


CalPERS

Monthly Update – Investment Compliance

MONTH ENDING OCTOBER 31, 2014



As of October 31, 2014

Items Completed Under Delegated Authority

Disclosure of Placement Agent Fees

Investment Proposal Activity Summary

Policy Violations

Disclosure of Closed Session Action Items

Items Completed Under Delegated Authority *(for the month ended October 31, 2014)*

Program Area	Name of Investment	Commitment (million)	Initial Funding Date of Partnership	Complies with Delegation Number
Private Equity	California Mezzanine Investment Fund, L.P.	\$80.00	Oct-14	07-02-INV II (B) 5
Private Equity	Centerbridge Capital Partners III, L.P.	\$150.00	Oct-14	07-02-INV II (B) 2
Private Equity	GCM Grosvenor DEM II, L.P.	\$200.00	Oct-14	07-02-INV II (B) 5
Private Equity	Hellman & Friedman Capital Partners VIII, L.P.	\$500.00	Oct-14	07-02-INV II (B) 2

Disclosure of Placement Agent Fees (for the month ended October 31, 2014)

Firm Name	Centerbridge Partners, L.P.	Quantum Energy Partners
Asset Class	Private Equity	Private Equity
Fund	Centerbridge Capital Partners III, L.P.	Quantum Energy Partners VI, LLC
Placement Agent / Firm	Maryfrances Metrick, Samuel C. Riter, and Amy B. Schneidkraut, personnel of Centerbridge Partners, L.P.	Daniel Prendergast, Sean J. Keene, C.B. Richardson, David Figur and Emily Sharko of Park Hill Group LLC.
Registered with U.S. or non-U.S. financial regulatory authority	The nature of the Placement Agent's role at Centerbridge Partners, L.P., does not require the Placement Agent to register as a broker dealer. We note that Centerbridge Partners, L.P. is a registered investment adviser with the SEC (CRD# 157359) and Centerbridge Partners Europe, LLP, an affiliate of Centerbridge, is authorized by the U.K. Financial Conduct Authority (FCA# 544525).	Park Hill Group LLC is registered with the SEC (SEC D 8-66958), F.N.R.A. (CRD # 135898) and CFTC (NFA D 0456398).
Registered Lobbyist(s)	Maryfrances Metrick, California (Filer ID: 1336997) Sam C. Riter, California (Filer ID: 1336996); New York Amy B. Schneidkraut, California (Filer ID: 1338836)	Park Hill Group LLC is registered as a lobbyist in the states of California and Kentucky. The individuals registered in California are Sean Keene, Frank Schmitz, Robert Kulperger and Charles Purse. The individuals registered in Kentucky are Patrick Gilligan and David Tonkovich.
Estimated Placement Agent Compensation	In 2013, not more than \$3,000 was spent by Centerbridge Partners, L.P. compensating the persons named above relating to the provision by such persons of information to CalPERS in connection with its prospective investment in Centerbridge Capital Partners III, L.P. It is anticipated a similar amount would be spent for this purpose on an annual basis.	Park Hill Group LLC shall earn a fee of \$500,000 for placement agent services performed with respect to California Public Employees' Retirement System, California State Teachers' Retirement System and the University of California Regents. Park Hill Group LLC shall earn 1/12th of the fee as of the 27th day of each month commencing on May 27, 2014 and continuing through April 27, 2015 (unless the agreement is terminated prior to such date). The fee shall be payable in installments as follows: \$41,667 on June 30, 2014; \$125,000 on September 30, 2014; \$125,000 on December 31, 2014; \$125,000 on March 31, 2015 and \$83,333 on May 29, 2015. The fee shall be earned by Park Hill irrespective of whether any of the investors purchase interests in the fund. Park Hill Group LLC may also be reimbursed for reasonable documented out of pocket expenses incurred in connection with the services provided.
Disclosed Campaign Gifts and Contributions	None	This information was not captured. This investment proposal failed to materialize prior to the completion of the disclosure process.
Notes	This proposal was approved. Terms and conditions are currently being negotiated. CalPERS has not yet committed to this fund.	This investment proposal failed to materialize.
Transaction Type	New	New

Investment Proposal Activity Summary (for the month ended October 31, 2014)

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	35	2	15	17*	5	1	1	76
New Proposal During the Month	17	0	17	11	27	0	5	77
Reinstated Proposal During Month	0	0	0	0	0	0	0	0
Decisions During the Month	15	2	2	10	15	1	2	47
End of Month Proposals	37	0	30	18	17	0	4	106

Status Details

Status	Private Asset Classes				Public Asset Classes			Total
	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals								
Submitted	0	0	0	8	0	0	0	8
Screening	24	2	14	8	5	1	1	55
Due Diligence	5	0	1	1	0	0	0	7
Approved	6	0	0	0	0	0	0	6
Subtotal	35	2	15	17	5	1	1	76
New Proposals During the Month								
Subtotal	17	0	17	11	27	0	5	77
Reinstated Proposals During Month								
Subtotal	0	0	0	0	0	0	0	0
Decisions During the Month								
Committed	4	0	0	0	0	0	0	4
Declined	7	2	2	10	0	1	2	24
Failed to Materialize	4	0	0	0	1	0	0	5
Referred	0	0	0	0	14	0	0	14
Subtotal	15	2	2	10	15	1	2	47
End of Month Proposals								
Submitted	0	0	0	11	0	0	0	11
Screening	31	0	29	6	17	0	4	87
Due Diligence	3	0	1	1	0	0	0	5
Approved	3	0	0	0	0	0	0	3
Subtotal	37	0	30	18	17	0	4	106

*Start of Month Proposals for Real Estate was revised downward 1 unit due to an input error.

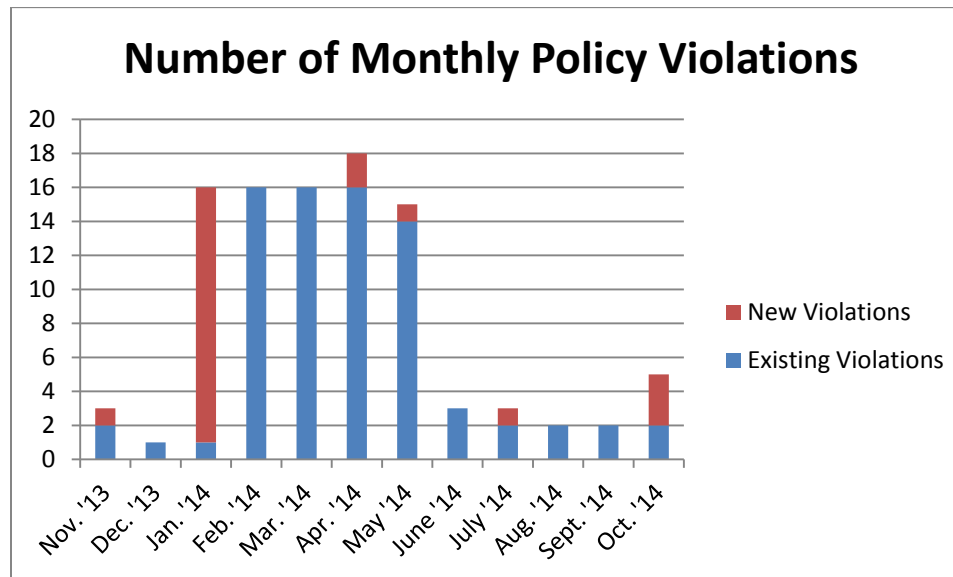
Policy Violations (for the month ended October 31, 2014)

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 October 31, 2014)*

New:

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
Asset Allocation/Risk Management	10/13/2014	10/31/2014	Statement of Investment Policy for The Judges' Retirement System II	The Policy specifies target and permissible allocation ranges for each asset class in the Fund. The allocation to one or more asset classes has fallen outside of the permissible range.	On October 13, 2014, the Board approved a new asset allocation and permissible allocation range for the Judges' Retirement System II fund. The new targets and ranges have resulted in a technical violation of the Policy. The fund has completed rebalancing activities to bring it into compliance with the newly-approved targets and ranges.
Asset Allocation/Risk Management	10/13/2014	10/31/2014	Statement of Investment Policy for The Legislators' Retirement System	The Policy specifies target and permissible allocation ranges for each asset class in the Fund. The allocation to one or more asset classes has fallen outside of the permissible range.	On October 13, 2014, the Board approved a new asset allocation and permissible allocation range for the Legislators' Retirement System fund. The new targets and ranges have resulted in a technical violation of the Policy. The fund has completed rebalancing activities to bring it into compliance with the newly-approved targets and ranges.
Asset Allocation/Risk Management	10/13/2014	11/28/2014 (Est.)	Statement of Investment Policy for The California Employers' Retiree Benefit Trust (CERBT) Fund	The Policy specifies target and permissible allocation ranges for each asset class in the Fund. The allocation to one or more asset classes has fallen outside of the permissible range.	On October 13, 2014, the Board approved a new asset allocation and permissible allocation range for the California Employers' Retiree Benefit Trust (CERBT) Fund. The new targets and ranges have resulted in a technical violation of the Policy. The fund is in the process of rebalancing activities to bring it into compliance with the newly-approved targets and ranges.

Policy Violations (for the month ended October 31, 2014)

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	10/31/2014	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. The actuarial work was provided and the rebalance activity was completed on 10/31/14.

Disclosure of Closed Session Action Items *(for the month ended October 31, 2014)*

	Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
	No items to report			



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Investment Compliance and Operational Risk
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