



MROO

Municipal Retirees
Organization Ontario

December 17, 2025

Hon. Rob Flack
Minister of Municipal Affairs and Housing
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Hon. Peter Bethlenfalvy
Minister of Finance
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Dear Ministers Flack and Bethlenfalvy:

Re: OMERS Governance

I am writing on behalf of the Board of Directors of the Municipal Retirees Organization Ontario (MROO). MROO is a non-partisan, not-for-profit organization. Together, MROO, the Ontario Retired Fire Fighters Association (ORFFA) and the Police Pensioners Association of Ontario (PPAO) form the Retiree Group, an employee sponsor of OMERS.

MROO strives to represent the interests of OMERS members, the present and future OMERS pensioners. All OMERS retirees are eligible to be life members of MROO. All active OMERS members are eligible to be associate members while they work for OMERS employers and contribute to the plan. Associate members become life members upon retirement.

MROO puts the interests of OMERS' members first. The MROO Board consists of OMERS retirees from diverse occupations and all facets of the OMERS membership (front line, supervisory, administrative, management, professional, technical, trades, and both union and non-union). The following are MROO's primary concerns on behalf of OMERS members, the present and future OMERS pensioners:

- **OMERS belongs to its 640,000+ members**, not the Ontario Government.
- **OMERS' sponsors are the legitimate decision-makers** for the OMERS pension plan.
- Good governance matters and is important. **OMERS governance is important, but not urgent.**
- **Serious mistakes have been made** in legislating OMERS governance changes.
- The cost of living, fraud prevention and cyber security are just a few **compelling issues that are both important and urgent** to OMERS retirees and Ontario seniors right now.

OMERS belongs to its 640,000+ members

Since 1962, OMERS members have seen a significant percentage deducted from every pay cheque as retirement savings for their pension plan. Matching employer contributions form part of their compensation. Those contributions vest immediately. It is the law in Ontario. Employees become vested immediately upon joining a pension plan. All contributions to the OMERS plan and every dollar earned (or lost) by investing those contributions belong to OMERS members.

OMERS belongs to its 640,000+ members. Everyone will do well to remember that.

OMERS' sponsors are the legitimate decision-makers

Although the weight of contributions made by and on behalf of retirees and its earnings legacy are significant to OMERS reaching \$140 Billion in net assets, MROO recognizes and respects the important fact that active OMERS members and their employers bear the responsibility for keeping OMERS solvent. Fortunately, OMERS is presently 98% funded and may exceed 105% by 2030. However, the role of employee and employer sponsors of OMERS remains vital.

It has taken a quarter of a century for OMERS to recover from a withering “contribution holiday” when the Ontario Government halted employer contributions for four years around the turn of the century. Respectfully, MROO is worried and troubled by the Ontario Government intervening in the OMERS pension plan and unnecessary expansion of Ministerial powers.

MROO recognizes the existing employee and employer sponsors of OMERS as the legitimate, accountable decision-makers for OMERS. MROO trusts the sponsors and their representatives to decide the ABCs of the plan – appointments, benefits (plan design) and contributions. MROO trusts the sponsors and their representatives to provide oversight and hold the AC accountable.

OMERS governance is important, but not urgent

Good governance matters. Canadians enjoy and take pride in a tradition of peace, order and good government. Procedural fairness, due process, and checks and balances are key principles essential to that tradition. Canadians accept those principles as part of the price of democracy and good governance. In OMERS' case, not too many years ago, such principles were part of the design of the Sponsors Corporation, in a bi-cameral structure.

OMERS sustainable investment approach states: “As an active investor with a long-term horizon, we look to identify and assess how changes in the world around us may affect or be affected by our investments, and our ability to deliver on the pension promise.” In addition to a long-term view of investing, OMERS also provides long lead times when it make changes that affect members, sponsors and stakeholders (e.g., a change decided in 2024 will take effect in 2027). OMERS governance is important, but not urgent.

MROO is dismayed by hasty actions by the Ontario Government, without procedural fairness:

1. To our surprise, an OMERS governance review was initiated in 2024 after a few sponsors and stakeholders brought a separate issue to government. There was no consultation with more than 30 other sponsors and stakeholders before a governance review was announced.
2. Legislation to make governance changes was introduced one day after the Poirier Report was released. Then it was passed and received Royal Assent within a few weeks.

Such abrupt actions and absence of consultation with OMERS sponsors and stakeholders seems inconsistent with good governance and how OMERS operates. Running a heavy hand over procedural fairness also seems disrespectful to OMERS sponsors and stakeholders.

Further, the spectre of a “100-day” time frame if there is to be a transition to a new Sponsors Council does not make sense to us and may lead to more unnecessary dysfunction rather than the certainty that usually comes from adequate fact-finding, consultation, deliberation and evidence-based decision-making. OMERS governance decision-making should take whatever time it takes to do it right.

MROO does not have any concerns about how Mr. Poirier conducted the review or himself. He and his staff were very professional and engaging. However, I do need to set the record straight about two statements in the Poirier Report: (1) “... unanimous input that the Sponsors Corporation decision-making processes are unclear, inaccessible and ineffective”; and (2) “... Sponsors Corporation viewed by all as disconnected from the needs of members”. I have no record or recollection of MROO, ORFFA or PPAO representatives making such statements during our consultation meeting with Mr. Poirier and his staff. I checked the speaking notes I made before the meeting and my notes from the meeting to confirm that.

Speaking on behalf of MROO, I was equally critical of the Sponsors Corporation and the Administration Corporation regarding: (1) transparency and communication about decision-making; and (2) their excessively strict confidentiality rules that limited availability of information of interest to and in the interests of members, sponsors and stakeholders. However, I was also complimentary about the significant progress that both the SC and AC had made with transparency and communication, particularly efforts by the Chief Executive Officer of the SC and the Chief Pension Officer of the AC.

It was and remains MROO’s position that any required OMERS governance, transparency and communications improvements could be accomplished without amending the OMERS Act and opening it up to foundational change by others. OMERS and its sponsors and stakeholders were/are fully capable of identifying and addressing governance and communications issues on behalf of their 640,000+ members, without government intervention.

Nevertheless, here we are with the imposition of more government intervention hanging over our heads. Newly proclaimed section 21.1 of the *OMERS Act* empowers the Minister, by order, to require the Sponsors Corporation to wind up its affairs. Amendments to put a Sponsors Council in place will come into force when the Provincial Cabinet orders it.

The members of the MROO Board of Directors have been objective and listened to what other sponsors and stakeholders have been saying in meetings and one-on-one conversations. So far, it is only clear to us that MROO, ORFFA and PPAO still have more fact-finding, consultation and deliberation to do before making an evidence-based decision, as the Retiree Group, about whether OMERS and its members and sponsors are better off, in the long-term, with a Sponsors Corporation or a Sponsor Council.

From what MROO has heard so far, there are OMERS sponsors that still value the checks and balances the Sponsors Corporation provides, in a bi-cameral structure. Everyone should extend them the courtesy of time to form and state that case. In doing that, MROO would ask them to consider these ideas and the union sponsors’ concern about directors’ fiduciary duty to the SC:

- Streamlining By-laws, policies and communication: Each appointing organization (OMERS sponsors) and the host corporation (OMERS SC, OMERS AC) would have a clear/concise mutual understanding of the director's role, potential conflicts, and communication protocols.
- Streamlining the financial footprint of OMERS SC and AC, including reducing the financial and meeting footprint of both Boards of Directors.

- Specific to the Sponsors Corporation, one or more forms of SC and sponsors agreement covering: (1) accepted principles of good governance (e.g., clarity, communication, collaboration, culture and commitment); and (2) directors' duties to represent appointing organizations, including maintaining a responsibility to act in the interests of plan members.

From what MROO has heard so far, there are OMERS sponsors that favour a Sponsors Council, although it seems some would first like to see how that may be constituted.

Serious mistakes have been made

Serious mistakes have been made by moving hurriedly to pass legislation to impose OMERS governance changes without meaningful consultation with OMERS sponsors and stakeholders. Accordingly, MROO expects that the Ontario Government will need to repeal or amend the recently passed legislation to address these consequential mistakes:

- OMERS sponsors and not the OMERS AC should lead any process of developing a Charter and/or By-laws of any new Sponsors Council.
- OMERS sponsors should be permitted to reappoint the people that now represent them on the OMERS Sponsors Corporation to any new Sponsors Council.
- Although the funding footprint should be streamlined, it should be made clear that any new Sponsors Council (SC) will decide the financial, physical, information and human resources it requires, and the AC is to provide the funds the SC determines are necessary. That includes the appropriate compensation of sponsors' appointees to the SC and funds the SC may need, from time to time, to engage independent actuaries or obtain independent legal counsel, and any other consulting services it may determine necessary.
- Recently legislated Ministerial and Cabinet powers added to the *OMERS Act* should have time limits or be repealed and rolled back to what existed before Bill 68. In the future, the Ontario Government's footprint in OMERS needs to be much smaller than it is right now.
- OMERS sponsors' representatives should decide the appointment of the AC Independent Board Chair (IBC), not the Ontario Government. It was unnecessary to extend the term of the incumbent IBC by four years, thereby making the incumbent an Ontario Government appointee. That legislation should be repealed. Even if anyone accepts 100 days as the timeline to implement any new SC (and the pretense of urgency that would supply), it may have warranted extending the incumbent for 6 to 12 months, but surely not four years.

Compelling issues that are both important and urgent right now

The cost of living, particularly sticker shock at the grocery store, has worried OMERS retirees and Ontario seniors for some time now. For example, roasted, ground coffee now costs about 40% more than it did a year ago and ground beef is almost 20% more. On January 1, 2026 OMERS retirees will receive a 2% cost of living adjustment of their pensions. MROO can do precious little about the cost of living and food insecurity issues faced by OMERS members (both retired and working families) and Ontario seniors, but governments can. Perhaps the Ontario Government would give additional attention to those issues?

Fraud prevention and cyber security are urgent and increasingly important issues for OMERS retirees. Seniors lose hundreds of millions of dollars annually to fraudsters and much of it goes unreported. During the past few years, MROO has been grateful to partner with the Ontario Securities Commission to bring fraud prevention presentations to our virtual and in-person zone meetings throughout Ontario, in our member newsletters, and as a part of our webinar series. MROO also contributes to and partners with Connected Canadians to bring cyber security and computer training webinars to our members and one-on-one technology support to Canadian

seniors. Significant results could be achieved if the Ontario Government works with the telecom companies to overhaul privacy legislation and stop fraudsters from calling, texting and emailing.

It was the consensus around the MROO Board table that rarely does anything good come from rushing something that has significant long-term consequences.

In closing, Ministers it seems things have reached a point that taking a pause is required and it is respectfully requested.

Sincerely,



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