

POLICY NUMBER: 13

SUBJECT: **TARGET GROWTH RATES FOR THE EQUITY OF THE CONSTRUCTION FUND AND SEVERANCE TAX PERPETUAL BASE FUND**

EFFECTIVE DATE: October 1, 2000

REVISED DATES: January 27, 2004  
September 14, 2004  
November 18, 2015

POLICY: The Colorado Water Conservation Board (CWCB) will attempt to maintain an overall growth rate for the equity of the Construction Fund (CF) and Severance Tax Perpetual Base Fund (Sev. Tax Fund). CWCB shall grow the Construction Fund at the rate of return on the interest rates invested in water projects throughout the state. This will be the “growth rate” for the Funds.

PURPOSE: To offset the impacts of cost inflation, to maintain the financial integrity of the CWCB Construction Fund and Sev. Tax Fund and to provide a process for estimating the financial resources available for non-reimbursable investments from the Funds in any given year.

APPLICABILITY: This policy and procedure applies to the CWCB Construction Fund and Severance Tax Perpetual Base Fund.

PROCEDURE: The overall growth for the fund equity of the Construction Fund and Sev Tax Fund will be presented as part of the Comprehensive Annual Financial Report by CWCB staff at the Annual Finance Committee Meeting and subsequent Board meeting each year. Staff will present an annual estimate of funds available for non-reimbursable investments relative to the target growth rate. The estimate of funds available for non-reimbursable investments will be based on Federal Mineral Lease projections, Severance Tax projections, projected expenses and fund performances.

Staff will present a summary of long-term construction cost indices with any recommendations for revisions to the target growth rate of the equity of the fund.