

## BY-LAW NO. 12

### ("Specified Changes By-law")

Being a by-law relating generally to specified changes of

### OMERS Sponsors Corporation

BE IT ENACTED as a by-law of the OMERS Sponsors Corporation as follows:

#### ARTICLE 1 INTERPRETATION

##### 1.1 Definitions

- (a) "**the Act**" means the *Ontario Municipal Employees Retirement System Act, 2006* or any statute which may be substituted therefor, including any regulations made thereunder, as amended from time to time;
- (b) "**Administration Corporation**" means OMERS Administration Corporation;
- (c) "**Annual Valuation**" means the annual valuations of the OMERS pension plans made under the *Pension Benefits Act* and the regulations thereunder;
- (d) "**CEO**" means the Corporation's Chief Executive Officer;
- (e) "**Corporation**" means OMERS Sponsors Corporation as established pursuant to Section 22(1) of the Act;
- (f) "**CR Specified Change Proposal**" has the meaning attributed to such term in Section 3.2;
- (g) "**Employee Members**" means the Members that have been appointed by unions, employee associations, retiree organizations/associations or Employee Members pursuant to By-Law No. 4;
- (h) "**Employer Members**" means the Members that have been appointed by employer associations, employers or Employer Members pursuant to By-Law No. 4;
- (i) "**Exceptional Specified Change**" has the meaning attributed to such term in Section 6.2;
- (j) "**Final Specified Change Proposal**" is a SPDOS Specified Change Proposal, and CR Specified Change Proposal or a specified change proposal referred to in Section 6.4, which is deemed to be a Final Specified Change Proposal pursuant to Article 3 or Section 6.4;
- (k) "**Member**" means a member of the Corporation;

- (l) “**OMERS pension plans**” means the OMERS primary and supplemental pension plans, any retirement compensation arrangements that provide benefits for members and former members of the OMERS pension plans and such other pension plans as may be established by the Act or by the Corporation;
- (m) “**PDIC**” means the Corporation’s Plan Design Information Committee;
- (n) “**SPDOS Specified Change Proposal**” has the meaning attributed to such term in Section 3.1;
- (o) “**specified change**” has the same meaning as in subsection 26(2) of the Act;
- (p) “**Technical Plan Change**” means a change to any of the OMERS pension plans which is not a specified change.

## **ARTICLE 2 INVOKING THE PROCESS**

### **2.1 Process and Protocols**

The process and procedures outlined in Article 3 below shall only proceed in a calendar year when either:

- (a) The following two conditions are satisfied:
  - i) An Annual Valuation must be filed with the Financial Services Commission of Ontario and the requirements of By-Law No. 20 indicate that a change in contribution rates and/or benefits is required, and
  - ii) The Members have not elected by a two-thirds (2/3s) affirmative vote, on or before March 31st of the calendar year, to forego the process and procedures outlined in Article 3

or,

- (b) the Members by a two-thirds (2/3s) affirmative vote enact a resolution in favour of proceeding with the process and procedures in Article 3 and indicating which element of By-Law No. 20 such process will address. The “Protocol for Specified Changes” attached to this By-Law No. 12 as Schedule A is hereby adopted. Such protocol may be amended or repealed by a majority vote of the Members.

## **ARTICLE 3 PROPOSAL OF SPECIFIED CHANGES**

### **3.1 Specified Change Proposals**

The CEO will prepare a report to the Members outlining options related to contribution rate and/or benefit changes which address the actions articulated in By-Law No. 20 for the particular calendar year. Such report will be provided at a duly convened meeting of the Members to be held in April of the calendar year; the date of such meeting must allow reasonable time for the report to

be prepared. At such April meeting Members may amend or reject any of the options in the report by a majority vote and may also propose additional options not contained in the report, to the extent any such amendments and additional options are germane to the actions outlined in By-Law No. 20.

Options in the report (as same may be amended) which have not been rejected and additional options as aforesaid, will be referred to as “SPDOS Specified Change Proposals”.

### **3.2 Contribution Rate Study**

In a year when a Contribution Rate Study is prepared and delivered to the Members by the end of March:

- (a) the Contribution Rate Study will be referred to the PDIC for review; and
- (b) a Member may at any meeting of Members in March or April in such year submit a Specified Change Proposal relating to the allocation of contribution rates (a “CR Specified Change Proposal”).

### **3.3 Final Specified Change Proposals**

At a meeting of the Members held in May, the CEO will provide any additional reporting requested by the Members, including in relation to any SPDOS Specified Change Proposals or CR Specified Change Proposals.

At the May meeting the Members may elect, by a majority, affirmative vote, to amend any of the SPDOS Specified Change Proposals or CR Specified Change Proposals. Despite any other by-law of this corporation, in order for a SPDOS Specified Change Proposal or CR Specified Change Proposal to be referred for a decision of the Members in June, there must be an affirmative, unweighted vote of at least four (4) Members. Such SPDOS and CR Specified Change Proposals shall be deemed for the purposes of this By-Law to be Final Specified Change Proposals.

### **3.4 Communication of Final Specified Change Proposals**

As soon as practical after the identification of Final Specified Change Proposals pursuant to Section 3.3, the CEO will ensure they are broadly communicated.

## **ARTICLE 4 DECISION-MAKING RE FINAL SPECIFIED CHANGE PROPOSALS**

### **4.1 Motions re Final Specified Change Proposals**

At any meeting of the Members held in June of a calendar year, a Member may move that:

- (a) a Final Specified Change Proposal be approved;
- (b) a Final Specified Change Proposal be rejected;

- (c) a Final Specified Change Proposal be amended (if the amendment is germane to the Final Specified Change Proposal); or
- (d) a Final Specified Change Proposal be referred to mediation/arbitration in accordance with the provisions of Article 5 of this By-Law No. 12.

A Final Specified Change Proposal shall be considered approved and the specified change contemplated therein shall be implemented if same is approved by affirmative vote of two-thirds (2/3s) of the Members.

A Final Specified Change Proposal shall be considered rejected and not eligible for approval or mediation/arbitration if rejected by an affirmative vote of a majority of Members.

A motion to amend a Final Specified Change Proposal shall be considered accepted only if approved by an affirmative vote of two-thirds (2/3s) of the Members, but such a motion may not be tabled once a Final Specified Change Proposal has been accepted, rejected or referred to mediation/arbitration in accordance with the foregoing.

A Final Specified Change Proposal shall be referred to mediation/arbitration in accordance with the provisions of Article 5 if: (a) such Final Specified Change Proposal has not been approved or rejected in accordance with the foregoing, (b) the motion to refer such Final Specified Change Proposal to mediation/arbitration has been approved by an affirmative vote of a majority of Members, and (c) a resolution or by-law setting forth how the Corporation's obligations under the first sentence of Section 5.4 shall be funded has been approved by an affirmative vote of a majority of Members. If one or more Final Specified Change Proposals are referred to mediation/arbitration, the Members shall also by affirmative vote of a majority of Members select the mediator/arbitrator, from a list of three arbitrators/mediators provided by the CEO on the advice of legal counsel.

## **ARTICLE 5 MEDIATION/ARBITRATION**

### **5.1 Choice of Mediator/Arbitrator**

If the Members have referred one or more Final Specified Change Proposal(s) to mediation/arbitration but the Members have not selected the mediator/arbitrator pursuant to Section 4.1 by June 30<sup>th</sup>, the Co-Chairs shall attempt, acting unanimously, to select a mediator/arbitrator by July 5 from a list of three arbitrators provided by the CEO, on the advice of legal counsel. If the Co-Chairs are unable to agree on a mediator/arbitrator by July 5, they will request the CEO, with the advice of legal counsel to make such selection by July 10.

### **5.2 Mediation/Arbitration Process**

The mediator/ arbitrator shall have sixty (60) days following his appointment (or such shorter or longer period as the Members may determine by affirmative vote of a majority of the Members) to resolve all of the outstanding Final Specified Change Proposals that have been referred to mediation/arbitration. Members shall be permitted to be represented by counsel throughout the mediation/arbitration process. During the term of his appointment, the mediator/arbitrator will at

any given time have the authority to determine whether to attempt to achieve resolution through mediation or arbitration, and when and if either process should be commenced or terminated. If the mediator/arbitrator commences formal arbitration proceedings, Members shall be permitted to file written arguments and related materials with the mediator/arbitrator and to submit oral arguments on any material filed. The mediator/arbitrator shall determine the procedures to be followed by the Members in filing written submissions and related materials and in making oral arguments. If more than one Member desires to file written submissions or make oral arguments, the mediator/ arbitrator, in order to expedite the proceedings, may appoint one or more Members to file written submissions and/or make oral arguments on behalf of one or more other Members. Following consideration of the written submissions and oral arguments of Members, the mediator/arbitrator shall issue a written resolution in respect of the proposed specified change(s). The mediator/arbitrator will not be restricted to approving or rejecting each Final Specified Change Proposal referred to him/her but may by written resolution enact such specified changes as he/she deems appropriate. Such written resolution shall be final and binding upon the Corporation and its Members and there shall be no appeal therefrom.

### **5.3 Conduct and Effect of Arbitration**

Subsection 26(6) of the Act shall apply to any arbitration conducted under this Article 5 and to the extent of any inconsistency between the provisions of said subsection 26(6) and this Article 5, the provisions of subsection 26(6) of the Act shall prevail.

### **5.4 Costs of the Mediator/Arbitrator**

The Corporation shall pay the fees and reasonable out-of-pocket expenses of any mediator/ arbitrator appointed pursuant to the provisions of this Article 5. The Corporation shall not pay, or reimburse any Member in respect of, the legal and other costs incurred by Members in connection with any mediation/arbitration process conducted under this Article 5. Section 54 of the *Arbitration Act* (Ontario) shall not apply to any mediation/arbitration process conducted under this Article 5 and the mediator/arbitrator will not have the authority to order or require any Member(s) to pay any costs incurred by any other Member(s) in connection with the mediation/arbitration process.

### **5.5 Administration Corporation**

While a mediation/arbitration process is ongoing under this Article 5, no Member may seek advice, information or assistance from the Administration Corporation with respect to any Final Specified Change Proposal referred to the mediation/arbitration process. Members shall be entitled to make submissions to the mediator/arbitrator as to the information and advice he/she should request from the Administration Corporation pursuant to clause 3. of Section 26(6) of the Act. The mediator/arbitrator will disclose to the Members all information and advice he/she receives from the Administration Corporation.

## **ARTICLE 6 MISCELLANEOUS**

### **6.1 Extension of Dates if Delay in Delivery of Annual Valuation**

The Corporation will request the Administration Corporation to deliver the Annual Valuation by no later than March 1st of each calendar year. If the Corporation receives the Annual Valuation after March 15th in a calendar year, each specific date (e.g. March 1<sup>st</sup>, etc.) mentioned in the foregoing provisions of this By-Law No. 12 (but excluding for certainty the provisions of this Section 6.1 and Sections 6.2, 6.3 and 6.4) shall be deemed to be extended, for purposes only of the calendar year in which the delay has occurred, by the number of days by which delivery of the Annual Valuation has been delayed beyond March 1st.

### **6.2 Exceptional Specified Changes**

Notwithstanding the other provisions of this By-Law No. 12, the Members (by two-thirds vote) shall permit any Member at any time (without regard to any timing restrictions set forth in this By-Law No. 12) to propose a specified change meeting one of the following criteria (an “**Exceptional Specified Change**”):

- (a) the specified change is required in the Administration Corporation’s judgment to ensure that any OMERS pension plan(s) complies with a change in applicable federal or provincial law or is otherwise required for the lawful administration of any OMERS pension plan(s); or
- (b) failure to adopt the specified change immediately will result in hardship to OMERS pension plan(s) members, retirees or employers because of a condition or circumstance not previously recognized by the Administration Corporation or the Corporation, and such specified change would not involve material changes in contribution levels of, or materially affect the funding of, any OMERS pension plan(s).

A proposal submitted under this Section 6.2 must be so designated by the Member making the submission. Adoption of a proposed Exceptional Specified Change will require an affirmative vote of two-thirds (2/3s) of the Members. Proposals made pursuant to this Section 6.2 may not be referred to mediation/arbitration and accordingly, the provisions of Article 5 shall not be applicable to a proposal made under this Section 6.2.

An Exceptional Specified Change proposal must be posted on the Corporation’s web site as soon as possible following the meeting at which it is submitted. A decision will not be rendered by the Corporation with respect to an Exceptional Specified Change referred to in clause 6.2(b) until at least 21 days following posting of the proposed change on the web site.

### **6.3 Technical Plan Changes**

A proposal to make a Technical Plan Change may be submitted at any board meeting. Technical Plan Changes must be posted on the Corporation’s web site as soon as possible following such

meeting. A decision will not be rendered by the Corporation until at least 21 days following posting of the proposed Technical Plan Change on the web site, unless the change is required in the Administration Corporation's judgement to ensure that any OMERS pension plan(s) complies with a change in applicable federal or provincial law or is otherwise required for the lawful administration of any OMERS pension plans. A Technical Plan Change may be adopted, amended or repealed by a majority vote of the Members.

#### **6.4 Other Specified Change Proposals**

Effective for calendar year 2015 and thereafter, a Member or a stakeholder may submit specified change proposals in writing to the Corporation, the CEO or the Co-Chairs. Such specified change proposals may pertain to any of the OMERS pension plans. Any specified change proposals received from stakeholders or from a Member prior to October 1 of a calendar year will be referred to PDIC. PDIC will review all such specified change proposals and seek further analysis as required.

PDIC will report to Members at a meeting no later than December of that calendar year, with relevant analysis on the specified change proposals submitted under this Section 6.4. If PDIC determines that a submission is more properly dealt with under Article 3, no further action will be taken with respect to that submission and the submission will be duly noted for consideration during the next meeting at which the process outlined under Section 3.1 is followed, provided it is germane to the actions outlined in By-Law No. 20.

The Members may, by a majority vote, refer any of the specified change proposals to the CEO for further development.

Any specified change proposals submitted on or after October 1 will be referred to PDIC the following calendar year.

##### **6.4.1 Decisions on Other Specified Change Proposals**

At a meeting of the Members in May of the subsequent calendar year, the Members by a majority vote may choose to refer any of the specified change proposals developed by the CEO under this Section 6.4 for decision. The so referred specified change proposals shall be deemed to be Final Specified Change Proposals. The CEO will then cause such Final Specified Change Proposals to be communicated broadly. At a meeting of the Members in June the Members will vote on and deal with each of such Final Specified Change Proposals in accordance with Article 4.

#### **6.5 Time Periods and Dates**

The Members may, in any particular circumstance, by an affirmative two-thirds vote of the Members, change, shorten, lengthen, accelerate, suspend, waive or extend any time period or date specified herein, or increase or decrease the number of meetings of Members or change the timing of such meetings.

## 6.6 Minimum Number of Meetings

During the period from March 1<sup>st</sup> to June 30<sup>th</sup> (inclusive) of a calendar year, the Co-Chairs of the Corporation shall call a sufficient number of meetings of Members to allow the procedures set out in Articles 3 and 4 and in Section 6.4 to proceed efficiently. The first of such meetings shall be held no sooner than ten (10) days following the delivery of the Annual Valuation for the prior calendar year.

## 6.7 Pension Transfers

Notwithstanding any other provision of this By-Law No. 12, the Members may by an affirmative two-thirds vote, and outside of the time periods and without following the procedures specified in this By-law No. 12, approve such specified changes as may be required to implement the Pension Transfer Agreements pertaining to the Toronto Civic Employee's Pension Plan, the Toronto Fire Department Superannuation and Benefit Fund, the Metropolitan Toronto Pension Plan, the Metropolitan Toronto Police Benefit Fund and the Corporation of the City of York Employee Pension Plan which the Members authorized the Corporation to enter into by resolution dated August 23, 2017.

**CERTIFIED** by the Co-Chairs of the Corporation to have been validly enacted by vote of the Members of the Corporation at a duly convened meeting of the Members held the 12th day of December 2018.

“original signed by”

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Marianne Love,  
Co-Chair

“original signed by”

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Frank Ramagnano,  
Co-Chair

*Enacted on November 6, 2008  
First Amendment and Restatement on September 23, 2011  
Second Amendment and Restatement on February 20, 2013  
Third Amendment and Restatement on March 18, 2014 (Art. 6.4)  
Fourth Amendment and Restatement on October 22, 2014 (Art. 2.1, 3- Process)  
Fifth Amendment and Restatement on June 23, 2015 (Art 4.1)  
Sixth Amendment and Restatement on December 12, 2018 (Art 6.7)*



## SCHEDULE "A"

### OMERS SPONSORS CORPORATION

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#### **Protocol for Specified Changes**

This Protocol has been adopted by the Corporation to establish a process whereby ideas and proposals for OMERS pension plan "**specified changes**" can be reviewed by and discussed with the Corporation's Plan Design Information Committee ("**PDIC**"). The legislation which established the Corporation defines a "**specified change**" as:

- a change in benefits for members of any of the OMERS pension plans;
- a change in the contribution rate for members or participating employers;
- the establishment of, or a change to, a reserve to stabilize contribution rates.

Members can formally table a specified change for adoption by the Corporation. However, plan members or former plan members, participating employers and organizations representing active and retired plan members and participating employers (collectively, "**Stakeholders**") may also come forward with their ideas for specified changes in accordance with this Protocol.

1. A Member planning to propose a specified change at a meeting of the Members may consult with PDIC, and is encouraged to do so, but is under no obligation to submit it first to PDIC. Members may have potential specified change proposals reviewed by Administration Corporation (AC) staff, provided that, subject to paragraph 4 below, a Member may not seek a detailed costing of his/her proposal from AC staff without approval of PDIC.
2. If PDIC is not prepared to have any aspect of a Stakeholder's specified change proposal reviewed by AC staff, or is not prepared to give its approval to AC staff preparing a detailed costing of a Member's specified change proposal, a Member may submit in writing to the Co-Chairs of the Corporation a request that AC staff be requested to provide the assistance in question. The Co-Chairs of the Corporation will ensure that the request is presented as a consent item on the agenda for the next meeting of Members. If the request is not challenged by a Member at such meeting, or if it is challenged but the Members do not by majority vote veto the request, PDIC will request of AC staff the technical assistance in question. If the request is challenged by a Member, it can be vetoed by a majority vote of the Members.
3. A specified change proposal by a Stakeholder or Member can be submitted to the PDIC under this Protocol at any time but if it is received after September 30th in a calendar year it will not be considered or discussed by PDIC until completion of the Corporation's formal deliberations the following year with respect to specified change proposals.

4. Either at a meeting of the Members held in December of each year or by written report delivered to the Members by PDIC in December, PDIC will report to the Members with respect to all specified change proposals which have been received or reviewed by it and not previously reported to the Members and will provide relevant information and implications of each proposal, if PDIC has such information available to it.
5. PDIC may use the funds of the Corporation to engage or use external resources or advisors (e.g. lawyers, actuaries, etc.) to assist them in their review of specified change proposals submitted under this Protocol only with the approval of an affirmative vote of a majority of the Members.

*Attached to By-Law #12, approved November 6, 2008  
Amended and approved – September 23, 2011  
Amended and approved – February 20, 2013  
Amended and approved – October 22, 2014 (no change)*

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