



OFFICE OF THE PRESIDENT  
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July 1, 2009

Christopher Lund, Ph.D.  
Director of Communications  
Fair Rent Coalition  
1643 Woodland Avenue, #2  
East Palo Alto, CA 94303

Re: Page Mill Properties II

Dear Dr. Lund:

Thank you for your letter dated June 15, 2009 and the comments you provided during public comment at the June 2009 meeting of the CalPERS Board of Administration.

As you know, CalPERS is a limited partner in Page Mill Properties II. As a limited partner, CalPERS' ability to influence the day-to-day operations of the limited partnership is constricted. Consistent with its limited role, CalPERS has assembled a dedicated team of staff and consultants to evaluate and monitor CalPERS' investment in Page Mill Properties II and the issues raised by your organization and the Page Mill tenants.

CalPERS staff and consultants have met with Page Mill to express our concerns regarding CalPERS' investment. We have met with tenant organizations that have protested actions on evictions and rent increases and we have forwarded these concerns to Page Mill. We have exerted what limited influence we have, within the constraints imposed upon CalPERS as a result of its limited partnership role. Simply put, CalPERS is not permitted to do more than what it has already done.

With respect to your request for copies of the placement memorandum and partnership agreement between CalPERS and Page Mill, please be advised that the partnership agreement contains a confidentiality provision requiring each limited partner to maintain the confidentiality of all non-public information received from the General Partner. Both the placement memorandum and the partnership agreement are documents that are confidential under the terms of CalPERS' agreement with Page Mill. In addition, these records are exempt from disclosure under provisions of the California Public Records Act, as described with particularity in our April 17, 2009 response to your request under the Public Records Act.

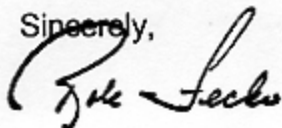
In your letter of June 15, 2009, you state that in the matter of *Page Mill Properties v. Luzon* (Case No. CIV 457866), the San Mateo County Superior Court found that Page Mill's strategy did not constitute a trade secret. Although the court did include such a statement in its preliminary injunction order, we note that the court stated in its final order dated

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November 29, 2007, that "Page Mill Properties, LLC has convincingly submitted evidence in support of its claim of 'confidential information'."

Accordingly, CalPERS continues to be unable to provide you with copies of the placement memorandum and partnership agreement between CalPERS and Page Mill both under the confidentiality provision of the partnership agreement and the exemptions from disclosure provided under California law.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Feckner". The signature is written in a cursive style with a large initial "R".

Rob Feckner, President  
Board of Administration

cc: Anne Stausboll, Chief Executive Officer  
Peter Mixon, General Counsel