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January 18, 2016

Michael Latimer
President and Chief Executive Officer
One University Ave., Suite 700
Toronto, ON M5J 2P1

And

George Cooke
Chair, OMERS Administration Corporation
One University Ave., Suite 700
Toronto, ON M5J 2P1

Dear Michael and George:

On behalf of CUPE Ontario's members in OMERS, I am writing to express serious concerns with the purchase of Hydro One stock, including the process -- or lack thereof -- under which OMERS bought into this controversial Initial Public Offering (IPO) .

CUPE Ontario members represent the single largest block of OMERS members. Our clear democratically-determined opposition to the privatization of Hydro One, and our members' desire to not see their hard-earned deferred wages used to buy into this risky privatization through the purchase of shares, was clearly communicated to OMERS through many different channels.

I personally met with you both as OMERS Administration Corporation (AC) Chair and OMERS CEO to discuss this issue. Our representatives at the OMERS AC and the OMERS Sponsors Corporation (SC) expressed our concerns with this potential investment internally. The issue has come up in meetings between our staff and the staff at OMERS. Individual plan members wrote directly to OMERS clearly expressing their opposition to any purchase should privatization occur. CUPE Ontario, along with the Keep Hydro Public Coalition which includes several other unions representing OMERS members, made a presentation directly to OMERS AC Board members on our substantial concerns with the Hydro IPO. This last measure was only the second time CUPE Ontario had gone to such lengths to indicate our disagreement with, and the dangers to our pension plan from, any investment.

Such a concentrated effort on the part of its largest membership sponsor should have resulted in OMERS refraining from the purchase of shares of Hydro One. At the very least, it should have caused some significant form of sober second thought and enhanced due diligence by OMERS. With 194 municipalities passing resolutions in opposition to the Hydro One sale, actions taken by other sponsor organizations should have also been a significant flag about possible detriments to the plan's relationship with employer groups. These significant matters, combined with the overwhelming public opposition to and controversy surrounding the sale of Hydro One, should have been sufficient to prevent the purchase of shares in light of the potential damage to OMERS' reputation and damage to stakeholder relations.

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Fred Hahn
President

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Candace Rennick
Secretary-Treasurer

Instead, it is my understanding that the decision to purchase shares of the controversial Hydro One IPO on its first day of issue was made by staff, and not through any process by the OMERS AC Board or its Committees. This, even though the OMERS Governance Manual clearly outlines that the role of the OMERS AC Board is to oversee "transactions which are out of the ordinary course of business or which carry unusual forms of reputational risk." Surely, buying stock in one of the most controversial privatizations in the history of Canada -- and particularly one opposed by so many sponsor organizations of the plan -- should have been considered outside of the ordinary course of business. CUPE Ontario's outreach alone was clearly outside the course of OMERS' ordinary business in its relationship with members and stakeholders.

CUPE Ontario believes strongly that the purchase of shares in Hydro One by OMERS was the wrong decision. The casual disregard with which our member's objections to the purchase were not even considered by the OMERS AC Board has needlessly put at risk OMERS' ability to build strong and meaningful relationships with individual plan members from many different sponsors and with CUPE Ontario as a stakeholder.

CUPE Ontario will continue its campaign to stop the sale of Hydro One. This campaign has always included an examination of institutional purchasers of stock and direct actions against them. It is deeply regrettable that OMERS' action has resulted in it now being one of those organizations.

Given the serious concerns expressed above, including what appears to be a shocking lack of internal governance on this matter by OMERS and by the AC Board, I am requesting a meeting with you both, which would include our sponsor representatives, to discuss the ways in which OMERS as a plan can repair the damage done to the relations with CUPE Ontario as one of the largest sponsors of the plan, and how our plan can avoid becoming a target of those opposed to the privatization and sale of public assets in Ontario.

I look forward to your response, and to our upcoming meeting on this matter.

Yours sincerely,



Fred Hahn
President

cc: M. Love - Co-chair OMERS SC
F. Ramagnano - Co-chair OMERS SC
B. O'Keefe - OMERS SC
T. Maguire - OMERS SC
J. Weatherup - OMERS AC
D. Beggs - OMERS AC