

# Los Angeles Times

## BUSINESS

March 22, 2005

### UC Seeks to Amend Disclosure Law

*From Bloomberg News*

The University of California, which has the second-largest endowment of any U.S. public university, is pushing to change a state law that requires disclosure of investments, saying the law restricts its ability to put money in venture capital funds.

State Sen. Joe Simitian (D-Palo Alto) is sponsoring a bill that would allow the university and other public institutions to keep private certain details about their holdings in venture capital, buyout and hedge funds. State disclosure rules allow the public to ask for a range of information about how and where the institutions allocate their funds.

Sequoia Capital, the Menlo Park-based venture capital firm that backed Google Inc. and Cisco Systems Inc., barred the university from its latest fund to avoid public scrutiny.

Simitian's Senate district includes Sand Hill Road in Menlo Park, known for its concentration of venture capital companies, including Sequoia. UC manages a total of \$63 billion.

# Private Equity Week

May 2, 2005

## GENERAL NEWS

### Pension-Limits Law Progresses

A California state bill introduced earlier this year that would specify limits on private equity disclosures passed another hurdle last week in its march towards becoming a law.

The California State Senate's Judiciary Committee voted unanimously to approve the bill, which was introduced by California State Senator **Joe Simitian**. Simitian's 11th State Senate district covers Silicon Valley, which includes a sizeable segment of the venture industry. Simitian says he's confident that the bill will become law by the beginning of next year, though it has few more hurdles to cross.

The disclosure issue in California was resolved somewhat by past cases. Lawsuits

and legal agreements involving *The San Jose Mercury News* and the California First Amendment Coalition set a standard whereby some information such as management fees, returns, and amounts invested in funds are disclosed, but portfolio company valuations and other information is kept confidential.

Simitian's proposed bill puts this precedent into law.

While there have been no further challenges to California's public disclosure laws regarding pension information, proponents of the legislation say that the door is still open for future legal battles without a written law for guidance. The **California Public Employees' Retirement**

**System** has voiced support for the legislation, citing the need to clarify public law and the potential danger of future lawsuits.

California's efforts follow legislative action in Colorado, Massachusetts and Michigan. State pension funds in those states and California have found themselves not welcome into funds raised by **Charles River Ventures, Sequoia Capital** and **Woodside Fund**. Recently, Austin Ventures did not accept any Texas-based public pension funds into its latest funds, due to very liberal interpretations of public disclosure laws by the Texas attorney general.

Austin Ventures is still raising the fund and has accepted an investment from several public pensions and is likely to include California. —M.S.

# The Sacramento Bee

September 23, 2005

## New law shields some public pension details

By Gilbert Chan  
BEE STAFF WRITER

Gov. Arnold Schwarzenegger on Thursday signed legislation that spells out specific information that public pension funds must reveal about their private equity investments.

The bill, SB 349 by Sen. Joe Simitian, D-Palo Alto, was designed to answer concerns by CalPERS and UC investment officers that full disclosure requirements are scaring away top venture capitalists and investment fund managers.

Pension fund officials and venture capi-

talists called the law a workable compromise that allays fears by investors they could be forced to reveal trade secrets.

"It achieves our goal of providing as much transparency as possible to the public about our investments while still protecting our investments in the private equity industry," said Brad Pacheco, spokesman for the California Public Employees' Retirement System, the nation's largest public pension fund with a \$190 billion investment portfolio. Of that, \$20 billion is in private equity investments.

Sponsored by CalPERS and the Univer-

sity of California, the new law allows public pensions and endowments to keep confidential a number of documents, including annual financial statements, meeting notes, portfolio positions and investment agreements. It covers investments in such areas as venture capital startups and high-risk hedge funds.

The California First Amendment Coalition, which has pushed CalPERS to disclose more financial information about its investments, helped craft the measure.

"It remains to be seen how these provisions will play out in the real world. We

certainly hope that the confidentiality provisions will be interpreted quite narrowly," said Peter Scheer, the coalition's executive director.

Last year, CalPERS, for example, was shut out from participating in a \$600 million fund by Menlo Park-based U.S. Venture Partners, which declined to accept CalPERS funding because of concerns over public records disclosure.

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*The Bee's Gilbert Chan can be reached at (916) 321-1045 or [gchan@sacbee.com](mailto:gchan@sacbee.com).*