

CalPERS

Total Fund Monthly Update – Investment Compliance

MONTH ENDING SEPTEMBER 30, 2013

CalPERS Total Fund Monthly Update - Investment Compliance

As of September 30, 2013

Items Completed Under Delegated Authority

Disclosure of Placement Agent Fees

Investment Proposal Activity Summary

Policy Violations

Disclosure of Closed Session Action Items

Spring-Fed Pool Contract Status

Investment Policy Administrative Changes

Items Completed Under Delegated Authority *(for the month ended September 30, 2013)*

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number
Private Equity	H&F Hockey Partners, L.P.	\$60.7 million	Sep-13	07-02-INV II (C) 1
Private Equity	Riverstone Fieldwood Partners, L.P.	\$57.5 million	Sep-13	07-02-INV II (C) 1
Real Assets	Institutional Core Multifamily Investors	\$20.25 million	Mar-13	11-01-INV II (A) 2 & II (B)
Real Assets	Newland National Partners III, LLC	\$9.88 million	Apr-05	11-01-INV
Real Assets	Whitney Ranch Ventures, LLC	\$2.76 million	Sep-13	11-01-INV
Global Equity	Ashmore	\$100 million	Sep-13	07-03-INV I (C) 2
Global Equity	Dimensional Fund Advisors	\$100 million	Sep-13	07-03-INV I (C) 2

Disclosure of Placement Agent Fees *(for the month ended September 30, 2013)*

Fund Name	
Asset Class	No Items to report
Fund	
Period	
Placement Agent Firm	
Registered with SEC/FINRA	
Registered with Secretary of State	
Estimated Placement Agent Compensation	
Transaction Type	

Investment Proposal Activity Summary (for the month ended September 30, 2013)

	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals	29	2	28	18	7	2	2	1	89
New Proposal During the Month	5	0	12	8	9	5	0	3	42
Reinstated Proposal During Month	0	0	0	0	0	0	0	0	0
Decisions During the Month	14	0	0	0	0	1	0	0	15
End of Month Proposals	20	2	40	26	16	6	2	4	116

Status Details

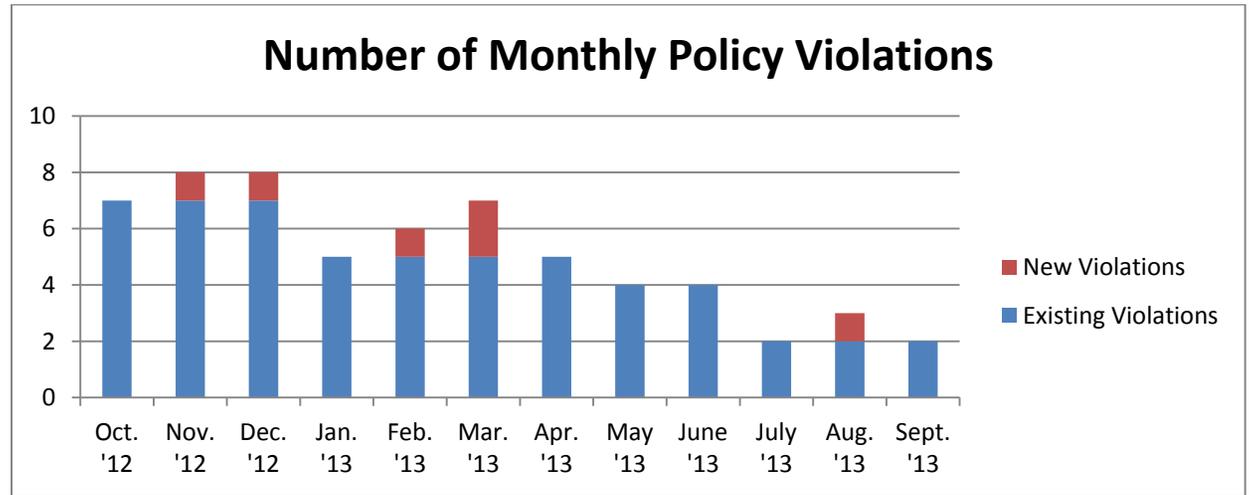
Status	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals									
Submitted	1	0	2	7	1	1	1	0	13
Screening	25	2	24	11	6	1	1	1	71
Due Diligence	3	0	2	0	0	0	0	0	5
Approved	0	0	0	0	0	0	0	0	0
Subtotal	29	2	28	18	7	2	2	1	89
New Proposals During the Month									
Subtotal	5	0	12	8	9	5	0	3	42
Reinstated Proposals During Month									
Subtotal	0	0	0	0	0	0	0	0	0
Decisions During the Month									
Committed	2	0	0	0	0	0	0	0	2
Declined	12	0	0	0	0	0	0	0	12
Failed to Materialize	0	0	0	0	0	1	0	0	1
Referred	0	0	0	0	0	0	0	0	0
Subtotal	14	0	0	0	0	1	0	0	15
End of Month Proposals									
Submitted	0	0	0	9	1	0	1	1	12
Screening	17	2	38	17	10	6	1	3	94
Due Diligence	2	0	2	0	5	0	0	0	9
Approved	1	0	0	0	0	0	0	0	1
Subtotal	20	2	40	26	16	6	2	4	116

Policy Violations *(for the month ended September 30, 2013)*

According to policy requirements, the following is a summary of investment policy violations as reported by the program areas.

The following program areas had no violations to report for the month of September:

- Global Equity
- Private Equity
- Real Assets
- Absolute Return Strategies
- Global Governance
- Asset Allocation
- Risk Management
- Investment Servicing



Policy Violations *(for the month ended September 30, 2013)*

Policy Violations:

New

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
No items to report					

Policy Violations:

Existing

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
Fixed Income (Sec Lending)	12/21/2007	Not Yet Resolved	Statement of Investment Policy for Securities Lending.	"Ironside Holdings (SIV)" was downgraded and no longer meets rating standards specified by the policy.	This is a restructured Structured Investment Vehicle which is in a pay down mode, with no maturity date. Per the Policy, the Global Fixed Income Senior Investment Officer (SIO) has the authority to maintain this position in the best interest of the PERF. The Global Fixed Income SIO believes the current pricing of the restructured Structured Investment Vehicle is undervalued and recommends holding the security.
Fixed Income (Sec Lending)	8/29/2007	Not Yet Resolved	Statement of Investment Policy for Securities Lending.	"Gryphon (SIV)" was downgraded and no longer meets rating standards specified by the policy.	This is a restructured Structured Investment Vehicle which is in a pay down mode, with no maturity date. Per the Policy, the Global Fixed Income Senior Investment Officer (SIO) has the authority to maintain this position in the best interest of the PERF. The Global Fixed Income SIO believes the current pricing of the restructured Structured Investment Vehicle is undervalued and recommends holding the security.

Disclosure of Closed Session Action Items (for the month ended September 30, 2013)

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote																						
May 13, 2013	Item 4a – Infrastructure Investment Opportunity	<p><u>Action:</u> Granted staff the discretion to approve the transaction as described in the investment memorandum with leverage that is unrated.</p> <p><u>Summary of Debate:</u> There was discussion of the prospective transaction location, facility, and the unique opportunity posed by the proposed transaction.</p>	<p>Roll call vote results are listed below:</p> <table border="1" data-bbox="1402 423 1692 1024"> <thead> <tr> <th data-bbox="1402 423 1593 488">Committee Member</th> <th data-bbox="1593 423 1692 488">Vote</th> </tr> </thead> <tbody> <tr> <td data-bbox="1402 488 1593 534">George Diehr</td> <td data-bbox="1593 488 1692 534">Yes</td> </tr> <tr> <td data-bbox="1402 534 1593 597">Michael Bilbrey</td> <td data-bbox="1593 534 1692 597">Yes</td> </tr> <tr> <td data-bbox="1402 597 1593 660">Darlene Schell</td> <td data-bbox="1593 597 1692 660">Yes</td> </tr> <tr> <td data-bbox="1402 660 1593 724">Terrence McGuire</td> <td data-bbox="1593 660 1692 724">Yes</td> </tr> <tr> <td data-bbox="1402 724 1593 787">Richard Costigan</td> <td data-bbox="1593 724 1692 787">Yes</td> </tr> <tr> <td data-bbox="1402 787 1593 833">Rob Feckner</td> <td data-bbox="1593 787 1692 833">Yes</td> </tr> <tr> <td data-bbox="1402 833 1593 880">JJ Jelincic</td> <td data-bbox="1593 833 1692 880">Yes</td> </tr> <tr> <td data-bbox="1402 880 1593 927">Frank Moore</td> <td data-bbox="1593 880 1692 927">Yes</td> </tr> <tr> <td data-bbox="1402 927 1593 974">Priya Mathur</td> <td data-bbox="1593 927 1692 974">Yes</td> </tr> <tr> <td data-bbox="1402 974 1593 1021">Bill Slaton</td> <td data-bbox="1593 974 1692 1021">Yes</td> </tr> </tbody> </table>	Committee Member	Vote	George Diehr	Yes	Michael Bilbrey	Yes	Darlene Schell	Yes	Terrence McGuire	Yes	Richard Costigan	Yes	Rob Feckner	Yes	JJ Jelincic	Yes	Frank Moore	Yes	Priya Mathur	Yes	Bill Slaton	Yes
Committee Member	Vote																								
George Diehr	Yes																								
Michael Bilbrey	Yes																								
Darlene Schell	Yes																								
Terrence McGuire	Yes																								
Richard Costigan	Yes																								
Rob Feckner	Yes																								
JJ Jelincic	Yes																								
Frank Moore	Yes																								
Priya Mathur	Yes																								
Bill Slaton	Yes																								

Spring-Fed Pool Contract Status Quarterly Report (for the quarter ended September 30, 2013)

The report details Letter of Engagement (LOE) commitments, by the Investment Office, for spring-fed pool contractors. Actual expenditures against these commitments may be less, but never greater than this amount, unless agreed upon by CalPERS through an amended letter of engagement.

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Title/Description	LOE Amount	Selection Reason
Q1	ISD	General Pension Consulting Services Spring-Fed Pool	Cutter Associates (2009-5104)	07/01/13	08/30/14	INVO Roadmap and Target Operating Model Implementation & Private Equity Portfolio Management Solution	\$ 408,672	Existing knowledge of the investment or organization
Q1				09/05/13	01/10/14	INVO IT Strategy Refresh and INVO Technology Roadmap Development & INVO ITSB MOU Update	\$ 89,600	Existing knowledge of the investment or organization
Subtotal							\$ 498,272	
Q1	INVO	General Pension Consulting Services Spring-Fed Pool	Pension Consulting Alliance (2009-5105)	07/01/12	09/30/13	Back-Up to the Primary Pension Board Investment Consultant Services	\$ 37,500	Amending LOE # 4 to add time, funds, and clarify title of LOE
Subtotal							\$ 37,500	
Q1	TIPS	General Pension Consulting Services Spring-Fed Pool	Callan Associates, Inc. (Contract #2009-5108)	09/15/13	06/30/14	CalPERS EM 5-Year Plan Portfolio Management Initiatives: Emerging Manager Work Streams 1	\$ 275,000	Existing knowledge of the investment or organization
Subtotal							\$ 275,000	
Q1	TIPS	General Pension Consulting Services Spring-Fed Pool	Pacific Community Ventures (Contract #2009-5116)	07/15/13	06/30/14	CalPERS for California Report	\$ 355,000	Existing knowledge of the investment or organization
Subtotal							\$ 355,000	
Total General Pension SFP Committed Amount							\$1,165,772	
Q1	ARS	Global Equity General Consultant Spring-Fed Pool	Drobny (2010-5961)	07/15/13	07/14/14	ARS Reporting and Advisory Services FY13-14	\$ 120,000	Extensive knowledge of the Global Macro Hedge Fund Industry
Subtotal							\$ 120,000	
Q1	Global Governance	Global Equity General Consultant Spring-Fed Pool	GMI (Contract # 2010-5959)	09/06/13	09/30/13	Voting Calculation Methodology-Russell 1000 and S&P500 Indices	\$ 10,000	Best value (determined through bid request proposals)
Subtotal							\$ 10,000	
Total Global Equity SFP Committed Amount							\$130,000	
Q1	Infrastructure & Forestland	Inflation Linked Asset Class Consultant Spring-Fed Pool	Courtland Partners, Ltd. (Contract 2008-4929)	07/22/13	08/15/13	Project Plano: Part 2 - Prudent Person Opinion	\$ 5,000	Existing knowledge of the investment or organization
Subtotal							\$ 5,000	
Total ILAC SFP Committed Amount							\$5,000	
Q1	PE	Private Equity Spring-Fed Pool	FTI Consulting (Contract #2011-6094)	08/09/13	12/07/13	Second Review of California Emerging Ventures (CEV) Funds I-IV (Special Project)	\$ 176,000	Existing knowledge of the investment or organization
Subtotal							\$ 176,000	
Total Private Equity SFP Committed Amount							\$176,000	
Q1	PE	Private Equity Spring-Fed Pool	UBS Securities (Contract #2011-6091)	09/13/13	06/30/14	Purchase and Sale of Private Equity Portfolio Limited Partnership Interests - Secondary Sale	\$ 5,000,000	Existing knowledge of the investment or organization
Subtotal							\$ 5,000,000	
Total Private Equity SFP Committed Amount - Secondary Sale Costs Paid from Proceeds							\$5,000,000	

Spring-Fed Pool Contract Status Quarterly Report (for the quarter ended September 30, 2013)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Title/Description	LOE Amount	Selection Reason
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Bard Consulting (Contract #2010-5565)	07/01/13	06/30/14	Incentive Fee Analysis & Modeling for New Partnerships	\$ 150,000	Existing knowledge of the investment or organization
Q1				07/01/13	06/30/14	Due Diligence/ Annual Investment Plans/ Portfolio Monitoring/ Modeling and Incentive Fee Analysis/ and Incentive Fee Payable Review	\$ 445,500	Existing knowledge of the investment or organization
Q1				07/01/13	06/30/14	Land Portfolio: Due Diligence/ /Hold Sell Analysis/Manager Search	\$ 330,000	Existing knowledge of the investment or organization
Q1				09/03/13	06/30/14	Real Estate Portfolio Performance Attribution Model Enhancements and Added Functionality	\$ 85,000	Existing knowledge of the investment or organization
Q1				09/13/13	12/31/13	Hines HC Green - Potential Houston Office Development Analysis	\$ 32,000	Existing knowledge of the investment or organization
Q1				07/01/13	06/30/14	Domestic Strategic Portfolio Performance Attribution	\$ 15,000	Existing knowledge of the investment or organization
Subtotal							\$ 1,057,500	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Callan Associates, Inc. (Contract #2010-5562)	07/01/13	06/30/14	Portfolio Monitoring Assistance	\$ 948,000	Existing knowledge of the investment or organization
Subtotal							\$ 948,000	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Courtland Partners, Ltd. (Contract #2010-5558)	07/01/13	06/30/14	Due Diligence and Annual Investment Plans	\$ 280,000	Existing knowledge of the investment or organization
Q1	Infrastructure & Forestland			07/01/13	08/30/13	Project Watchtower-Prudent Person Opinion	\$ 27,750	Existing knowledge of the investment or organization
Subtotal							\$ 307,750	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Crosswater Realty Advisors (Contract # 2010-5557)	07/01/13	06/30/14	Deep Dive Underwriting Reviews	\$ 115,000	Existing knowledge of the investment or organization
Q1				07/01/13	06/30/14	Portfolio Monitoring FY 13-14	\$ 150,000	Existing knowledge of the investment or organization
Q1				08/26/13	06/30/14	Real Assets Program Monitoring FY2013-14	\$ 303,000	Existing knowledge of the investment or organization
Q1				09/07/13	06/30/14	Monitoring and Assistance Investments Group	\$ 75,000	Existing knowledge of the investment or organization
Q1				09/05/13	06/30/14	Blackstone CalPERS Separate Account Enhanced Monitoring FY 13-14	\$ 142,000	Existing knowledge of the investment or organization
Subtotal							\$ 785,000	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Le Plastrier (Contract # 2010-5550)	07/01/13	06/30/14	Urban Legacy Portfolio Monitoring and Annual Investment Plans	\$ 460,000	Existing knowledge of the investment or organization
Q1				07/01/13	06/30/14	Due Diligence/ Annual Investment Plans and Portfolio Monitoring : Hearthstone, Newland and Olson	\$ 740,000	Existing knowledge of the investment or organization
Q1				07/01/13	06/30/14	Annual Investment Plans and Portfolio Monitoring IHP, ORA and Resmark	\$ 640,000	Existing knowledge of the investment or organization
Q1				07/01/13	06/30/14	Due Diligence/ Annual Investment Plans and Portfolio Monitoring Shea Homes, Cap I and Mountain House	\$ 980,000	Existing knowledge of the investment or organization
Subtotal							\$ 2,820,000	

Spring-Fed Pool Contract Status Quarterly Report (for the quarter ended September 30, 2013)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Title/Description	LOE Amount	Selection Reason
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	LP Capital Advisors (Contract #2010-5548)	07/01/13	06/30/14	Bentall Kennedy Direct Investment Monitoring	\$ 103,750	Existing knowledge of the investment or organization
Subtotal							\$ 103,750	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Nichols Consulting (Contract #2010-5573)	10/01/13	11/30/14	Miscellaneous Planning and Monitoring Projects for Real Assets (RA)	\$ 501,000	Existing knowledge of the investment or organization
Subtotal							\$ 501,000	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Townsend Holdings LLC (Contract #2010-5567)	07/01/13	06/30/14	Townsend House View Reporting Services	\$ 50,000	Existing knowledge of the investment or organization
Subtotal							\$ 50,000	
Total Real Estate SFP Committed Amount							\$6,573,000	
Q1	INVO	ESPD Consulting Services Spring-Fed Pool	Starting Point (Contract #2011-6205) Subcontracted to The Spaulding Group	07/01/13	06/13/14	Fundamentals of Performance Measurement Workshop (Subbed to The Spaulding Group)	\$ 54,000	Existing knowledge of the investment or organization
Subtotal							\$ 54,000	
Total ESPD SFP Committed Amount							\$54,000	
Q1	ISD	IT Spring-Fed Pool	MK Partners	07/01/13	06/30/14	IPTS Maintenance, Support & Enhancements	\$70,000	Existing project, continued with new contract
Subtotal							\$70,000	
Q1	ISD	IT Spring-Fed Pool	Propoint Technology	07/01/13	11/30/13	Supplemental Income Plans Transition	\$50,400	Only pool contractor with the expertise to perform the work
Q1				07/01/13	11/30/13	Terminated Agency Pool Implementation	\$50,400	Only pool contractor with the expertise to perform the work
Q1				08/01/13	07/31/14	AIM-IBOR/INVO Business Analyst	\$185,760	Existing project, continued with new contract
Q1				08/01/13	07/31/14	AIM IBOR Project Manager	\$201,240	Existing project, continued with new contract
Subtotal							\$487,800	
Q1	ISD	IT Spring-Fed Pool	Pyramid Technology	08/26/13	08/25/14	Charles River SME & PM2 Project Resource	\$204,336	Existing project, continued with new contract
Subtotal							\$204,336	
Q1	ISD	IT Spring-Fed Pool	SaaS International	09/23/13	09/22/14	Application Development/INVO Systems	\$147,060	Existing project, continued with new contract
Subtotal							\$147,060	
Q1	ISD	IT Spring-Fed Pool	Trinity Technology Group, Inc	07/01/13	06/30/14	Performance Attribution - Application Development	\$193,855	Existing project, continued with new contract
Subtotal							\$193,855	
Total IT SFP Committed Amount							\$1,103,051	
Grand Total Investment Office SFP Committed Amount							\$14,206,823	

Investment Policy Administrative Changes *(for the quarter ended September 30, 2013)*

Review Date	Policy	Policy Category	Comments
July 11, 2013	Securities Lending Policy	Investment & Risk Management	-Changes made to harmonize eligible repo counterparties list with CalPERS internal risk monitoring process -Changes made to asset side credit rating and diversification limits in Attachment B
July 30, 2013	Benchmarks Policy	Investment & Risk Management	Change made to reflect the implementation of the new benchmarks for Inflation Assets and International Fixed Income and the implementation date
July 30, 2013	Global Fixed Income Program Policy	Investment Asset Classes	Change made to reflect the new benchmark and implementation date
July 30, 2013	Inflation Assets Policy	Investment Asset Classes	Change made to reflect the new benchmark and implementation date
<p>This report includes a summary of administrative changes for the period of July 1, 2013 to September 30, 2013. All changes have been reviewed and approved using the guidelines listed below and changes within staff's delegated authority. Changes are reported on a quarterly basis.</p>			



CalPERS Investment Office
Investment Servicing Division
400 Q Street
Sacramento, CA. 95814