



## Finance and Administration Committee

# Agenda Item 6c

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**February 18, 2020**

**Item Name:** Treasury Analysis and Liquidity Status Report

**Program:** Financial Office

**Item Type:** Information Consent

### **Executive Summary**

This is the Semi-Annual Treasury Analysis and Liquidity Status Report for the period ending December 31, 2019. The report shows CalPERS maintained adequate liquidity coverage levels for all funds in normal and stressed environments.

The Enterprise Treasury Team (“ETT”) conducted an annual review of the Funding Contingency Plan (“Plan”) and minor changes were made. During the reporting period there were no events that occurred which required the use of the plan. The review was conducted in January 2020.

### **Strategic Plan**

This agenda item supports the CalPERS 2017-2022 Strategic Plan, which is to cultivate a risk-intelligent organization.

### **Background**

The Treasury Management Policy (“Policy”) requires the Treasury Management Program (“Program”) to provide the Finance and Administration Committee (“Committee”) with an update on fund liquidity status. The Semi-Annual Treasury Analysis and Liquidity Status Report (Attachment 1) fulfills this obligation by providing liquidity coverage ratio analysis and cash flow forecasting analysis for the Public Employees’ Retirement Fund (“PERF”), Legislators’ Retirement Fund (“LRF”), Judges’ Retirement Fund I (“JRF I”), Judges’ Retirement Fund II (“JRF II”), Health Care Fund (“HCF”), and the Long Term Care Fund (“LTCF”) to be known as (“All Funds”). The last report was presented to the Committee in September 2019.

### **Analysis**

#### **Liquidity Coverage Analysis**

The report confirms the liquidity coverage for All Funds remained above the threshold in the normal environment. In addition, All Funds would have maintained adequate Level I liquidity had a stressed or crisis event occurred during this reporting period.

### **Cash Flow Forecasting Accuracy Analysis**

Cash flow forecasting accuracy for PERF, LRF, JRF I, JRF II, and LTCF was in the 90<sup>th</sup> percentile. HCF's accuracy was impacted by pharmacy and medical reimbursements.

Investment cash flow estimates for the PERF continue to be improving, but the asset allocation changes and unexpected inflows from real estate and private asset classes caused forecast volatility.

### **Status of the Funding Contingency Plan**

During the reporting period there were no events that occurred which required the use of the plan. The review was conducted in January 2020 and minor changes were made. Staff continues to utilize the Plan to manage, measure, monitor and control funding coverage with respect to the payment of member benefits and all other CalPERS' obligations.

### **Budget and Fiscal Impacts**

Not Applicable

### **Benefits and Risks**

Not Applicable

### **Attachments**

Attachment 1 – Semi-Annual Treasury Analysis and Liquidity Status Report

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