



Finance and Administration Committee Agenda Item 6a

May 16, 2017

Item Name: Treasury Management Policy Review

Program: Financial Office

Item Type: Action

Recommendation

The recommendation is for the Finance and Administration Committee (“Committee”) to approve the proposed amendments to the Treasury Management Policy (“Policy”) as part of the annual review required by the Policy.

Executive Summary

The Policy, which was last reviewed and approved in April 2016, and defines the purpose, objectives, responsibilities and approach for the Treasury Management Program (TMP), has been revised and updated into the new standardized CalPERS policy template and updated to reflect minor changes to the program.

Strategic Plan

This agenda item supports Goal B of the CalPERS 2012-2017 Strategic Plan, which is to cultivate a high-performing, risk intelligent and innovative organization.

Background

The Policy was last reviewed and approved by the Committee in April 2016. The Policy established the purpose, objectives, responsibilities and approach for the Treasury Management Program (“TMP”), which was developed to ensure member benefits and organizational obligation payments are fulfilled without interruption. The Policy indicates the Committee will annually review and approve staff recommendations for changes to the Policy to reflect the changing nature of CalPERS’ assets and investment programs, benefit and structural changes and economic conditions.

Analysis

The Policy was reviewed to ensure it reflects the changing nature of CalPERS’ assets and investment programs, benefit, structural changes and economic conditions. There were no major changes to the Policy. The Policy format was updated to comply with enterprise delegation and policy standards.

Budget and Fiscal Impacts

Not applicable

Benefits and Risks

The Policy provides guidelines to ensure the treasury management practices of the enterprise recognize the fiduciary duty owed to members as stated in the CalPERS’ Pension Beliefs. The

Enterprise Treasury Management Program is important to identify and to mitigate risks early, to avoid future liquidity problems, to strengthen internal controls and to facilitate better decision-making. The Policy sets forth the responsibilities, structure, and approach to ensure the payment of member benefits and organizational obligations are provided without interruption. The Policy provides an integrated oversight structure in maintaining appropriate liquidity coverage, reserve levels for programs and the enterprise, and manages enterprise liquidity risk.

Attachments

Attachment 1 – Current version of Treasury Management Policy

Attachment 2 – Red-lined version of proposed changes to Treasury Management Policy

Attachment 3 – Final version of proposed changes to Treasury Management Policy

Kristin Montgomery

Controller
Financial Office

Marlene Timberlake D'Adamo

Interim Chief Financial Officer