

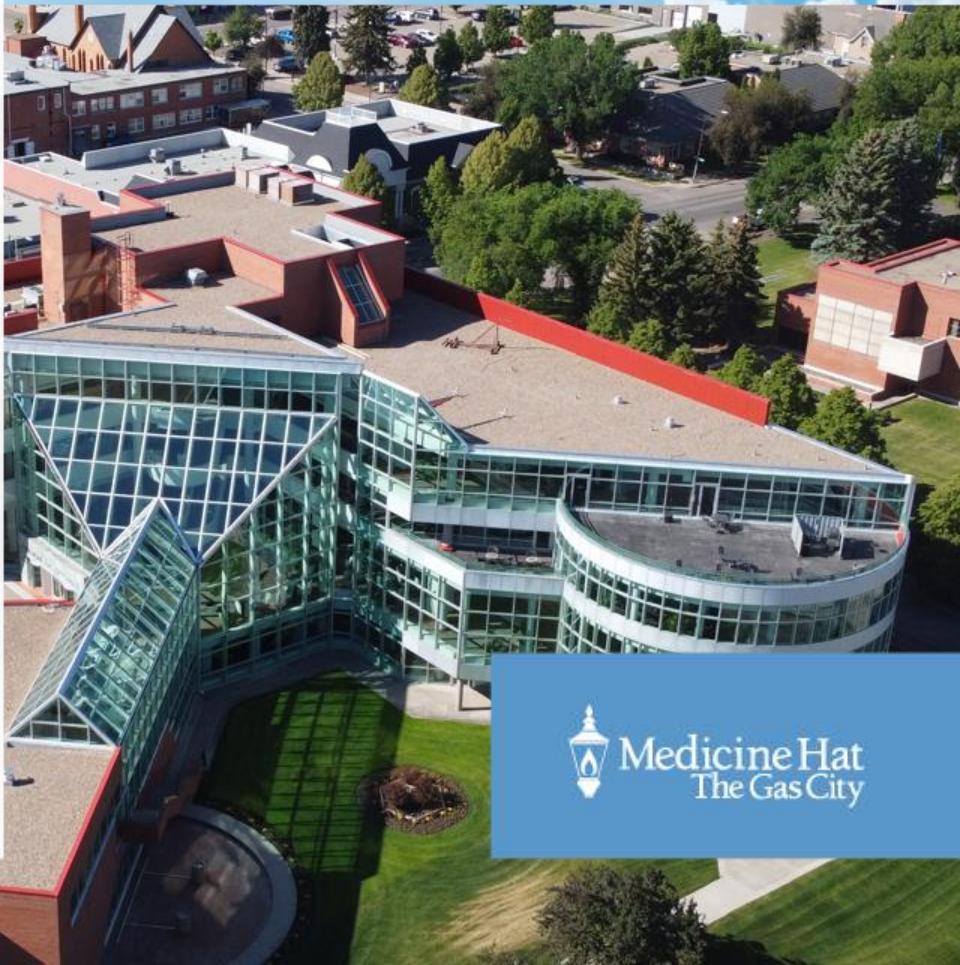


CHIEF FINANCIAL OFFICER

Report

First 4 Months of 2020

August 27, 2020



Agenda

- 1. 2019 - Rear View Mirror**
- 2. 2020 - The New Reality**
- 3. Key Fiscal Measures**
- 4. What's Next**

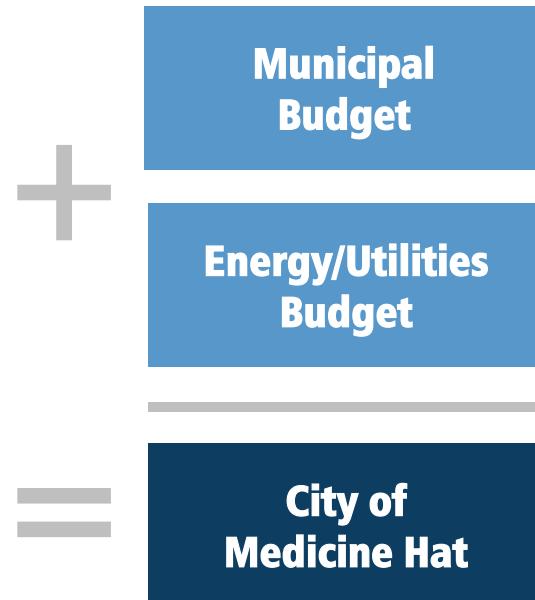
2019

Rear View Mirror

2019 - Now In The Books

KPMG – Clean Audit Report:

- ✓ **Municipal surplus - Financially Fit efforts continue**
- ✓ **Energy/Utilities - results highlight volatility**
- ✓ **strong balance sheet - leverage opportunities**



INVESTMENTS	CAPITAL ASSETS	DEBT	FORMAL RESERVES
\$476M	\$1,381M	\$403M	\$141M

2020

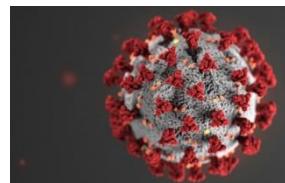
The New Reality

2020 - External Forces

Alberta Fiscal Plan

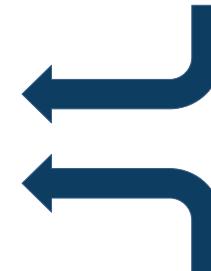


Medicine Hat
The Gas City



COVID-19

Oil Price War



Global Recession

Impact to CMH



CMH Response - What Are We Doing

Role Clarity

- **Municipality - safety of residents & employees - and aligned**
- **Province - public health directives / income assistance**
- **Federal - income redistribution / program funding**

Business As Usual ... In Unusual Times

- **Services delivered in alternative ways**
- **Construction renewal projects continue**

Operations

- **Facility closures**
- **Cost mitigation including layoffs**
- **Strategic relaunch plans to the new normal**

| Key Fiscal Measures

Key Fiscal Measures

Year To Date

- **COVID-19 impact offset by mitigation plans**
- **strong revenue due to electricity sales price \$5.0M**
- **NGPR cost savings due to strategic shift \$2.4M**

For The Year

- **municipal budget on track - COVID impact \$10.5M**
- **reduced electricity sales and increase input cost \$3.0M**
- **reduced NGPR sales price and volume \$14.3M**
 - FF / SOT team active
 - IMH engaged
 - debt limit in check
 - investments recovering

A) Relief Package - Up to \$8.2M

Council Resolution May 4, 2020:

- ✓ Residents & Businesses - financially impacted
- ✓ City Council - recognized needs of community
- ✓ Funding - by Reserves

TAX CANCELLATION	PAYMENT DEFERRAL	LOCAL BUSINESS	VULNERABLE SUPPORT	ECONOMIC DEVELOPMENT
\$3.9M	\$0.3M	\$2.0M	\$1.0M	\$1.0M

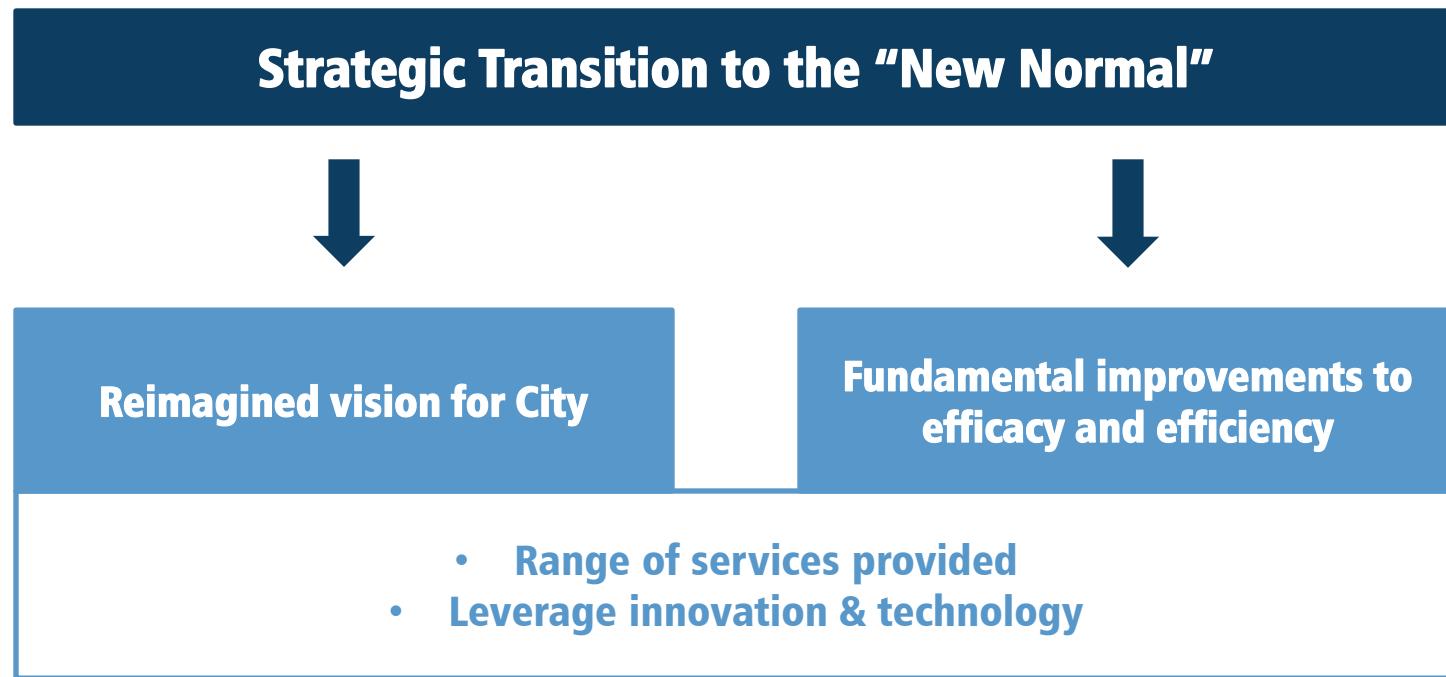
B) NGPR - Reducing Our Well Count

- **Eliminated cost related to $\approx 2,000$ gas wells**
- **Fund the Program - preserve investment \$150M**

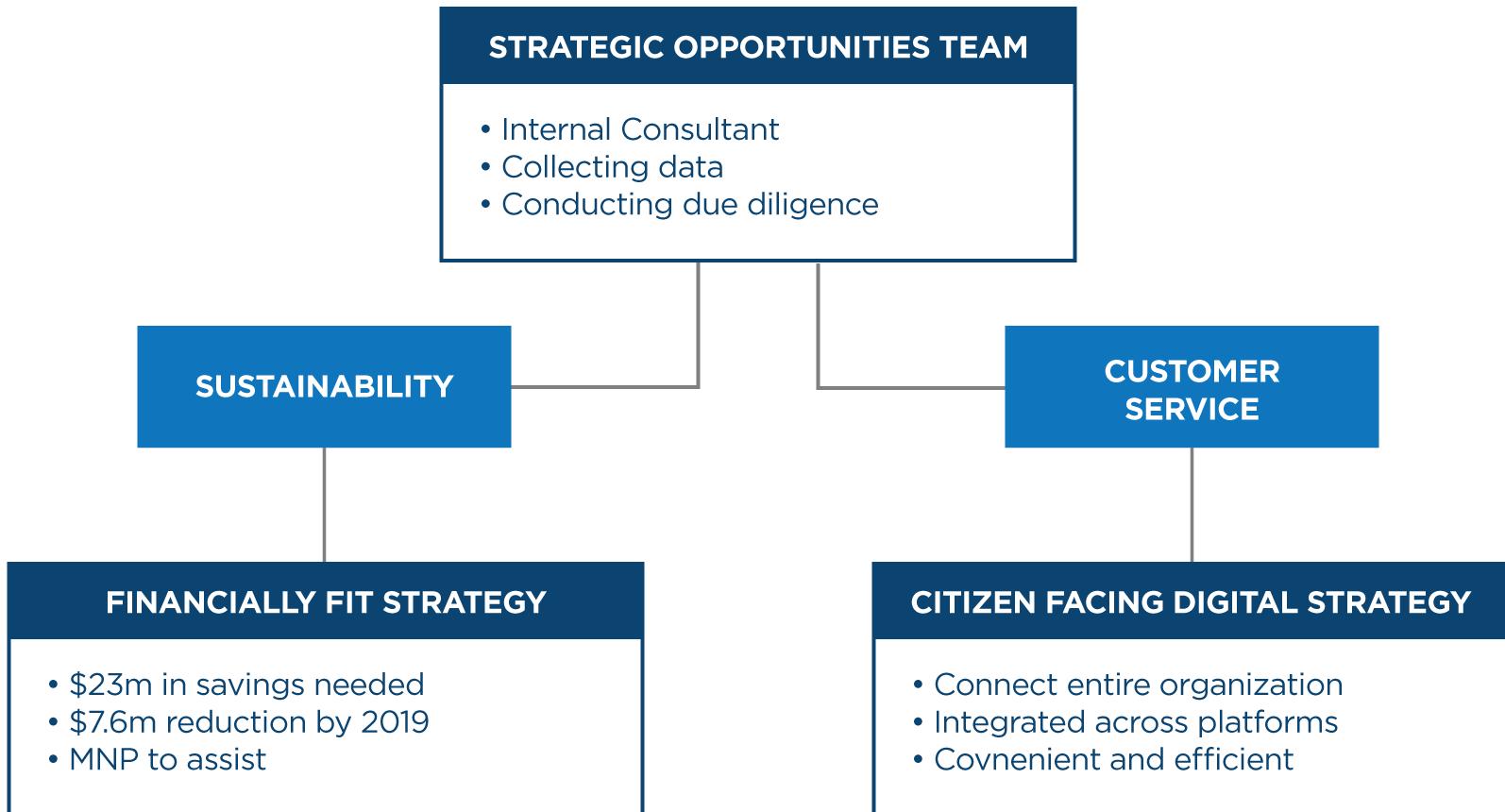
Business Case	Cost $\approx \$125M$	Funding Source
<ul style="list-style-type: none">• low commodity price• annual cash loss• no price recovery in sight - not viable	<ul style="list-style-type: none">• abandonment• reclamation• land lease• property taxes	<ul style="list-style-type: none">• cash \$45M• debt \$80M• debt service by investment income• preserve principle

C) Financially Fit – Seizing Opportunities

A pessimist sees difficulty in every opportunity; an optimist sees opportunity in every difficulty. - Winston Churchill



Strategic Opportunities



| What's Next

What's Next - The Road Ahead

- **Continued headwinds**
- **Redefining fundamental cost structure of local government**
- **Impact of COVID-19**

Our Advantage - Well and Alive

Achieving the right balance for the “Medicine Hat Advantage”

- CMH - supporting innovation & entrepreneurship**
- Infrastructure - well managed and reliable**
- Community safety - highly competent and versatile emergency and protective services**
- Resources - leverage economic growth (land, water, gas, electricity)**
- Heritage Saving Reserve - creating an endowment for residents**
- Amenities - culture, recreation, trails & outdoor, facilities**
- Taxes & utilities - continued advantage compared to peers**

| End