



RETIRED PUBLIC EMPLOYEES' ASSOCIATION OF CALIFORNIA

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CalPERS Secret Lending Bill Fails Under Scrutiny by Senators

SACRAMENTO, CA -- July 16, 2021 -- The California State Senate Standing Committee on Judiciary has declined to move forward with AB 386, CalPERS attempt to revive their disgraced former Chief Investment Officer's failed 2020 attempt to remove "Private Lending" from the California Public Records Act. Only three of the committee's 11 members voted to move forward with the bill after the author and a CalPERS representative were unable to respond to Senator John Laird's (SD-17) straightforward questioning about CalPERS Board oversight of the proposed lending program.

The bill had already struggled in the Senate, after Senate Standing Committee on Labor Public Employment and Retirement chair Senator Dave Cortese (SD-15), joined by Senators Laird and Josh Newman (SD-29), had required that CalPERS accept amendments originally suggested by the Retired Public Employees Association requiring disclosure of the constituent ownership of any borrower and the collateral pledged to secure any loan of public funds.

The proposed secret lending program ran into further trouble when CalPERS staff were forced to admit that the program, rather than providing financing to help struggling businesses, was in fact intended to secretly funnel low-interest financing to private equity firms to whom CalPERS already pays hundreds of millions of dollars in fees and profit sharing each year - the same private equity firms with

whom CalPERS had covered-up their ex-CIO's serious conflicts of interest, still under investigation by the state Fair Political Practices Commission.

"The CalPERS Board has abandoned their fiduciary duty of oversight to staff who are funneling hundreds of millions of our pension dollars to shadowy outside managers that only give back a tiny percentage of overall returns to the trust fund," said RPEA President Rosemary Knox. "We are asking that the state senate conduct hearings on this delegation of authority by the Board, along with the long litany of governance failures documented by legislative analysts who looked at this secret lending bill."

ABOUT RPEA of CA

Retired Public Employees' Association of California (RPEA) is a non-profit association of retirees and active employees who are members of the California Public Retirement System (CalPERS). RPEA's mission is to:

- Represent all public employees - classified schools, public agencies, and state.
- Be a liaison between retirees and CalPERS.
- Protect beneficiaries of CalPERS.
- Fight to maintain current pension and health care benefits and improve these benefits every year.

RPEA has over 24,000 members; with 75 active chapters in California, Arizona, Nevada, New Mexico, and Oregon. RPEA was founded in 1958 as an association to protect and enhance retirement benefits for all Public Employees who receive their pension or health benefits from the California Public Employees' Retirement System (CalPERS). RPEA is the only statewide association representing all PERS Retirees: State, Classified School and Public Agency. To learn more, visit www.rpea.com