

CM-1601-3-6

March 22, 2013

**To the Shareholders of the
Alberta Capital Finance Authority**

Re: Annual General Meeting

Enclosed is the agenda for the Annual General Meeting of the Alberta Capital Finance Authority to be held on Thursday, April 25, 2013 together with a copy of minutes of the Annual General Meeting held on March 29, 2012.

In order to plan for the luncheon to be held in conjunction with the 2013 Annual General Meeting please complete and return the attached form to us at your earliest convenience. To assist in making proper arrangements for meal service and seating it is essential that your attendance confirmation be **received by April 15, 2013**.

Please complete the attached form **only** if a representative of your Council or Board will be attending and return via e-mail to webacfa@gov.ab.ca, mail or fax to (780) 422-2175. Thank you for your attention to this matter.

Yours truly,



Jacqueline Hui
Corporate Secretary

Att.

CM-1601-3-6

March 25, 2013

**To the Shareholders of the
Alberta Capital Finance Authority**

Re: Annual General Meeting

The Annual General Meeting and luncheon of the shareholders of the Alberta Capital Finance Authority will be held on Thursday, April 25, 2013 **COMMENCING AT 10:00 A.M.** at the Matrix Hotel, 10640 – 100 Avenue, Edmonton with luncheon to start at 12:00 p.m.

Agenda

1. Introduction of Board of Directors and Officers.
2. Approval of minutes of the last Annual General Meeting.
3. Chair's report.
4. President's presentation of the audited financial statements of the Authority for 2012.
5. Group meetings of each shareholder class (Election of Class "C" and "E" directors).
6. Guest Speaker – Dr. Michael Percy, Professor of Economics, University of Alberta School of Business.
7. Other business.

With respect to item 5 of the Agenda, the present elected directors are:

George Huybregts	Representing Class "B" shareholders – Municipal authorities (defined as including improvement districts, metis settlements, municipal districts, counties, special areas, and specialized municipalities) and to regional authorities (includes drainage districts, irrigation districts, regional airport authorities and regional services commissions), and health authorities (includes approved hospitals, mental health hospitals, regional health authorities, and provincial health boards)
Ed Gibbons	Representing Class "C" shareholders - Cities
Trevor Thain	Representing Class "D" shareholders - Towns and Villages
Ron Ritter	Representing Class "E" shareholders – Education authorities (includes school districts and divisions, colleges, technical institutes, universities and Northland School Division)

Class "C" and "E" shareholders will be involved in electing a representative to the Board of Directors of the Authority this year. **(Councillor Ed Gibbons will not be standing for re-election as he has reached the end of his maximum allowable term; and Ron Ritter indicated he will be standing for re-election).** The director elected will serve a three-year term. In this regard, your attention is drawn to a resolution of the Authority, which reads, in part, as follows:

"A person may establish the right to vote a Class B, C, D or E common share by filing with the Corporate Secretary of the Authority no later than three days immediately preceding the Annual General Meeting, a resolution of the Council of the holder of that share appointing that person as its representative at the meetings of the Authority".

Please forward via mail, e-mail or fax to the undersigned, **no later than April 22, 2013** a copy of a resolution of your Council or Board appointing a person to represent and vote its shares at the Annual General Meeting. The suggested wording for this resolution is as follows:

"That _____, or designee, be appointed to represent and vote the shares of the _____ at the Annual General Meeting of the Alberta Capital Finance Authority to be held on April 25, 2013 in Edmonton".

Yours truly,


Jacqueline Hui
Corporate Secretary

ALBERTA CAPITAL FINANCE AUTHORITY

Annual General Meeting held at 10:00 a.m. on Thursday, March 29, 2012 at the Matrix Hotel, Edmonton, Alberta

Introduction of Board of Directors, Officers and Staff

The Chair introduced the Board of Directors, Officers and staff of the Authority.

Minutes of Meeting

The minutes of the annual meeting held on April 7, 2011 were adopted as distributed.

Business Arising from the Minutes

There was no business arising from the minutes.

Chair's Report

The Chair advised that this is the 55th annual meeting of the Authority and gave a brief summary of his report on the activities of the Authority for 2011, the full text of which is contained in the 2011 ACFA Annual Report. As well, he announced that Troy Holinski, President has joined ACFA as of September 2011.

President Reviews 2011 Financial Statements

The President presented the report of the Auditor General, reviewed the financial statements of the Authority for the year 2011 which were prepared under Public Sector Accounting standards. Loans and debt are reported on an amortized cost basis whereas in 2010 they were reported on a fair value basis.

He advised on the loan and debt activities and interest rates spread and pointed out that during 2011, ACFA issued \$1.9 billion in loans, a slight reduction from 2010 as governments support for infrastructure funding both at a federal and provincial level began to plateau. In addition, graphs showing new loans and debt, income, and comparisons of the cost of administration on new loans and outstanding loans between Authority and other capital finance authorities, were presented.

During 2011, total liabilities have increased to reflect refinancing of debt and to meet loan demand. ACFA borrowed significant amounts of short-term debt but repaid most by year end. ACFA will continue its strategy of issuing short-term and floating rate notes to fund loans where appropriate. He advised that commencing April 2011, the Province borrows and on-lends to ACFA, reducing the Authority's borrowing costs by 8 to 10 basis points.

He advised that ACFA uses interest rate swaps for the purpose of managing its asset and liability position. The Authority's policy is to match the interest rate exposure on all new loans to the interest rate exposure of the debt used to fund these loans and in most cases, both fixed interest rates on new loans and debt were swapped to floating. The Authority recognizes the risks associated with the use of derivative financial instruments and has established policies and procedures to monitor and minimize the risk exposure to the Authority. The notional values on derivatives will continue to grow as new loans and debt with fixed rates are swapped to floating. He noted that ACFA has entered into Credit Support Agreements under the Province's Master Agreement to further minimize counterparty risk. During the year ACFA was required to post cash collateral on multiple occasions, which was entirely returned to ACFA as at December 31, 2011.

The President noted that ACFA's goal is to continue operating on a break-even basis while maintaining a minimum retained earnings, before adjustments for fair value. He reviewed the financial results for the year ended December 31, 2011 and pointed out that the net deficit after recognition of unrealized change in fair value of derivative contracts amounts to -\$666.6 million. It was noted that as almost all loans, debt and derivatives are held to maturity, it is unlikely that these unrealized gains will ever be realized and will settle for their contractual value with no gain or loss to ACFA. On a cost basis, not taking into consideration the change in fair value of derivatives, ACFA would have posted surpluses of \$34 million for 2011 and \$134 million accumulated surplus.

Election of Directors

The Chair advised the meeting that the Class "B" shareholders were involved in electing a director to the Board this year.

The following delegates had submitted the proper authorization to vote:

<u>Class B Shareholder</u>	<u>Authorized Person</u>	
County of St. Paul No. 19	George Huybregts or designee	(16 shares)
County of Two Hills No. 21	George Huybregts or designee	(15 shares)
Lac La Biche County	Director Corporate Services	(3 shares)
Mountain View	Greg Wiens	(15 shares)
Parkland County	General Manager Corp Services	(16 shares)
Strathcona County	GH designated Christine Jackson	(86 shares)
Alberta Capital Region	Paul Krueger	(1 share)
Wastewater Commission		
Capital Region Northeast	Chairman	(1 share)
Water Services Commission		
Capital Region Vegreville	Chairman	(1 share)
Water Services Commission	or Vice-Chairman	
South Red Deer Regional		(1 share)
Wastewater Commission		
Calgary Airport Authority	Frank Jakowski	(1 share)
Regional Mun of Wood Buffalo	Regional Manager	(6 shares)

Results of Elections

Following meetings of each group of shareholders, it was announced that George Huybregts, Associate Commission, Corporate Services/County Treasurer of Strathcona County had been re-elected to represent the Class "B" shareholders on the ACFA Board of Directors for a three-year term. It was resolved that the results of the voting be accepted and recorded.

Other Business

There was no other business.

Persons Attending the Annual Meeting

Lawrence Gordon	Fred Clarke	Ed Gibbons
Ron Ritter	Trevor Thain	Tim Wiles
Paul Whittaker	Harold Johnsrude	Troy Holinski
Lowell Epp	Linda Neuman	Jacqueline Hui
Holly Carlson	Gary Smith	Don Lussier
Archie Grover	Del Dyck	Merwan Saher
Brad Ireland	Duncan Sinclair	Steve Sevcik
Scott Chen	Mark Enright	Michael Gluckman

Christina Parkins
Rod Matheson
Kevin MacMillen
Jim Daye
Dwight Dibben
Jim Palmer
Michael Lam
Tracy Kibblewhite
Beng Koay
Mirjam Brett
Larry Goodhope
Rob Stoutenberg

Aleks Nelson
David Hinman
Matt Huss
Andrew Sadurski
Paul Krueger
Frank Jakowski
Chris Wing
Christine Jackson
Carol Engelking
Corey Wight
Michael Storey
Lousie Frostad

Travis Nosko
Hilary McVey
Mark Engelking
Douglas Paul
Don McGeachy
Phil Seguin
Harold Blyan
Hugh Bell
Brenda Rauckman
Glen Jarbeau
Dianna Doyle

Adjournment

There being no further business the meeting adjourned at 10:55 a.m. with luncheon and guest speaker to follow.

CHAIR

CORPORATE SECRETARY

CONFIRMATION OF ATTENDANCE

**ANNUAL GENERAL MEETING
OF THE
ALBERTA CAPITAL FINANCE AUTHORITY**

**TO BE HELD ON
THURSDAY, APRIL 25, 2013**

**AT THE
MATRIX HOTEL
QUARTZ A**

**10640 – 100 AVENUE
EDMONTON, ALBERTA**

COMMENCING AT 10:00 A.M.

NAME: _____

**REPRESENTING: _____
(CITY, TOWN, COUNTY, SCHOOL DISTRICT, ETC.)**

**RETURN TO: ALBERTA CAPITAL FINANCE AUTHORITY
SUITE 2450, 10303 – JASPER AVENUE
EDMONTON, AB T5J 3N6**

FAX NUMBER: (780) 422-2175

E-MAIL: WEBACFA@GOV.AB.CA

PLEASE CONFIRM NO LATER THAN APRIL 15, 2013

ALBERTA CAPITAL FINANCE AUTHORITY

NOTICE TO

CLASS "C" and "E"

SHAREHOLDERS

This year Class "C" and "E" shareholders will be required to elect a Director to the Alberta Capital Finance Authority Board.

**PLEASE NOTE THE ANNUAL GENERAL
MEETING WILL BE HELD AT 10:00 A.M. PRIOR
TO THE LUNCHEON.**