COTAPSA
Our CITY, Our PEOPLE

March 15, 2018

Mr. Brian Mills, CEO and Superintendent
Financial Services Commission of Ontario (FSCO)
5160 Yonge Street, P.O. Box 85
Toronto, Ontario M2N 6L9

Dear Mr. Mills,

On behalf of the City of Toronto Administrative, Professional, Supervisory Association (COTAPSA) I am writing to again make FSCO aware of matters involving the OMERS Sponsors Corporation (SC) governance that may warrant your assessment. We are unsure as to how to address this matter with the OMERS SC and are therefore reaching out to our regulator with our concerns.

On November 7th, 2018 COTAPSA was notified via email (attached) by the SC that a Comprehensive Plan Review (CPR) was underway and would carry on throughout 2018, with some form of actuarial modelling being conducted by Eckler Ltd. As "*stakeholders*", COTAPSA was invited to participate in what amounts to the "stakeholder portion" of their review process. Since November 2017 there has been one meeting with another scheduled for April 17th 2018 and two written updates on the initiative, including a Q/A sheet. We have invited the SC to attend an upcoming meeting of our Board of Directors to provide more detail as to its Comprehensive Plan Review (CPR).

We are perplexed as to the necessity of this apparently duplicative and likely costly CPR. The SC adopted a Funding Management Strategy in 2011 which outlined how benefits and contributions will be "*modified as the Primary Plan cycles through periods of funding deficit and surplus*". Since then members have been provided with no coherent information from the SC, or the OMERS Annual Reports that the plan performance has changed so significantly that it is now outside the parameters set within the Deficit Management scenarios of its funding strategy.

We were assured in previous Annual Reports that, despite taking nearly four years to complete, it was a well-thought-out policy developed jointly by the SC and its employee and employer Directors. Furthermore, the SC has opted to file plan valuations with FSCO every year since its inception in 2007. They have done this, presumably, with advice and input from AC staff and the OMERS actuary. We were of the impression that realistic assumptions were the critical element to these valuations and the foundation to our OMERS benefits. Is not each funding valuation a review of the economic and demographic assumptions used, to ensure benefits continue to be realistic and appropriate? Why then, this duplicative visioning work by Eckler Ltd.?

We have asked the SC to provide COTAPSA with a written copy of the actual rationale, objectives, scope, estimated costs and criteria of the SC's plan review. As the work appears to be duplicative of analysis and technical support already provided by AC staff, and as such not lawfully payable by the AC, we assume that the cost will born by the SC vis-à-vis a special levy on employers and members. Our non-legal review of Justice Archibald's decision in the *Omers Sponsors Corporation v. Omers Administration Corporation, 2008* supports our conclusion. As such, we have asked when employers and members will receive notice of the special levy and how much will this cost each member and employer?

We also asked for an explanation as to why and how the SC Board selected Eckler Ltd. for the review. Disclosure pointing to normal procurement safeguards, such as a fair, accountable and cost-efficient process in awarding the work to Eckler Ltd. was not part of the SC's communications to Stakeholders or online.

We are asking questions, talking and reading to find sufficient background and context for the review. However, there are no available voting records, nor committee motions, or online meeting summaries. Nor, do we have access to the SC's "*strategic plan and the operating/business plan*" as referenced in its Governance Manual. We assume that the SC Board formed the required consensus for the CPR and the hiring of Eckler Ltd.

We are not experts on the best way to communicate pension risk to our members. But, we do have the good sense to compare how sponsors in other Ontario public plans go about their sponsor duties. We note that in other plans the work of sponsors is undoubtedly less constrained in giving beneficiaries a fulsome picture of plan risk and in a more simplified and far less costly fashion.

We will continue to press our concerns but your perspective on any aspect of the CPR or our analysis would be welcome.

Sincerely,

M. Major

Mike Major
President

CC: OMERS SC Board of Directors c/o Paul Harrietha

OMERS AC Board of Directors c/o Pat Nolan