



ACFA

ALBERTA CAPITAL FINANCE AUTHORITY

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CM-1601-3-6

February 27, 2012

**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, March 29, 2012 together with a copy of minutes of the Annual General Meeting held on April 7, 2011.

In order to plan for the luncheon to be held in conjunction with the 2012 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 March 21, 2012**.

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

JH/hc

Att.

CONFIRMATION OF ATTENDANCE

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

**TO BE HELD ON
THURSDAY, MARCH 29, 2012**

**AT THE
MATRIX HOTEL
QUARTZ B**

**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 MARCH 21, 2012

CM-1601-3-6

February 27, 2012

**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, March 29, 2012 **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 2011.
5. Group meetings of each shareholder class (Election of Class "B" director).
6. Guest Speaker – Gary Smith, Executive Professor in Finance, University of Alberta.
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 "B" shareholders will be involved in electing a representative to the Board of Directors of the Authority this year. **(George Huybregts has 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 March 26, 2012 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 March 29, 2012 in Edmonton".

Yours truly,



Jacqueline Hui
Corporate Secretary

ALBERTA CAPITAL FINANCE AUTHORITY

NOTICE TO

CLASS "B"

SHAREHOLDERS

This year Class "B" shareholders will be required to elect a Director to the Alberta Capital Finance Authority Board. (George Huybregts has indicated he will be standing for re-election.)

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

ALBERTA CAPITAL FINANCE AUTHORITY

Annual General Meeting

**held at 10:00 a.m.
on Thursday, April 7, 2011
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 8, 2010 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 54th annual meeting of the Authority and gave a brief summary of his report on the activities of the Authority for 2010, the full text of which is contained in the 2010 ACFA Annual Report. As well, he announced that Terry Stroich, President is leaving ACFA in August 2011.

President Reviews 2010 Financial Statements

The President presented the report of the Auditor General, reviewed the financial statements of the Authority for the year 2010. He advised on the loan and debt activities and interest rates spread and pointed out that during 2010, ACFA issued \$2 billion in loans, a record for the Authority. 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.

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. He noted that ACFA has entered into a Credit Support Agreement under the Province's Master Agreement to further minimize counterparty risk.

During 2010, because of the increase in loan demand and debt maturities, ACFA's borrowing activity increased significantly. 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. He advised that commencing 2011, the Province will borrow and on-lend to ACFA, this should reduce the Authority's borrowing costs by 10 basis points.

The President noted that ACFA's goal is to continue operating on a break-even basis while maintaining a minimum retained earnings. He reviewed the financial results for the year ended December 31, 2010 recorded on a fair value basis. He pointed out the net gain after recognition of unrealized gains and losses amounts to \$124 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.

He continued to advise that ACFA is now reviewing its current accounting policies and is considering moving to public sector accounting policies in 2011.

In closing, the President noted that it has been honour to serve ACFA and its shareholders for the past 18 years.

Election of Directors

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

The following delegates had submitted the proper authorization to vote:

<u>Class D Shareholder</u>	<u>Authorized Person</u>
Town of Beaumont	Councillor Larry Goodhope
Town of Calmar	Director of Finance E.M. Storey
Town of Devon	Director of Finance & Support Services Or designee
Town of Redwater	Councillor Dennett
Town of Stettler	Assistant CAO G. Switenky or designee
Town of Whitecourt	Mayor or Designee
Village of Nampa	Trevor Thain or Designee

Results of Elections

Following meetings of each group of shareholders, it was announced that Trevor Thain had been re-elected to represent the Class "D" 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	Ray Gilmour
George Huybregts	Trevor Thain	Ron Ritter
Harold Johnsrude	Terry Stroich	Jacqueline Hui
Lowell Epp	Holly Carlson	Guy Casgrain
Steve Burford	Del Dyck	Robert Splane
Lynn Walker	Jeff Sitler	Brad Ireland
Steve Sevcik	Shobhana Chellappah	Scott Chen
Mark Enright	Michael Gluckman	Bert Kramar
Kim Graf	Christopher Ontkian	Aleks Nelson
Travis Nosko	Rod Matheson	David Hinman
Jason F. Cooper	Kevin MacMillen	Jim Daye
Sue Bohachuk	Michael Nish	Jim Van Thournout
Stephen Gibson	Bob Wilber	Paul Krueger
Jim Palmer	Daniel Warawa	Frank Jakowski
Phil Seguin	Randy Dubord	Michael Trabysh
Beng Koay	Carol Engelking	Brian McCulloch
Corey Wight	Albert H. Bizio	Dean Krejci
Larry Goodhope	Michael Storey	Dianna Doyle
Jack Dennett	Greg Switenky	Lousie Frostad
Peter Smyl	Michael Brenneis	Lee Ann Lagace
Michael Trattner	Donna Deautels	

Adjournment

There being no further business the meeting adjourned at 10:40 a.m. with luncheon and guest speaker to follow.