



Alberta Teachers' Retirement Fund Board

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November 18, 2019

VIA E-MAIL

Mr. W. Doug Wylie, FCPA, FCMA, ICD.D
Auditor General
Office of the Auditor General
8th Floor, 9925 – 109 Street
Edmonton, AB T5K 2J8

Dear Mr. Wylie,

RE: Request under section 20 or section 29 of the Auditor General Act to assess proposed transfer of ATRF's assets to AIMCo

I am writing on behalf of the Board of the Alberta Teachers' Retirement Fund ("ATRF") with respect to an urgent and important matter. We respectfully request that you conduct a full and independent review of a course of action proposed by the Government of Alberta which will have a fundamental impact on ATRF's organization and systems.

For 80 years ATRF has been responsible for managing the pension plans and their assets under the Teachers' Pension Plan and the Private School Teachers' Pension Plan (the "Plans"). As its auditor, you know that ATRF is the trustee and administrator of the Plans and the custodian of the Plans' assets. As pension managers, we are directly able to construct an investment portfolio that meets the unique liabilities and risks of the Plans. In carrying out this mandate ATRF is vigilant about managing costs. However, we do so in the context of achieving the net investment returns that secure the pension promise and maintain full funding while keeping contribution rates stable and at levels acceptable to the plan sponsors.

In its recent budget, the Government announced a proposed course of action (the "Proposal") that will require Alberta Investment Management Corporation ("AIMCo") to be the sole investment manager for ATRF's pension assets. Without the discretion to have full control of all aspects of managing the investment portfolio, the Board is concerned that this will fundamentally impact ATRF's ability to continue to provide effective pension management and, most importantly, meet the pension promise.

Furthermore, the Board believes and has serious concerns that the Proposal is based on incomplete and non-objective information. We note that since the Proposal was announced, ATRF has never been asked by the Government to provide any data.

The Board's fiduciary duty to the Plans and the Plans' beneficiaries require us to be satisfied that the Government's proposed course of action is in the best interest of the Plans. In order to make that determination, and given the fundamental impact of the Proposal, the Board respectfully requests that pursuant to either or both of sections 20 and 29 of the *Auditor General Act*, that you conduct 1) a full, objective and impartial review of all the data, and 2) provide your advice as to whether AIMCo, a multi-client asset manager, would be better positioned or better able to perform the pension management responsibilities of ATRF.

Because the Proposal would have a fundamental impact on the organization and systems of ATRF, was made without full due diligence, has significant implications for the proper use of public monies, and will be effected through legislation to be introduced imminently, we strongly urge to you to exercise your discretion under the Act and accept our request.

If you have any questions or comments, please contact me or Mr. Rod Matheson, Chief Executive Officer of ATRF.

Sincerely,



Sandra Johnston
Chair

cc:

The Honourable Travis Toews

Rod Matheson, Chief Executive Officer, ATRF

Board Members of ATRF:

Catherine Connolly
Karen Elgert
Greg Francis
Paul Haggis
Maria Holowinsky
Kareen Stangherlin

Jason Schilling, President ATA