

# Potash Asset Fund Policy

## Purpose

The Municipal Tax Sharing Program was established in 1968 in accordance with *The Municipal Tax Sharing (Potash) Act* and General Regulations under *The Municipal Tax Sharing (Potash) Act* in recognition of the fact that potash mines have impacts on municipalities surrounding the mine, and not just the rural municipality in which the mine is located.

Council for the Town of Lumsden has determined that revenues received from the Municipal Potash Tax Sharing program will not be relied upon for the general operating expenses of the municipality, but will be annually transferred to the "Potash Asset Fund" that will be only drawn upon in certain circumstances. The purpose of this fund will be to accumulate the revenues resulting from this program to be used as a future financial resource for the municipality. Council also recognizes that the fund may be drawn upon for certain infrastructure needs that directly relate to the impact from the mining industry, such as the road network with payback to the Fund.

The goal of this Fund will be to accumulate the balance to \$3,000,000.00 to ensure there are adequate finances held in this fund to finance capital improvements and future replacement costs for the James Street North Bridge.

As the population of the Town of Lumsden grows and demands change the Town wants to maintain a program of continually improving the road infrastructure. This reserve will accumulate and monies from this fund may be borrowed for these expenditures. Types of projects may include, but are not limited to: pavement overlays, road reconstruction, curb and gutter installation, bridge repair, etc.

## Regulations

1. The Potash Asset Fund will be considered a Reserve.
2. Annual Transfer must be made into this fund equal to the amount of revenue received under the Municipal Potash Tax Sharing Program.
3. This fund will be considered fully funded when the balance reaches \$3,000,000.00
4. Administration may recommend investment options of this fund to Council in order to take advantage of better rates of return.
5. Withdrawals may be made from this reserve fund in the form of an interest free repayable loan for capital expenditures for road infrastructure.
6. The repayment term will be dependent on the useful life of the asset being acquired by the Town, but should not exceed ten years.
7. The interest from this fund shall form part of the general revenue for the municipality.

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