

OAC Process to Develop Submission to the 2012 Reviewer

By way of background, in early 2010, OMERS Administration Corporation (“OAC”) began its formal planning for the 2012 Review and conducted an internal assessment to get an early reading on OMERS governance in the context of the 2012 Review Act and to facilitate a broader look at OAC’s effectiveness.

The OAC Board strongly believes that OMERS is one of the best pension plans in Canada. The 2012 Review, however, is an opportunity to look at ways to strengthen OMERS governance, better preparing it for the future and the challenges that lie ahead.

That is why OAC and its Board have spent four full days since April of this year looking at various governance options for OMERS. The OAC Board has focused on what needs to be governed; how OAC governance can be enhanced; how OMERS governance can protect Plan members and employers (taxpayers); and where and how roles and authorities can be clarified between OAC and SC in order to make governance more efficient, effective and accountable. All the discussions have been directed at what can be done to make OMERS stronger for Plan members in relation to the pension promise.

The detailed four-day review undertaken by the OAC Board was facilitated by Robert Prichard, previously President of the University of Toronto and CEO of Torstar, and currently Chair of the Bank of Montreal and Torys LLP. He was retained by the OAC Board to work directly with the OAC Board after an interview of candidates conducted by the OAC Board Chair, the Chair of the Governance Committee and the Chair of the Joint Council Sub-Committee of the OAC Board.

The OAC Board recognizes that some of the concepts the OAC Board discussed in the course of its debate would be controversial; however, the OAC Board firmly believes that it was necessary to ask the tough questions in order to rigorously debate what is in Plan members’ best interests. The OAC Board recognizes that sponsor groups have the role of advocating what is in their members’ best interests, but the OAC fiduciary board has to debate what is best for the overall Plan. In the course of that debate, the OAC Board developed a vision of an optimal or preferred governance model. **Before making any decisions**, the OAC Board arranged a consultative process to brief the OMERS Sponsors Corporation (“SC”). The SC responded with its views, as did several sponsor organizations. The OAC Board took those views into account.

The OAC submission was completed in August 2012 and the core focus of the OAC Board’s work was as follows:

- ensuring, for the future, that the OAC Board is selected, appointed and led in accordance with best governance practices in the interest of all Plan members and that all key stakeholders participate in the process; the complexities of OAC’s business and its fiduciary responsibilities require a very close look at OAC Board composition, related nominating processes and OAC Board leadership;
- facilitating OAC’s capabilities in meeting the pension promise including doing so through carefully planned growth which could support the financial sustainability of the Plan in the best interests of all Plan members;
- streamlining governance to improve effectiveness and efficiency including clarity around roles and responsibilities between the OAC and SC; and

- affirming a commitment to excellence in governance and best practices for jointly sponsored multi-employer pension plans in the interests of Plan members which has caused the OAC Board to examine, for example, how to make the role of the OAC Board Chair more effective.

The OAC Board's submission to Mr. Dean, which was unanimously approved by the OAC Board, was published on our website on September 4, 2012, and we encourage you to review the submission.

The OAC Board is confident that Mr. Dean will take everything he receives into consideration and write a report to the Minister with his recommendations. Under the Review Act, the Minister's obligation is to make Mr. Dean's report public.