March 2019 announcement by the SC's Co-Chairs Frank Ramagnano and Barry Brown

Two years on, we still have a hard time understanding what the SC is doing with Mr. Rolland as its CEO while he is still employed by the AC, and believe it is wrong to allow him to hold two positions at OMERS. We wish to know how Mr. Rolland continues being compensated as a senior member of the AC management team while also being paid and working for the Sponsors Corporation as its full-time CEO.

*According to OMERS annual reports, Michael Rolland was compensated over \$34,602,000.00 million from 2010 through 2020 as a senior investment official*

Since being named the SC CEO in 2019, Mr. Rolland was compensated 6,659,830 million dollars as a member of the highest level of the Administration Corporation's investment team. We

suppose that the SC has also been paying Mr. Rolland in his SC role during the 2019-2020 period and that the Administration Corporation has or may reimburse the OMERS Sponsors Corporation for this compensation.

We believe that Mr. Rolland's concomitant SC role violates the spirit if not the letter of the AC Board's compensation, investment management, human resources, and governance policies concerning its investment employees. From a governance perspective, having a member of OMERS senior management team serving as the SC CEO, a separate corporation, undermines both the AC CEO's role and the oversight and accountability role of the AC board of directors. In addition, this situation creates more needless complexity and tension for investment professionals already working amidst a very unorthodox governance structure.

Many capable and neutral public service executives and leaders in Ontario's education, municipal or provincial jurisdictions, on either side of the labour relations divide, could quickly fill the SC CEO's published job requirements. Furthermore, we fail to see what is so broken at the SC which warrants a person of Mr. Rolland's credentials to serve as CEO, other than perhaps the AC board's attempt to pacify the SC board members who seem unwilling to recruit a candidate properly. In any event, we contend that Mr. Rolland, despite his remarkable investment pedigree, has no verifiable skillset or project experience that enables him to resolve unspecified labour relations problems for the SC directors that they deem so essential that he straddles between the two corporations, at considerable expense to members. If compelling reasons exist, let all members see them.

Equally, to believe that the AC Board of Directors oversaw paying a first-rate investment talent tens of millions of dollars and then allow him to add an administrative role to his duties with the SC is unfathomable. This decision flies in the face of the AC board's duty to recognize investment professionals critical to OMERS and the financial investment in these people to achieve the greatest financial returns for beneficiaries.

In 2019 and 2020, Mr. Rolland was reportedly paid a salary of 500,000 dollars, short-term incentive pay, long-term incentive pay, pension contribution and other compensation. Salary and STIP are indicators of a full-time employee, not a retiring, or retired executive, despite SC director Mr. Joe Pennachetti's confident assertions during a recent City of Toronto committee meeting. <http://app.toronto.ca/tmmis/video.do?id=19821>

At the same Toronto committee meeting, Mr. Pennachetti, the chair of the SC's audit committee, was also unaware of the 50% increase in SC annual expenses in 2020, stating that the increase was likely only 5%. Nor could he recall what the increased costs might be attributed to. So much for an audit committee's presence affecting the reduction of operating costs. OMERS two Boards cost five million dollars to administer in 2020. SC expenses are estimated to climb again in 2021 due to growth in new senior employees, as announced during the OMERS AGM in April 2021.

Mr. Pennachetti also stated at this meeting that, despite Mr. Rolland being the SC CEO since spring 2019 and being named the permanent CEO in November 2019, Rolland is still in negotiations with the SC Board for the terms of his role as SC CEO. His floating inside the OMERS organization while still negotiating his SC role and compensation, after more than two years in both roles, is as bizarre as it is worrying.

We wish also to stress the discrepancy between the statements made by OMERS directors and staff at the Toronto committee meeting and AC annual reporting regarding Mr. Rolland roles at OMERS, where information accuracy is a primary responsibility. As Toronto's representatives on the OMERS boards the two directors have a duty to comment accurately during their updates. In general, all OMERS directors have access to decisions and information not available to OMERS members, employers, or sponsors, and as such should be better prepared to communicate basic administrative issues clearly, completely and accurately to plan contributors and their sponsor.

We believe this is a serious governance matter for OMERS that is better addressed by our pension regulator. FSRA's role is to protect pension members' rights and interests by promoting sound pension plan administration. We believe this scenario demonstrates poor pension plan governance and administration at OMERS. Moreover, we believe this sort of concern from a major public pension stakeholder goes to the heart of FSRA's mission to protect pension contributors and beneficiaries.

Please assist us getting answers from OMERS on these crucial governance and accountability concerns.

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

COTAPSA

CC: OMERS Administration Corporation Board of Directors  
OMERS Sponsors Corporation Board of Directors  
OMERS Sponsors

<https://cotapsa.ca/inside-cotapsa/cotapsa-letter-to-omers-sc-re-interim-ceo-march-27-2019/>

<https://cotapsa.ca/inside-cotapsa/2019-03-28-response-to-cotapsa-letter-mar-27-w-signatures/>