

CalPERS

Monthly Update – Investment Compliance

MONTH ENDING SEPTEMBER 30, 2014

As of September 30, 2014

Items Completed Under Delegated Authority

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Investment Proposal Activity Summary

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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, 2014)*

Program Area	Name of Investment	Commitment (million)	Initial Funding Date of Partnership	Complies with Delegation Number
Private Equity	Bridgepoint Europe V	€ 350.00	Sep-14	07-02-INV II (B) 3
Private Equity	Carlyle Acosta Coinvestment, L.P.	\$104.00	Sep-14	07-02-INV II (C) 1
Real Assets	AGI Resmark Housing Fund	\$100.00	Sep-14	11-01-INV

Disclosure of Placement Agent Fees (for the month ended September 30, 2014)

Firm Name	Hellman & Friedman Investors VIII, L.P.	Francisco Partners Management, L.P.	Francisco Partners Management, L.P.
Asset Class	Private Equity	Private Equity	Private Equity
Fund	Capital Partners VIII, L.P.	Francisco Partners L.P.	Francisco Partners L.P. II
Placement Agent / Firm	Susanna Daniels, Suzanne Kim, Tomlinson, and Kristen Nelson, employees of Hellman & Friedman Investors VIII, L.P.	Donaldson, Lufkin & Jenrette ("DLJ")	Lazard Freres & Co. LLC (Lazard)
Registered with U.S. or non-U.S. financial regulatory authority	Hellman & Friedman Investors VIII, L.P. (H&F) is registered with the SEC as an investment advisor and Hellman & Friedman L.L.P. is registered as an arranger with the Financial Conduct Authority (FCA), in the United Kingdom.	As a nationally recognized investment bank at the time (2000), DLJ was registered as a broker-dealer with the U.S. Securities and Exchange Commission (SEC).	As a nationally recognized investment bank at the time (2005-2006), Lazard was registered as a broker-dealer with the SEC.
Registered Lobbyist(s)	Each of the disclosed Placement Agents are registered as a lobbyist in California. Ms. Daniels and Ms. Kim are also registered as a lobbyists in the state of Kentucky.	Commitment and disclosed placement agent compensation transpired prior to Placement Agent Policy, Placement Agent Regulation, Assembly Bill 1743 and Senate Bill 398; therefore the lobbyist requirement was not in effect at the time of the transaction.	Commitment and disclosed placement agent compensation transpired prior to Placement Agent Policy, Placement Agent Regulation, Assembly Bill 1743 and Senate Bill 398; therefore the lobbyist requirement was not in effect at the time of the transaction.
Estimated Placement Agent Compensation	Estimated compensation in relation to this CalPERS commitment for all disclosed Placement Agents, as reported on H&F's California FPPC Form 635 (Report of Lobbyist Employer) is \$1,301.	Pursuant to the Placement Agent Agreement, DLJ was paid \$562,500 which amount offsets the fund's management fee dollar-for-dollar (100% offset).	Pursuant to the Placement Agent Agreement, Lazard was paid \$1,759,438 which amount offsets the fund's management fee dollar-for-dollar (100% offset).
Disclosed Campaign Gifts and Contributions	None	In 2000, this information was not being captured.	In 2005-2006, this information was not being captured.
Notes	None	The disclosed Placement Agent fees were paid during the initial commitment to the fund in 2000. The agreement with the fund is being amended, and as per the CalPERS Placement Agent Regulation effective 2011, the amended agreement will include the required contractual language in addition to a Placement Agent Disclosure Form.	The disclosed Placement Agent fees were paid during the initial commitment to the fund in 2005-2006. The agreement with the fund is being amended, and as per the CalPERS Placement Agent Regulation effective 2011, the amended agreement will include the required contractual language in addition to a Placement Agent Disclosure Form.
Transaction Type	New	Amendment	Amendment

Disclosure of Placement Agent Fees (for the month ended September 30, 2014)

Firm Name	J.P. Morgan Investment Management Inc.	Bridgepoint Advisers Limited	Morgan Stanley Investment Management
Asset Class	Global Fixed Income	Private Equity	Global Equities
Fund	J.P. Morgan Local Currency Emerging Markets Debt Strategy ASP # 2013-7075	Bridgepoint Europe V	Active Global Equity Solicitation #2013-6779
Placement Agent / Firm	Juliana Hastings, internal employee of J.P. Morgan Investment Management Inc.	John Barber and Martin Dunn, employees of a Bridgepoint group company	Daniel Olson, full-time employee of Morgan Stanley Investment Management, Inc (MS M).
Registered with U.S. or non-U.S. financial regulatory authority	Juliana Hastings holds the Series 6, 7, 24, 26, and 63 licenses.	Bridgepoint Advisers Limited (BAL) is registered with the UK Financial Conduct Authority, as a full scope alternative investment manager under the Alternative Investment Fund Manager Directive. BAL has filed as an Exempt Reporting Adviser with the SEC.	Mr. Olson has Series 7 and Series 63 licenses with the Financial Industry Regulatory Authority (F I R A).
Registered Lobbyist(s)	Juliana Hastings is a registered lobbyist with the State of California.	Each of the disclosed Placement Agents is registered as a lobbyist in California.	Mr. Olson is currently registered as a lobbyist in the State of California, City of Los Angeles, Los Angeles County and San Diego County.
Estimated Placement Agent Compensation	J.P. Morgan Investment Management Inc. (JPMIM) provides a salary, discretionary incentive award and benefits to its employees who are considered placement agents. Discretionary incentive awards are determined by management based upon factors that include individual, JPMIM and over-all JPMC performance. Salaries and incentive compensation amounts are not attributed to specific client accounts. However, for purposes of providing an estimate, the placement agent's hourly rate is \$173.00 (based on current annual base salary). For the CalPERS emerging markets account, the placement agent currently averages 25 hours annually for a total of \$4,325 00.	Bridgepoint estimates an amount of \$2,760 in compensation for time spent on CalPERS meetings between Q2 2013 and Q1 2014.	Daniel Olson is a full time employ of MS M earning a salary and discretionary bonus; however, based upon an hourly rate of his salary that may be applied towards the solicitation process of the CalPERS Investment to date, an estimate of \$960 can be applied.
Disclosed Campaign Gifts and Contributions	None	None	None
Notes	Previously reported in Closed Session of September 2014 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.	Previously reported in Closed Session of September Investment Committee. This transaction was committed in September 2014.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.
Transaction Type	Proposed	New	Proposed

Disclosure of Placement Agent Fees (for the month ended September 30, 2014)

Firm Name	Wellington Management Company	Harding Loevner	J.P. Morgan Investment Management Inc.
Asset Class	Global Equities	Global Equities	Global Equities
Fund	Active Global Equity Solicitation #2013-6779	Active Global Equity Solicitation #2013-6779	Active Global Equity Solicitation #2013-6779
Placement Agent / Firm	Scott Geary, internal employee of Wellington Management Company	Kristin Burke, internal employee of Harding Loevner	Juliana Hastings and Thomas Leventhorpe, employees of J.P. Morgan Investment Management Inc (JPM M).
Registered with U.S. or non-U.S. financial regulatory authority	Scott C. Geary, CFA is a registered representative with Financial Industry Regulatory Authority (F NRA).	Kristin Burke is a registered representative with Financial Industry Regulatory Authority (F NRA).	Juliana Hastings holds the Series 6, 7, 24, 26, and 63 licenses. Thomas Leventhorpe holds the Series 7 and 63 licenses.
Registered Lobbyist(s)	As an internal employee placement agent under California AB 1743, Scott Geary is registered as a lobbyist with the State of California.	Ms. Burke is not registered as a lobbyist and does not intend to register as a lobbyist. Please note that Kristin Burke does not intend to register as a lobbyist. Following our review of California Government Code section 82047.3(c) and California Fair Political Practices Commission Informal Advice Letter I-11-015 (April 7, 2011), Harding Loevner believes that our employee, even if she is a placement agent for CalPERS disclosure purposes, is not a placement agent such that she must register as a lobbyist. Rather, that law's competitive-bidding exception applies to our employee concerning CalPERS.	Juliana Hastings and Thomas Leventhorpe are registered lobbyists with the State of California.
Estimated Placement Agent Compensation	Based on the estimated time spent on Alternative Solicitation #2013-6679 for Global Equity investment management services and Mr. Geary's annual salary, the estimated compensation is \$1,400.	Kristin Burke receives an annual salary and an annual bonus. The estimate that if Harding Loevner was awarded the CalPERS Global Equity the one-time bonus amount Ms. Burke would receive would be approximately \$23,000-\$25,000.	J.P. Morgan Investment Management Inc. provides a salary, discretionary incentive award and benefits to its employees who are considered placement agents. Salaries are paid on a semi-monthly basis, while the discretionary incentive award is distributed annually in the form of cash and JPMorgan Chase & Co. (JPMC) Restricted Stock Units. Discretionary incentive awards are determined by management based upon factors that include individual, JPM M and over-all JPMC performance. Salaries and incentive compensation amounts are not attributed to specific client accounts. However, for purposes of providing an estimate, the placement agent's hourly rate is \$173.00 (based on current annual base salary). For the CalPERS equity account, the placement agent currently averages 25 hours annually (in-office time and in-person time for meetings on account reviews and research calls) for a total of \$4,325.00. All compensation and benefits are believed to be commensurate with what is provided by competitor organizations.
Disclosed Campaign Gifts and Contributions	None	None	None
Notes	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was selected to be awarded a contract at the conclusion of the solicitation.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.
Transaction Type	Proposed	Proposed	Proposed

Disclosure of Placement Agent Fees (for the month ended September 30, 2014)

Firm Name	Neuberger Berman	Standard Life Investments (Corporate Funds)	State Street Global Advisors (SSGA) and State Street Global Markets (SSGM)
Asset Class	Global Equities	Global Equities	Global Equities
Fund	Active Global Equity Solicitation #2013-6779	Active Global Equity Solicitation #2013-6779	Active Global Equity Solicitation #2013-6779
Placement Agent / Firm	Paul Sauer, internal employee of Neuberger Berman	Eric Roberts, employee of Standard Life Investments	Sonya Park and Andrew Yurkewych, employees of State Street Global Advisors (SSGA); and Peter S. Weiner, James Toland and James Doherty, employees of State Street Global Markets (SSGM).
Registered with U.S. or non-U.S. financial regulatory authority	Paul Sauer is a registered representative of Neuberger Berman LLC ("NBLLC"), an SEC registered investment adviser and broker-dealer. NBLLC is also registered with the Commodity Futures Trading Commission (CFTC), as a commodity trading advisor, commodity pool operator, and futures commission merchant and is a member of the National Futures Association. Additional members of the Neuberger Berman Group are registered with the SEC, FINRA and CFTC.	The placement agent firm, Standard Life Investments (USA) Limited, is registered as an investment adviser with the SEC.	The placement agents listed above are registered with the Financial Regulatory associations as representatives of State Street Global Markets, LLC, a broker-dealer affiliated with State Street. Accordingly, Ms. Park holds Series 3, 7 and 63 licenses; Mr. Yurkewych holds a Series 7 and 63 licenses; Peter Weiner holds a Series 7, 24, and 63; James Toland holds a Series 7, 24, and 63; and James Doherty holds a Series 7 and 63. State Street Bank & Trust company is a state chartered bank and a member of the Federal Reserve System. State Street Bank's operations are supervised and examined by its primary regulators, the Federal Reserve Bank of Boston and the Massachusetts Commissioner of Banks.
Registered Lobbyist(s)	Paul Sauer and Gordon Froeb are registered lobbyists in the State of California.	The placement agent firm, Standard Life Investments (USA) Limited, is registered as a placement agent in the State of California.	Sonya Park, Andrew Yurkewych, Peter Weiner, James Toland and James Doherty are registered as lobbyists with the State of California as consequence of their registration under the California placement agent law.
Estimated Placement Agent Compensation	Mr. Sauer receives a fixed salary, a portion of which is attributed on a pro-rata basis for the time he spends on CalPERS matters. To date, \$7,500 of Mr. Sauer's base salary is attributable to his work on CalPERS matters.	Eric Roberts, an employee of Standard Life Investments (USA) limited, is paid salary and an annual bonus. There is no direct compensation paid as a result of successful efforts to attain new clients for Standard Life Investments (including all affiliates). As such there will be no direct compensation paid relating to the assets, securities, or services offered to CalPERS. However, success in attaining new clients will be a factor in the amount of his compensation (among other factors) which we estimate to be approximately \$10,000. This information is also disclosed in Part 2A of the Form ADV of Standard Life Investments (Corporate Funds) Limited.	For the third quarter of 2013, State Street Bank & Trust Company provided a total of \$1,057.69 to In-House Employee Lobbyists in connection with the Global Active Equity Alternative Solicitation.
Disclosed Campaign Gifts and Contributions	None	None	None
Notes	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.
Transaction Type	Proposed	Proposed	Proposed

Disclosure of Placement Agent Fees (for the month ended September 30, 2014)

Firm Name	Arrowstreet Capital	AQR Capital Management	Schroder Investment Management, North America Inc.
Asset Class	Global Equities	Global Equities	Global Equities
Fund	Active Global Equity Solicitation #2013-6779	Active Global Equity Solicitation #2013-6779	Active Global Equity Solicitation #2013-6779
Placement Agent / Firm	Neil Tremblay, internal employee of Arrowstreet Capital	Gregor Andrade and Joey Lee, internal employees of AQR Capital Management	Jamie Macmillan, Institutional Sales Director, Schroder Investment Management North America, Inc.
Registered with U.S. or non-U.S. financial regulatory authority	Arrowstreet Capital, Limited Partnership is a registered investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended, and is registered as a Commodity Pool Operator and a Commodity Trading Adviser with the Commodity Futures Trading Commission.	Gregor Andrade has National Futures Association (NFA) /Commodity Futures Trading Commission (CFTC) Series 3 license. Joey Lee has NFA/CFTC Series 3 license and Financial Industry Regulatory Authority (FIRA) Series 7 and 63 licenses.	The Placement Agent, Jamie Macmillan, is an employee of Schroder Investment Management North America Inc. (S MNA), an SEC registered investment adviser and an NFA registered Commodity Trading Advisor. Mr. Macmillan is an Associated Person of S MNA and a FIRA-registered representative of S MNA's wholly-owned limited purpose broker-dealer, Schroder Fund Advisors LLC.
Registered Lobbyist(s)	Mr. Tremblay was registered as a lobbyist in the State of California from January 2011 through July 2011 in connection with his prior employment at State Street Bank and Trust Company. Mr. Tremblay is not currently registered as a lobbyist in California as the registration has expired in July 2011. Arrowstreet does not believe that Arrowstreet or its personnel (i) acted as Placement Agent within the meaning of the California Political Reform Act of 1974 (as amended by California Assembly Bill 1743); or (ii) otherwise required to register as a lobbyist in the State of California under such act with respect to the Contract; in each case in connection with ASP #2013-6779 as a result of the competitive bid exception.	Gregor Andrade and Joey Lee are registered with the State of California as lobbyists.	Jamie Macmillan is currently registered as a lobbyist in California and Los Angeles.
Estimated Placement Agent Compensation	Mr. Tremblay is compensated via a combination of salary and bonus. Bonus amounts are determined based on individual performance and the performance of the firm as a whole. No placement fee, finders fee, commission or other similar transaction-based compensation in connection with the solicitation/acquisition of client mandates, including CalPERS. In order to determine an amount of compensation attributable to ASP# 2013-6779 as a result of Mr. Tremblay's client relationship management efforts, we calculated an hourly rate for 2013 based on 2013 compensation (as of October 2013 and a 40 hour work week) and multiplied such hourly rate by the number of hours Mr. Tremblay has spent on this mandate. The resulting compensation is \$1,652.03.	Placement Agents approximate salary based on time spent in connection with lobbying activities for CalPERS from 1/1/2012 to 7/31/2013 is \$1,875.	Placement Agent is paid base compensation pursuant to the terms of a general employment letter agreement, in which one of his duties is to solicit new business to the West Coast of the United States. This general employment letter agreement is not specific to services offered to CalPERS. In addition, Placement Agent is eligible, to the extent not otherwise prohibited by relevant law or regulation, including California Government Code Section 86205, to receive incentive compensation. Placement Agent will also be eligible for additional discretionary compensation, which is in part based on the overall financial performance of the firm as well as the Placement Agent's performance, including meeting performance objectives and adherence to the Firm's policies and values. Jamie's Macmillan's estimate of the compensation attributable to this Alternative Solicitation is \$366.
Disclosed Campaign Gifts and Contributions	None	None	None
Notes	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was selected to be awarded a contract at the conclusion of the solicitation.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.
Transaction Type	Proposed	Proposed	Proposed

Disclosure of Placement Agent Fees (for the month ended September 30, 2014)

Firm Name	KKR Asset Management, LLC (a wholly owned subsidiary of Kohlberg Kravis Roberts (KKR))	Martin Currie, Inc.
Asset Class	Private Equity	Global Equities
Fund	KKR European Credit Separate Account	Active Global Equity Solicitation #2013-6779
Placement Agent / Firm	Dan McLaughlin, an internal employee of KKR	Ranjit Sufi, employee of Martin Currie, Inc.
Registered with U.S. or non-U.S. financial regulatory authority	Mr. McLaughlin is a registered representative of KKR Capital Markets LLC and holds series 7, 63 and 79 licenses.	Ranjit Sufi is registered with F NRA as Martin Currie Investor Services Inc. (MCIS) representative. MCIS is registered with F NRA. Martin Currie Investment Management Limited is registered with the SEC.
Registered Lobbyist(s)	KKR is registered as a lobbyist employer in the state of California. Mr. McLaughlin is registered as a lobbyist in the state of California.	Ranjit Sufi is registered as a lobbyist in California.
Estimated Placement Agent Compensation	As an employee of KKR, Mr. McLaughlin's compensation includes a fixed salary plus discretionary bonus. A KKR employee's annual discretionary bonus is based on a number of factors, including his or her individual performance as compared to personal goals and objectives, his or her business unit's performance and the performance of the Firm. KKR employee compensation is not directly tied to activities with CalPERS, or contingent upon CalPERS investment in any funds, vehicles or accounts sponsored or managed by KKR. KKR may consider an employee's role in the Firm's relationship with CalPERS as one factor of his or her individual performance, among many. There is no written agreement between KKR and Mr. McLaughlin regarding assets, securities or services offered to CalPERS. None of Mr. McLaughlin's compensation is allocable to a specific investment. KKR has not compensated or agreed to compensate any person or entity outside of KKR (or its affiliates) to act as a Placement Agent in connection with the offer of assets, securities or services to CalPERS or a CalPERS Vehicle. Mr. McLaughlin has earned compensation of \$1,553 for the amount of time he spent to date with CalPERS regarding its potential investment in the European Private Credit SMA.	Ranjit Sufi's estimate of compensation specifically allocable to the CalPERS investment is \$6,250.
Disclosed Campaign Gifts and Contributions	None	None
Notes	Previously reported in Closed Session of June 2014 Investment Committee. This proposal failed to materialize and CalPERS did not commit to this fund.	Previously reported in Closed Session of December 2013 Investment Committee. This proposal was part of an active solicitation. This proposal was not selected to be awarded a contract at the conclusion of the solicitation.
Transaction Type	Proposed	Proposed

Investment Proposal Activity Summary (for the month ended September 30, 2014)

	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals	38	2	28	11	6	3	0	1	89
New Proposal During the Month	13	0	8	7	5	8	1	1	43
Reinstated Proposal During Month	0	0	0	0	0	0	0	0	0
Decisions During the Month	16	0	21	0	11	6	0	1	55
End of Month Proposals	35	2	15	18	0	5	1	1	77

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	0	0	0	3	0	0	0	0	3
Screening	28	2	27	7	6	3	0	1	74
Due Diligence	7	0	1	1	0	0	0	0	9
Approved	3	0	0	0	0	0	0	0	3
Subtotal	38	2	28	11	6	3	0	1	89
New Proposals During the Month									
Subtotal	13	0	8	7	5	8	1	1	43
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	10	0	19	0	11	1	0	1	42
Failed to Materialize	2	0	2	0	0	1	0	0	5
Referred	2	0	0	0	0	4	0	0	6
Subtotal	16	0	21	0	11	6	0	1	55
End of Month Proposals									
Submitted	0	0	0	8	0	0	0	0	8
Screening	24	2	14	9	0	5	1	1	56
Due Diligence	5	0	1	1	0	0	0	0	7
Approved	6	0	0	0	0	0	0	0	6
Subtotal	35	2	15	18	0	5	1	1	77

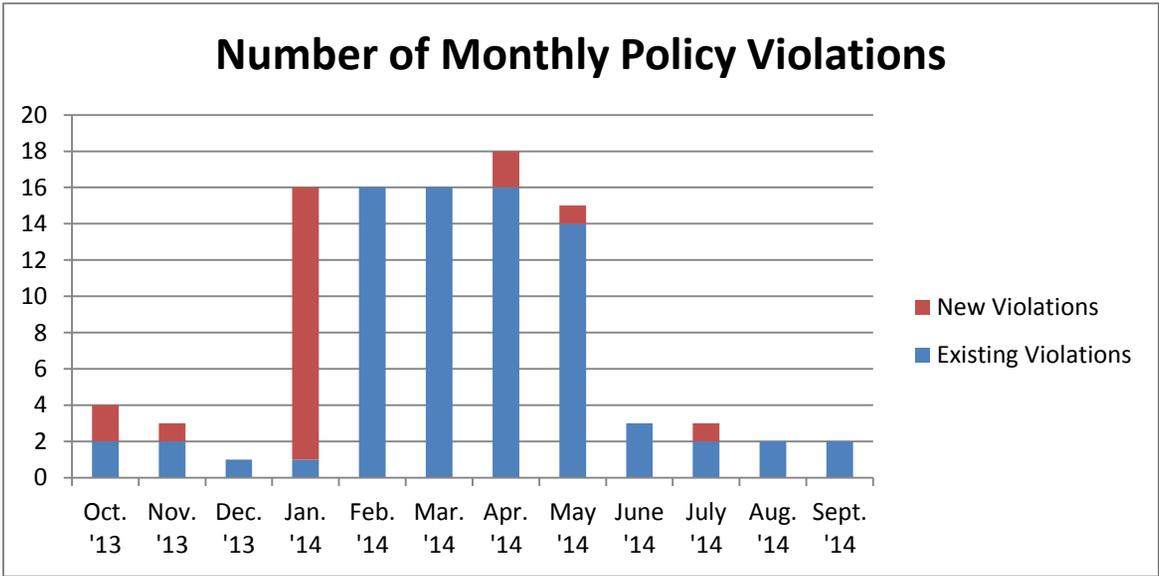
Policy Violations (for the month ended September 30, 2014)

Material Exceptions to Policy

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:

- Private Equity
- Real Assets
- Absolute Return Strategies
- Global Governance
- Investment Servicing Division
- Global Equity



Policy Violations (for the month ended September 30, 2014)

New:

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

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" was downgraded and no longer meets rating standards specified by the Policy.	This is a restructured Structured Investment Vehicle (SIV) 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 SIV is undervalued and recommends holding the security.
Asset Allocation/Risk Management	7/1/2014	December 2014 (Est.)	Statement of Investment Policy for the Terminated Agency Pool	The Policy requires that the Investment Office and the Actuarial Office monitor the funded status of the pool and rebalance the portfolio annually.	As reported to the Investment Committee on June 16, 2014, a rebalance was not completed in fiscal year 2013 as required by Policy. A decision was made to wait until fall 2014 to provide the actuarial inputs needed to complete the rebalance based on the most recent actuarial assumptions that were adopted by the Board in February 2014. It is expected that the actuarial work will be provided and the rebalance activity will be completed by the end of 2014.

Disclosure of Closed Session Action Items (for the month ended September 30, 2014)

Investment Committee Meeting Date	Agenda Item	Investment Committee Action	Vote	
September 15, 2014	Closed 5a – External Manager and Investment Decision Updates – Absolute Return Strategies Program	<p>Action:</p> <p>Approved the elimination of CalPERS' hedge fund program internally known as the Absolute Return Strategies (ARS) Program.</p> <p>Summary of Debate:</p> <p>There was discussion of staff's review of the Program, including cost and complexity of the hedge fund program as well as the implications of CalPERS' Investment Beliefs.</p>	Roll call vote results are listed below:	
			Committee Member	Vote
			Michael Bilbrey	Yes
			Terrence McGuire for John Chiang	Yes
			Richard Costigan	Yes
			George Diehr	Yes
			Rob Feckner	Yes
			Darlene Schell for Richard Gillan	Yes
			Dana Hollinger	Yes
			JJ Jelincic	Yes
			Henry Jones	Yes
			Ron Lind	Yes
			Steve Coony for Bill Lockyer	Yes
			Priya Matur	Yes
Bill Slaton	Yes			

Spring-Fed Pool Contract Status Quarterly Report (for the month ended September 30, 2014)

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	LOE Balance, as of 9/30/2014	Selection Reason
Q1	Targeted Investment Program	Diversity Spring Fed Pool	RG & Associates (Contract #2010-6009)	08/01/14	06/30/15	Consulting on Diversity and Inclusion	\$ 30,000.00	\$ 30,000.00	Existing knowledge of the investment or organization
Subtotal							\$ 30,000.00	\$ 30,000.00	
Total Diversity Spring-Fed Pool Committed Amount							\$ 30,000.00	\$ 30,000.00	
Q1	Global Fixed Income	Enterprise Strategy and Performance Division Spring-Fed Pool	The Highlands Consulting Group LLC (Contract #2013-6812) Subcontracted to Eric Brynjofsson	07/20/14	08/16/14	Information Technology and Business Performance Workshop	\$ 2,150.00	\$ 1,101.00	Existing knowledge of the investment or organization
	Investment Servicing Division		ProPoint Technology, Inc. (Contract #2013-6809)	08/01/14	05/31/15	Affiliate Investment Program (AIP) and Technology Initiative	\$ 67,500.00	\$ 61,290.00	Existing knowledge of the investment or organization
Subtotal							\$ 69,650.00	\$ 62,391.00	
	PE			07/29/14	12/31/14	Review and Sale of Private Equity Limited Partnership Interest	\$ 25,000.00	\$ 62,391.00	Bid Request
Total Enterprise Strategy and Performance Division Spring-Fed Pool							\$ 69,650.00	\$ 62,391.00	
Q1	NVO Wide	General Pension Spring-Fed Pool	Pension Consulting Alliance (Contract #2009-5105)	07/01/14	06/30/15	Specialty Primary Pension Board Investment Consultant Services	\$ 112,500.00	\$ 75,000.00	Existing knowledge of the investment or organization
	Global Governance		Wilcox, Nelson & Miller (Contract #2010-5956)	07/01/14	06/30/15	Research Analysis and Board Recruitment Advisory Services	\$ 190,000.00	\$ 190,000.00	Existing knowledge of the investment or organization
	Targeted Investment Program		Cutter Associates, Inc. (Contract #2009-5104)	08/01/14	01/02/2015	Enterprise Compliance Program Review	\$ 250,000.00	\$ 250,000.00	Existing knowledge of the investment or organization
Subtotal							\$ 552,500.00	\$ 515,000.00	
Total General Pension Spring-Fed Pool							\$ 552,500.00	\$ 515,000.00	
Q1	Private Equity	Private Equity Spring-Fed Pool	Altius Associates Limited (Contract 2011-6235)	07/22/14	12/31/14	BridgePoint Europe V	\$ 30,000.00	\$ -	Bid Request
			Cambridge Associates LLC (Contract #2011-6237)	07/23/14	12/31/14	Due Diligence Assistance Blackstone Tactical Opportunities Fund LP	\$ 40,000.00	\$ 40,000.00	Bid Request
			KPMG LLP Contract #2012-6708)	07/25/14	10/01/14	Special Project - Valuation of a Co-Investment in a Specialty Finance Company	\$ 50,000.00	\$ 50,000.00	Bid Request
			Cogent Partners (Contract #2011-6239)	07/29/14	12/31/14	Review and Sale of Private Equity Limited Partnership Interest	\$ 25,000.00	\$ 25,000.00	Bid Request
			Hamilton Lane (Contract #2011-6082)	09/04/14	12/31/14	Welsh, Carson, Anderson & Stowe XII (SCAS XII) and a Separately Managed Account focused on Health Care	\$ 75,000.00	\$ 75,000.00	Bid Request
Subtotal							\$ 220,000.00	\$ 190,000.00	
Total Private Equity Spring-Fed Pool							\$ 220,000.00	\$ 190,000.00	

Spring-Fed Pool Contract Status Quarterly Report (for the month ended September 30, 2014)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Title/Description	LOE Amount	LOE Balance, as of 9/30/2014	Selection Reason
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Bard Consulting (Contract #2010-5565)	07/01/14	06/30/15	Incentive Fee Analysis & Modeling Fiscal Year 2014-15	\$ 150,000.00	\$ 56,800.00	Existing knowledge of the investment or organization
				07/01/14	06/30/15	Land Portfolio: Due Diligence/Asset Transfer and Disposition	\$ 250,000.00	\$ 212,593.75	Existing knowledge of organization
				07/01/14	06/30/15	CalPERS Domestic Strategic Portfolio Performance Attribution	\$ 95,000.00	\$ 87,668.75	Existing knowledge of organization
				08/01/14	06/30/15	Due Diligence and Annual Investment Plans	\$ 70,000.00	\$ 70,000.00	Existing knowledge of organization
Subtotal							\$ 565,000.00	\$ 427,062.50	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Callan Associates, Inc. (Contract #2010-5562)	07/01/14	06/30/15	Portfolio Monitoring Fiscal Year 2014-15	\$ 948,000.00	\$ 725,525.00	Existing knowledge of the investment or organization
				07/01/14	06/30/15	Portfolio Monitoring for Legacy Funds and Co-Investment Vehicles FY 14-15	\$ 987,250.00	\$ 987,250.00	Existing knowledge of the investment or organization
Subtotal							\$ 1,935,250.00	\$ 1,712,775.00	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Courtland Partners, Ltd. (Contract #2010-5558)	7/21/2014	7/31/2015	CenterPoint Bulk Commodity Terminal	\$ 32,500.00	\$ 32,500.00	Existing knowledge of the investment or organization
				08/01/14	06/30/15	Annual Investment Plan FY 2014-15	\$ 160,000.00	\$ 160,000.00	Existing knowledge of the investment or organization
	Private Equity			07/18/14	08/31/14	Due Diligence CenterPoint Bulk Commodity Terminal	\$ 32,500.00	\$ 32,500.00	Bid Request
Subtotal							\$ 225,000.00	\$ 225,000.00	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Green Street Advisors (Contract #2010-5555)	08/15/14	09/30/14	Real Estate Program Forum FY 2014-15	\$ 20,000.00	\$ 4,959.70	Existing knowledge of the investment or organization
Subtotal							\$ 20,000.00	\$ 4,959.70	

Spring-Fed Pool Contract Status Quarterly Report (for the month ended September 30, 2014)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Title/Description	LOE Amount	LOE Balance, as of 9/30/2014	Selection Reason
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Le Plastrier (Contract #2010-5550)	07/01/14	06/30/15	IHP and Resmark: Annual Investment Plans and Portfolio Monitoring	\$ 408,000.00	\$ -	Existing knowledge of organization
					09/30/14		\$ (52,113.75)	\$ -	Existing knowledge of the investment or organization
					06/30/15	Hearthstone, Newland: Due Diligence, Annual Investment Plans and Portfolio Monitoring	\$ 213,940.00	\$ -	Existing knowledge of organization
					09/30/14		\$ (172,307.50)	\$ -	Existing knowledge of the investment or organization
					06/30/15	IHP Whitney Ranch: Annual Investment Plans and Portfolio Monitoring	\$ 200,000.00	\$ -	Existing knowledge of the investment or organization
					09/30/14		\$ (111,751.25)	\$ -	Existing knowledge of organization
					06/30/15	Newland NNP III: Due Diligence, Annual Investment Plans and Portfolio Monitoring	\$ 489,060.00	\$ -	Existing knowledge of the investment or organization
					09/30/14		\$ (383,893.75)	\$ -	Existing knowledge of organization
					09/30/14	Shea Homes, Cap I and Mountain House: Due Diligence, Annual Investment Plans and Portfolio Monitoring	\$ 980,000.00	\$ -	Existing knowledge of the investment or organization
					06/30/15		\$ (977,081.25)	\$ -	Existing knowledge of organization
					12/31/14	Urban Legacy Portfolio Monitoring and Annual Investment Plan	\$ 150,000.00	\$ -	Existing knowledge of the investment or organization
					09/30/14	Urban Legacy Portfolio Monitoring and Annual Investment Plan	\$ (126,657.50)	\$ -	Existing knowledge of organization
Subtotal							\$ 617,195.00	\$ -	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	LP Capital Advisors (Contract #2010-5548)	07/01/14	06/30/15	Bentall Kennedy Direct Investment Monitoring FY 2014-15	\$ 128,750.00	\$ 120,731.25	Existing knowledge of organization
Subtotal							\$ 128,750.00	\$ 120,731.25	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Townsend Holding LLC (Contract #2010-5567)	07/01/14	06/30/15	Townsend House View Reporting Services	\$ 50,000.00	\$ 50,000.00	Existing knowledge of organization
Subtotal							\$ 50,000.00	\$ 50,000.00	
Total Real Estate Consulting Services Spring-Fed Pool							\$ 3,541,195.00	\$ 2,540,528.45	

Spring-Fed Pool Contract Status Quarterly Report (for the month ended September 30, 2014)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Title/Description	LOE Amount	LOE Balance, as of 9/30/2014	Selection Reason
Q1	Investment Servicing Division	IT Spring-Fed Pool	Stanfield Systems, Inc	7/14/2014	6/30/2015	AIP –Process and Technology Development	\$ 736,848 00	NA	Existing knowledge of organization
			SAS International	7/23/2014	7/20/2015	Application Development/ NVO Systems	\$ 147,060 00	NA	Existing knowledge of organization
			Stanfield Systems, Inc	7/9/2014	5/31/2015	IPTS Accessibility Certification Section 508	\$ 16,320 00	NA	Best value (determined through bid request proposals)
			ProPoint Technology, Inc.	6/9/2014	11/15/2014	PM2 Business Analyst	\$ 18,000 00	NA	Amending PO 91726 to add time and funds
Subtotal							\$ 918,228.00	\$ -	
Total ITSB SFP Committed Amount							\$ 918,228.00	\$ -	
Grand Total Investment Office SFP Committed Amount							\$ 5,331,573.00	\$ 3,337,919.45	

Investment Policy Administrative Changes (for the month ended September 30, 2014)

Review Date	Policy	Policy Category	Comments
July 11, 2014	Emerging Equity Markets Principles	Global Equity	Reporting frequency updated to better align with practices and language changes due to the updated policy glossary. Clarified staff and external manager reporting responsibilities.
July 17, 2014	Global Proxy Voting	Shareowner Activities	Clarified method of quarterly report delivery.
July 22, 2014	Appraisal of CalPERS Real Estate Interests	Operations	Language changes due to the updated policy glossary.
July 22, 2014	Corporate Governance Director Nominations	Shareowner Activities	Reporting frequency updated to better align with practices and language changes due to the updated policy glossary.
July 22, 2014	Custody Management	Operations	Language changes due to the updated policy glossary.
July 22, 2014	Insider Trading	Ethics	Language changes due to the updated policy glossary.
July 22, 2014	Investment Beliefs	Total Fund	Reporting frequency updated to better align with practices and language changes due to the updated policy glossary.
July 22, 2014	Real Estate - Accounting	Operations	Language changes due to the updated policy glossary.
July 22, 2014	Restricting PE Investments in Public Sector Outsourcers	Private Equity	Language changes due to the updated policy glossary.
July 22, 2014	Total Fund Statement of Investment Policy	Total Fund	Updated policy template language.
August 22, 2014	Benchmarks	Investment & Risk Management	Updated reporting requirements to eliminate inconsistencies. Removed language referencing Currency Overlay Program due to approved program closure. Updated Real Estate Program benchmark.
September 26, 2014	SIP CalPERS Target Retirement Date and POFF Funds	Asset Allocation	Revised asset allocation table to adjust for rounding.



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Investment Compliance and Operational Risk
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