

Annual Update on OMERS - Supplementary Materials

Date: July 28, 2026

To: City Council

From: Executive Director, Finance Shared Services

Wards: All

SUMMARY

At its July 20, 2026, meeting, the General Government Committee considered Item GG31.2, Annual Update on OMERS Related to the City's Employer Contributions. During its consideration of the item, the Committee requested the Executive Director, Finance Shared Services, to report directly to the July 29, 30 and 31, 2026 meeting of City Council with the package of materials distributed to OMERS Sponsors in connection with a June 5, 2026, stakeholder consultation related to proposed governance changes.

The documents attached to this report were prepared and distributed by OMERS as part of this consultation with OMERS Sponsors regarding governance changes and by-law review meetings. Please note that information included in this report is related to materials shared by OMERS to stakeholders and feedback provided specifically from City of Toronto staff as part of these consultations. Given the absence of authority provided to the City of Toronto, the reports does not include comments or submissions provided as part of the consultations from other OMERS Sponsors.

FINANCIAL IMPACT

There are no financial implications arising from this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its July 20, 2026, meeting, the General Government Committee considered Item GG31.1, Presentation from OMERS on OMERS Update to the City of Toronto and Item GG31.2, Annual Update on OMERS Related to the City's Employer Contributions.

The Committee requested the Executive Director, Finance Shared Services, to report directly to the July 29, 30 and 31, 2026 meeting of City Council with materials related to:

- a. the complete June 5, 2026, OMERS Sponsors Council consultation package;
- b. the Administrative Corporation Chair's letter to the Minister of Municipal Affairs and Housing;
- c. the OMERS Chief Pension Officer's report;
- d. the proposed OMERS Sponsors Council by-law;
- e. consultation and engagement materials provided to participants;
- f. any comparison or redline documents showing revisions to the proposed by-law; and
- g. any other documents distributed to OMERS Sponsors in connection with the June 5, 2026, package: <https://secure.toronto.ca/council/agenda-item.do?item=2026.GG31.2>

COMMENTS

In 2024, the Minister of Municipal Affairs and Housing appointed an independent third-party advisor (Robert Poirier) to conduct a governance review of OMERS with a focus on: assessing the effectiveness of the Sponsors Corporation and Administration Corporation (“AC”) in delivering on their respective mandates; the composition of the two corporations’ governing boards and their effectiveness in representing the interests of employers, members, and retirees; and the efficiency of decision-making processes in delivering the best outcome for plan members.

The review (Poirier Report), published in November 2025, set out several recommendations to improve pension governance, including a jurisdictional scan of peer organizations (attachment 3).

Generally, the Sponsors Council will maintain the same responsibilities of setting benefits and contribution rates, but it will not be a corporation with a Board of Directors and an operating budget.

On February 17, 2026, the Minister of Municipal Affairs and Housing issued a Minister’s Order for a plan to be in place by March 3, 2026, to wind up the Sponsors Corporation and to cease operations by March 31, 2026. The AC requested that representatives from the Sponsors groups convene and work together to draft the initial by-laws of the new Sponsors Council. The City of Toronto has been meeting with Employer Sponsors regularly and staff believe the collaborative approach taken by the AC with Sponsors was the best path forward to ensure the new Sponsors Council is set up and aligns with the City’s collective interests and the key principles of a JSPP.

OMERS Sponsors Council By-Law Engagement Process

The By-Law Engagement Process was designed to support the development of the initial Sponsors Council By-Law, fulfill the AC's legislated responsibilities under the amended OMERS Act, and ensure Sponsors had a meaningful opportunity to review, discuss, and provide input on the by-law before submission for Ministry review.

OMERS set out to establish a process to engage all participants over the course of eight weeks. In an effort to prioritize transparency and acting in good faith, a process was established where all meeting materials, discussion feedback, and draft by-laws were shared amongst all Sponsor organizations.

All 14 Sponsor organizations participated in the process, with five Non-Voting Member groups consulted. OMERS AC representatives, including the Chief Pension Officer and members of the pension policy, legal, stakeholder relations, operations, and administration teams, supported the engagement and drafting process.

The engagement ran from March 31 to June 1, 2026, covering approximately eight weeks of intensive Sponsor meetings, drafting, feedback review, and plenary discussion before the AC Board review from June 1 to June 5.

Discussions during the engagement process covered: Governance Mechanics; Sponsors Council members and member duties; Observers and Non-Voting Members; regular by-law reviews; transparency to stakeholders; Code of Conduct; minimum standards for Specified Plan Changes; financial and administrative support for the Council; validation of the Year 1 Work Plan; contributions and funding; Shared Risk Indexing; AC Board appointments; Council honorarium; voting; meetings; Co-Chair selection; member qualifications; and the powers and responsibilities of the Sponsors Council.

Feedback collected formed the foundation to draft the initial Sponsors Council by-laws. Where there was broad alignment, AC management reflected that direction in draft by-law language and circulated clean and blacklined versions for further feedback. Where consensus was not reached, the AC considered the amended OMERS Act, the Poirier Report, existing Sponsors Corporation practice, and practical operational needs.

The Ontario Legislature amended the Ontario Municipal Employees Retirement System (OMERS) Act, 2006 with the Plan to Protect Ontario Act (Budget Measures), 2025 (No. 2) (Bill 68, schedule 13), on November 27, 2025, to implement recommendations from the Poirier Report.

The key changes to the governance of OMERS included dissolving the Sponsors Corporation and replacing it with a Sponsors Council, while retaining the jointly sponsored pension plan (JSPP) model by participating municipal employers and employee organizations.

The engagement produced an initial Sponsors Council By-Law package, including a Code of Conduct and Transparency Framework, for AC Board review on June 5 and

submission to the Ministry. It also helped establish the governance foundation for the Sponsors Council to operate once enabled by Government.

The By-Law package also responded to key concerns identified through the governance review by supporting a direct representation model, creating five Non-Voting Member seats, establishing more transparent plan change and stakeholder engagement processes, and introducing standardized “share by default” practices to promote clearer communication and consistency in Council operations.

Following consideration of Item GG31.2 at its July 20, 2026, meeting, the General Government Committee requested that the Executive Director, Finance Shared Services provide Council with the consultation package and associated materials; this report responds to the Committee's direction by attaching the following materials received:

- Attachment 1 – 2026-0605 OMERS AC Board Package and the AC Board Chair's transmittal letter to the MMAH – Sponsors Council Initial By-law which addresses items 1. (a) through (d).
- Attachment 2 – Briefing Notes and Material Shared as part of By-Law Development Meetings which addresses items 1. (e) through (g).
- Attachment 3 – Ministry of Municipal Affairs and Housing OMERS Governance Review 2025 (Poirier Report) is attached for reference.

With respect to Attachment 2 – Briefing Notes and Material Shared as part of By-Law Development Meetings, the City of Toronto does not have the authority to provide redline comments and documents from other Sponsor's and municipalities.

Other than comments made at the individual meetings, the City of Toronto did not make any direct redline comments or proposed revisions to the proposed draft by-laws.

The Ontario Government has yet to release the regulations to the OMERS Act or provide comments on the draft by-laws shared by OMERS on June 5, 2026. Until regulations and further information are released the proposed by-laws are considered draft with revisions expected once additional information is received. At its meeting in July, the General Government Committee directed staff to provide further updates as part of future annual OMERS reports related to establishing an OMERS Sponsors Council.

CONTACT

David McIsaac, Executive Director, Finance Shared Services, 416-397-5467,
David.McIsaac@toronto.ca

SIGNATURE

David McIsaac
Executive Director, Finance Shared Services

ATTACHMENTS

- Attachment 1 – 2026-0605 OMERS AC Board Package and the AC Board Chair's transmittal letter to the MMAH – Sponsors Council Initial By-law
- Attachment 2 – Briefing Notes and Material Shared as part of By-Law Development Meetings
- Attachment 3 – Ministry of Municipal Affairs and Housing OMERS Governance Review 2025 (Poirier Report)