



Finance and Administration Committee Agenda Item 3c

May 15, 2018

Item Name: Treasury Management Reserve Policy Review

Program: Financial Office

Item Type: Information Consent

Executive Summary

The Treasury Management Reserve Policy (“Policy”) was last reviewed and approved by the Finance and Administrative Committee (“Committee”) in May 2017. Staff conducted an annual review of the Policy and recommend no changes.

Strategic Plan

This agenda item supports the CalPERS 2017-22 Strategic Plan, which is to cultivate a risk-intelligent organization.

Background

The Policy was last reviewed and approved by the Committee in May 2017. The Policy was developed by Staff to govern the practices related to the establishment and oversight of such reserves set forth in the Treasury Management Policy. According to the Policy, reserves are “liquid assets dedicated to the payment of member benefits and other obligations during a stressed or crisis event”. The Policy also identifies which program requires a reserve and which do not based on Staff’s assessment of the relevant characteristics of the each fund.

Analysis

Staff conducted an annual review of the Policy and recommend no changes.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

The Policy provides a framework to identify and to mitigate risks early, to avoid future liquidity problems, to strengthen internal controls and to facilitate better decision-making. In addition, the Policy helps safeguard CalPERS against future market events and cash flow stresses that could jeopardize its ability to meet its obligations without interruption.

Attachments

Attachment 1 – Treasury Management Reserve Policy

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Interim Controller
Financial Office

Charles Asubonten
Chief Financial Officer

