



Ontario Division Canadian Union of Public Employees

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May 13, 2004

SENT VIA FAX # 416-325-7578

Honourable Dalton McGuinty M.P.P.
Premier of Ontario
Legislative Building
Queen's Park, ON M7A 1A1

Dear Premier,

I am writing to you concerning the Ontario Municipal Employees Retirement System (OMERS) and the reported \$600 million write-down of assets and the buy-back of Borealis.

The write-downs relate to the OMERS holdings in real estate, private equity and infrastructure. \$600 million is a huge amount of money, especially when contrasted with the average salary of \$30,000 per annum earned by CUPE members. Nevertheless, when reporting on 2003 financial figures, OMERS refers to a \$600 million write-down in assets with little explanation. In passing, the OMERS press release refers to the real estate write-down as related to goodwill allocated to properties, and a soft commercial real estate market. CUPE members are outraged that OMERS would allow the over valuation of assets to reach \$600 million before the alarm bells were rung and a write-down considered.

The province must share in the accountability for decisions that ultimately led to \$600 million being removed from the OMERS balance sheet. The provincial representative on the OMERS board failed to monitor what was happening at Borealis, (the company responsible for managing OMERS real estate and infrastructure assets) and now we are left reeling from the write-down and the costs to repatriate Borealis.


CUPE Ontario is requesting that the province take the initiative and investigate what happened to cause the \$600 million write down. As part of this investigation, we are requesting that the province look into the Borealis deal, which was struck back in 2001. The OMERS President and Chief Executive Officer, Paul Haggis, said in the Globe and Mail in reference to the Borealis deal and what the OMERS board knew, "the board – I'm not sure the board was even involved in these decisions because they were below the radar screen. In fact, for sure they weren't". The odious nature of the Borealis deal and its repatriation requires the provincial government to take its oversight obligations much more serious.

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The \$600 million write-down and questions of board accountability related to the Borealis deal, underscores the need for the pension plan stakeholders to take on full responsibility for OMERS. I am disappointed that since our meeting in your office, where you provided your full support for creating a process for OMERS stakeholders to negotiate autonomy, there has been no movement by the province in creating such a process. Will you now fast-track a process for the OMERS stakeholders to sit together and discuss how we can ensure the plan responds to the needs of its members?

Given the seriousness of our requests, I look forward to an early reply.

Yours truly,

A handwritten signature in black ink that reads "Sid Ryan". The signature is written in a cursive, flowing style.

Patrick (Sid) Ryan
President

cc: CUPE Ontario Executive Board, B. O'Keefe, P. Moist, C. Genereux, P. Douglas, A. Shelton, D. Beggs, S. Gordon, P. Daley, D. Carrington, Coalition for OMERS Pension Fairness