PHILLIPS Aadrial

From: PHILLIPS Aadrial
Sent: Monday, September 26, 2022 2:11 PM
To: OIC Public Comments
Cc: PHILLIPS Aadrial
Subject: FW: OIC comment submission

Aadrial Phillips
Executive Support Specialist
oregon.gov/treasury
P 503-431-7956

From: Christopher Abbruzzese <cea210@yahoo.com>
Sent: Monday, September 26, 2022 12:48 PM
To: PHILLIPS Aadrial <Aadrial.Phillips@ost.state.or.us>
Subject: OIC comment submission

This email is from a party external to Treasury. Use care with links and attachments.

Aadrial,

I am including my written comments that I made in front of the September OIC meeting so they may be included in the OIC record of public comments.

Thank you,

Chris

My name is Chris Abbruzzese. I am originally from Corvallis and have lived in Oregon for more than 30 years. I have worked in the finance industry for 29 years, both in risk management roles and as an investor allocating capital for foundations and endowments, DC and DB plans and high net worth families. Before returning to Oregon and starting my own business, I was an Executive Director at JP Morgan in the prime brokerage risk unit. Currently I am Chief Investment Officer at Rain Capital, an RIA firm based in Portland. I am here today, however, as a private citizen.

- In an October, 2021 letter to the Oregon legislature on the issue of divestment, the OIC said that you “cannot insert personal or political preferences into your investment decisions.”

- Instead, it says you have the legal obligation to pursue sustainable, long-term returns via performance-based decisions.

- You also outlined several other problematic areas associated with divestment for non-performance reasons.

- I totally understand that. You are fiduciaries.

- You also engaged ORTEC Finance to do a comprehensive climate analysis of the Public Employees Retirement Fund.

- I believe ORTEC's analysis was provided to the Treasury in October 2021, the same month you wrote to our legislators.

- A redacted version of the report was recently made available to the public and I want to summarize a few of its key findings:

    - When compared to your peers (that is, typical globally-exposed pension funds) your portfolio's current climate risk exposure is more vulnerable to climate impacts due to exposures to fossil-fuel related investments.

    - Every single climate transition risk scenario they evaluated translated into material performance-based losses for the portfolio, some in the very near term (within 5 years).

    - In terms of performance, the least bad scenario involved switching to a 100% Paris aligned benchmark and making the portfolio carbon neutral (net zero) in the short term.

    - I also want to highlight what the report did not say. The report doesn't frame these risks in political or personal terms and it doesn't mention changing corporate behavior as an important endgame for pensioners. In the most simple terms, the report is a dispassionate risk and return based analysis that was intended for fiduciary consumption.

- Elsewhere in the world, international banking regulators at the Bank for International Settlements (these are the guys that are focused on macroprud have said that the coming climate transition is one of the single most likely causes of the next systemic financial crisis.

- This has prompted central banks around the world – all of whom are politically independent institutions by charter – including our own Federal Reserve Bank, to develop climate based-stress tests for bank capital requirements. Fed Chairman Powell has said these will likely be implemented in short order.

Given all of this, it would be helpful for you to reconcile for the public the findings of this report and actions by financial regulators with your own legal obligation to make performance-based decisions? Your preference to remain in fossil fuel-based investments would seem run counter to what your own experts are telling us about the prospects for the future performance of these assets.

PHILLIPS Aadrial

From: Alyssa Burge <alyssaruthburge@gmail.com>
Sent: Thursday, October 13, 2022 5:44 PM
To: OIC Public Comments
Subject: Fossil fuel projects and PERS

This email is from a party external to Treasury. Use care with links and attachments.

Hello,

My name is Alyssa Burgé, and I receive PERS benefits as an educator in the Silver Falls School District. I learned through the work of Divest Oregon that the OIC has money invested in fossil fuel projects overseas that in turn fund our PERS accounts.

As an educator who teaches ecology and social studies, this makes me feel sick. I cannot accept funds that are generated from pipeline projects, especially those in developing nations. It would be unethical and hypocritical for me to do so. I would rather forfeit my PERS funds, though until now I've greatly depended on it.

I wish this information was more transparent and readily available. My other coworkers had never considered that the OIC would invest money in dirty energy, and though we are a small staff of 16, everyone was appalled at the report provided by Divest Oregon.

I have much more to say, but am not sure who will be reading this and what might come of this communication. Unless I hear that the OIC has taken concrete steps to divest from projects that pollute air, water, soil, and disrupt people's communities for the sake of money, I will make moves to forfeit the money I have depended on for retirement.

Alyssa

PHILLIPS Aadrial

From: Tom Busse <TomBusse@protonmail.com>
Sent: Thursday, October 6, 2022 2:38 PM
To: OIC Public Comments
Cc: Treasurer Read
Subject: Public Comment: OHP CCO Pooled Investments

This email is from a party external to Treasury. Use care with links and attachments.

To Members of the Oregon Investment Council and the State Treasurer:

I am the Acting Treasurer of the Multnomah County Libertarian Party and a member of the Libertarian Party of Oregon Public Policy Board. These views are my own.

I want to call the Council's attention to the investment positions of Oregon's Coordinated Care Organizations, which were established in 2012. This shifted billions of taxpayer medicaid dollars out of the State Treasury to unaccountable third-party custodians shielded from oversight and transparency. The investments of the Coordinated Care Organizations are not subject to the State's investment policies and investment policies are not disclosed to the public. The audited financials of Coordinated Care Organizations indicate they are rife with related party transactions, conflicts of interest, and lack of transparency. They also operate outside the state's Public Records and Open Meetings laws even though they are fully taxpayer funded and perform government functions.

The Constitution of the State of Oregon established the office of the elected Treasurer as the state's banker for the purpose of directing public funds in a democratic manner to public development priorities benefitting the People of the State of Oregon. For example, the State's Pooled Investments include time-share deposits in Oregon's local community banks and credit unions. This is not true of the billions of dollars that have been shifted out of state management required by the Constitution to the unaccountable third party CCO's. Extending the time-share deposit requirement to CCO's would help capitalize investment funds locally, building Oregon's economy.

For example, the most recent audited financial statement of CareOregon, Inc. (which is only obtainable via public records request to the Oregon Health Authority - for a fee) shows as of 12/31/21, it held $699,966,457 in investments and $181,153,084 in cash. This is money that prior to 2012 would have been inside the state Treasury. This is nearly a billion dollars that should be invested according to Oregon priorities. Instead $24M is invested in out of state municipal bonds, $1.5 Million in Canadian bonds, $77M in US Government Agency Bonds, and $244M in US Treasuries, and $164 Million in Corporate bonds, and $32M in "alternative investments."

What are these $164M in corporate bonds? Pfizer? Health Corporations represented by CareOregon's Board Members? Exxon? Taiwan Semiconductor? There's no accountability. Do these "alternative investments" involve crony real estate? Reverse Repos? Half of CareOregon's FMV is Level 2. Shouldn't CareOregon invest in corporate bonds floated by Oregon employers such as Intel?

The state's Constitution gives the State Treasurer control over the investment policy of CCO's - Democratic authority that has been stolen from the Treasurer by the unaccountable unelected officials at the corrupt Oregon Wealth Authority. I urge the Treasurer and State Investment Council to exercise its authority to direct the pooled investments of the state's CCO's.

Many thanks.
Tom Busse
[redacted]

Sent with [Proton Mail](#) secure email.

PHILLIPS Aadrial

From: P. Maureen Cassidy <pmcass1805@gmail.com>
Sent: Monday, October 24, 2022 4:33 PM
To: OIC Public Comments
Subject: Comments for the 11/2/22 Investment Council Meeting

This email is from a party external to Treasury. Use care with links and attachments.

My name is Maureen Cassidy and I am a PERS recipient. I retired after working in public health for the state of Oregon for over 25 years. I am a participant with the Divest Oregon group.

I care that climate change is affecting our world in catastrophic ways. I also care about having retirement funds that will be there for me into old age. I was heartened to see Treasurer Read's opinion piece for the New YorkTimes that shows his acknowledgement of the "financial risks of a warming world" and his responsibility to the public employee retirees. He mentions that "the world is shifting toward clean energy and we need to take the risks and opportunities of that transition into account as we manage retirement funds for people who will need them 10, 20 or 30 years out."

I encourage Treasurer Read to act on his acknowledgement of risks to PERS retirement funds and his concern for those whose futures are dependent on his decisions. I ask him to support the 2023 Treasury Climate Protection Act.
Thank you,
Maureen Cassidy

PHILLIPS Aadrial

From: Kristin Edmark <kristinedmark@hotmail.com>
Sent: Tuesday, October 25, 2022 11:03 AM
To: OIC Public Comments
Subject: Public Comments for the November 2022 OIC meeting
Attachments: 2022 Nov Comment.docx; 2022 Nov Comment 1.docx

This email is from a party external to Treasury. Use care with links and attachments.

Please accept 2 comments to the November OIC meeting. Kristin Edmark, concerned citizen.

Thank you, Treasurer Read, for joining 12 State Treasurers + NY City in the Sept 14 letter calling out Treasurers who are implementing anti-ESG partisan policies. Thank you, Treasurer Read, for your insightful opinion article in the NY Times (https://www.nytimes.com/2022/09/17/opinion/climate-change-pension-texas-florida.html) noting that " The world is shifting toward clean energy, and we need to take the risks and opportunities of that transition into account as we manage retirement funds for people who will need them 10, 20 or 30 years out."

Oregon teachers have been using the Carbon Underground 200 list to restrict investing in fossil fuel companies since 2019. (OIC INV 407 p. 4 and Appendix A, Sections I. and IX.5)." It seems hard to justify that OPERF is not also benefitting from similar restrictions given the decreased performance of fossil fuel investments.

Some recent examples of lost opportunity due to fossil fuel investments:

- Oregon Treasury's Climate Risk Assessment by Ortec. (https://irp.cdn-website.com/21c0cb7e/files/uploaded/Climate_MAPS_OPERF_Report_Oct2021_Redacted.pdf)
  Finance Climate Maps show much lower returns in the Failed Transition Pathway. Ortec suggests "integrating climate into your investment process".
- Risky Business: Oregon Treasury's Fossil Fuel Problem explains expected lower returns with fossil fuels.
- BlackRock 2021 report commissioned by New York City's Comptroller and pension funds found that divestment *"outperforms all other options."* And that that fossil fuel stocks "consistently underperformed the broader market over the past five years." According to Blackrock the costs to divest were negligible and can be done within normal activities. (https://ieefa.org/articles/new-york-city-comptroller-urges-blackrock-drop-fossil-holdings)
- CalSTRS would have gained $11.9 billion and CalPERS would have gained $5.5 billion had they been invested in other than oil/gas production in the 10 years between 2009 and 2019. (https://fossilfreeca.org/study-ca-and-co-pension-funds-lost-billions-on-fossil-fuels/)
- Maryland State Retirement and Pension System (SRPS), would have made 15% more in last 10 years if they had not had their investments in the CU 200. https://chesapeakeclimate.org/wp-content/uploads/2022/02/FFI_Solutions_Backtest_MD-MSRPS-2021.pdf

The study identified $623,093,558 CU200 investments in Maryland SRPS. Similarly, June 30,2021 OPERS had $622,019,740 public equity and a few fixed income invested in the **same investments** identified in SRPS securities of CU200 companies in the study. June 30, 2021 SRPS stock holdings totaled approximately $24,130,100.000; OPERS public equity portfolio was $28,416,502,017.

Oregon can benefit from research by others. Prevent additional lost opportunity now.

1) NY list OPERS had over $6 million 6/30/2021 in the companies NY State decided to divest. https://www.osc.state.ny.us/press/releases/2022/02/dinapoli-restricts-investments-21-shale-oil-gas-companies,
2) Carbon Underground 200 Oregon had over $6 hundred million on the Carbon Underground 200 List 6/30/2021 https://www.thecarbonunderground.org/
3) Coal Exit List OPERS and OSTF had over $1 billion in companies on the Coal Exit List 6/30/2021 https://www.urgewald.org

Any information you put on the website helps. Seneca said "We suffer more from imagination than reality". Please be as transparent as possible. You might remember that my daughter-in-law's family lost a home in the 2020 Oregon fires. The Nakia fire which darkened Portland October area skies put a dozen of my friends in the "Be ready to evacuate" category. Climate change is killing not only profits but people and species world-wide.

Respectfully submitted, Kristin Edmark

Please avoid new investments in companies which actively invest in and promote fossil fuel investment. While it is relatively easy to remove obvious fossil fuel investments from Oregon's funds, like those on the CU 200, coal exit list and identified by other states, it is just as important not to invest with companies which actively promote new fossil fuel drilling and infrastructure like private equity companies, banks and investment companies.

It can be difficult and problematic to withdraw from more complicated agreements like those with private equity, but **Oregon can and should stop all new investments**. Private equity and banks highly invested in fossil fuels are also increasingly becoming more risky. Please demand transparency. Right now, please avoid new investments in companies promoting new drilling and fossil fuel infrastructure.

Dirty Dozen Private Equity 2022: The Blackstone Group, The Carlyle group including NGP, KKR, ArcLight Capital Partners, Apollo Global Management, Ares Management, Global Infrastructure Partners, Kayne Anderson/Plains All American Pipeline, Oaktree Capital/Brookfield, Warburg Pincus, Riverstone, Encap.

A report February 2022 shows the 12 companies most invested in fossil fuel expansion and the local harm they are causing to communities. Private equity companies manage over $7 trillion.

https://pestakeholder.org/wp-content/uploads/2022/02/PESP_LS_PrivateEquityDirtyDozen_Feb2022-Final.pdf **6/30/2021, OPERS had $5,267,441,164 invested with these 12 worst private equity companies.**

Dirty Dozen Banks 2021: JP Morgan, Citi. Wells Fargo, Bank of America, RBC, MUFG, Barclays, Mizuho, TD Toronto Dominion, BNP Paribas, Scotiabank, Morgan Stanley

Dirty Dozen Banks https://reclaimfinance.org/site/en/2021/03/24/baking-climate-chaos-fossil-fuel-finance-report-2021 "In the 5 years since the Paris agreements, the world's biggest 60 banks have financed fossil fuel to the tune of $3.9 trillion" www.bankingonclimatechaos.org. Commercial banks provided loans and underwriting services worth over $1.5 trillion to companies on the Coal Exit List between Jan 2019 and November 2021. Finance Research | Global Coal Exit List https://coalexit.org/finance-research

6/30/2021 Oregon had $3,656,279,057 invested with the 12 banks identified as having funded the most new fossil fuel projects in 2020.

Fossil Fuel Investment Companies: For example, Berkshire Hathaway is on the Coal Exit List and invests heavily in fossil fuels. **6/30/2021 Oregon had $177,990,069 invested in Berkshire Hathaway.**

Some Oregon 2022 private investments in companies actively promoting new fossil fuel infrastructure, promoting climate disaster and harming local communities: $1,350,000,000

6/27/2022 $200 million **Blackstone Energy Partners IV** and $50 million side car.

Blackstone has been 83% invested in energy of which 52% have been fossil fuel companies. For example, *Tamarind Energy South East Asia* does oil and gas exploration and development in Malaysia. *Energy Transfer Partners/Dakota Access Pipeline, Rover Pipeline, Tallgrass Energy.* Blackstone and Arclight Capital own *James M. Gavin coal plant* in Ohio which was one of the ten worst emitters of greenhouse gases in 2019 according to the Environmental Protection Agency. (https://pestakeholder.org/wp-content/uploads/2020/08/Blackstone-Fossil-Fuels-PESP-August-2020.pdf). *Tallgrass* has over 9,000 miles of gas and crude pipelines traversing the U.S. A couple of those pipelines recently dumped 41,000 gallons of oilfield wastewater and spilled up to 181,000 gallons of contaminated water on agricultural fields in North Dakota. Blackstone's *Rover Pipeline* has hundreds of environmental violations, the most in the US in a 2-year period.

(https://pestakeholder.org/wp-content/uploads/2022/02/PESP_LS_PrivateEquityDirtyDozen_Feb2022-Final.pdf

6/27/2022 $250 million **Stonepeak Core Fund** & 3/14/2022 $50 **Stonepeak Trailblazer Investment Partners.**

Stonepeak funds all kinds of investments. Stonepeak was going to fund the Kalama methanol refinery if a permits and a US loan guarantee had been secured. Spring 2020 Stonepeak had fossil fuels in its portfolio like *Casper Crude by Rail, Golar Power, MPLX and Orix Midstream Services.*

4/11/2022 $150 million **NGP Royalty Partners II** and $50 side car NGP is associated with Carlyle and Stonepeak. NGP has had 27 oil and gas companies and 11 energy transition companies.

NGP is owned by the Carlyle Group, one of the dirty dozen. NGP's upstream *Colgate Energy* has been emitting toxins close to a low-income Spanish-speaking Texas neighborhood. Major methane leaks are found at NGP facilities like Blackbeard Operating. 2018 flaring data by The Environmental Defense Fund found NGP's Steward Energy II was the 60th largest Permian natural gas producer, but it was the fourth most flaring by volume. (https://pestakeholder.org/wp-content/uploads/2022/02/PESP_LS_PrivateEquityDirtyDozen_Feb2022-Final.pdf)

4/11/2022 $200 million **Quantum Energy Partners VIII** with $50 million side car. Quantum Energy invests exclusively or almost exclusively in oil and gas upstream, midstream, oil fields and power generation.

2/2022 $50 +$50 million and 1/13/2022 $250 million Co-invest side-car **Brookfield Super Core**. Brookfield has had 18 fossil fuel companies in its portfolio which was 53% of its portfolio.

4/14/2022 $50 Co-invest sidecar for **EQT Infrastructure V**. EQT invests in energy, energy transport and logistics. *EQT is on the Coal Underground 200*. EQT has portfolio companies like Kodiac providing compression services for oil and gas.

1/25/2022 $250 million **Advent International GPE**

Advent Spring 2020 portfolio included fossil fuel companies like *Ocensa*, Columbia's largest crude oil transport system, *RGL Reservoir management,* control and steam distribution projects to the oil and gas market, *BOS Solution*, leading full-service provider of drilling fluid treatment and recovery to oil and gas exploration, *NCS Multistage,* leading manufacturer of sliding sleeve and recovery solutions for oil and gas wells.

Definitions are important The State of Maine has defined:

B. "Fossil fuel" means coal, petroleum, natural gas or any derivative of coal, petroleum or natural gas that is used for fuel.

C. "Fossil fuel company" means any company that:

(1) Is among the 200 publicly traded companies with the largest fossil fuel reserves in the world;

(2) Is among the 30 largest public company owners in the world of coal-fired power plants;

(3) Has as its core business the construction or operation of fossil fuel infrastructure;

(4) Has as its core business the exploration, extraction, refining, processing or distribution of fossil fuels; or

(5) Receives more than 50% of its gross revenue from companies that meet the definition under subparagraph (1), (2), (3) or (4).

D. "Fossil fuel infrastructure" means oil or gas wells, oil or gas pipelines and refineries; oil, coal or gas-fired power plants; oil and gas storage tanks; fossil fuel export terminals; and any other infrastructure used exclusively for fossil fuels.

While it will take time to exit more complicated fossil fuel investments, **Oregon can avoid new investments in the most harmful companies now.**

Respectfully submitted, Kristin Edmark

PHILLIPS Aadrial

From: Beth Genly <ebgenly@gmail.com>
Sent: Wednesday, October 19, 2022 11:09 AM
To: OIC Public Comments
Subject: In Support of Treasurer Read's Op-Ed

Dear Oregon Treasury Officials,

As a PERS retiree, I was delighted to read Treasurer Read's New York Times op-ed entitled, "A Sneaky Form of Climate Obstruction Hurts Pension Funds."

As a member of the teaching faculty at OHSU, I put in long hours for many years, serving Oregon families as a nurse-midwife. Now that I am retired, I want to see my pension funds protected by avoiding risky investments in fossil fuels, which are well on the way to becoming stranded assets.

Also, as an older person with health challenges who for weeks on end has been breathing dangerous smoky air from warming-related wildfires -- again, this year! -- I feel strongly that every part of my state government should be doing everything it can to end all uses, and any funding, of fossil fuels.

I invite each of you, in line with Treasurer Read's call for a prompt exit from fossil fuel investments and greater transparency of investments, to act on Treasurer Read's acknowledgment of climate risk to the OST portfolio – and PERS retirement funds – by supporting the 2023 Treasury Climate Protection Act.

Sincerely, and urgently,

Elisabeth Genly, RN, CNM (retired)
Forest Grove, OR

P.S. I cannot travel to Salem. I would very much appreciate the opportunity to provide verbal testimony at OIC public meetings via an online platform. Please make your meetings accessible to all Oregonians.

PHILLIPS Aadrial

From: Carolynn Kohout <earthwindspirit9@gmail.com>
Sent: Tuesday, October 18, 2022 6:43 AM
To: OIC Public Comments
Subject: November 2nd's Public Testimony

This email is from a party external to Treasury. Use care with links and attachments.

DearAll;

I write as an investor, in my own right, and as an OregonSaves investment recipient.

Transparency is now a requirement in doing business, resulting in people being held accountable for their actions and words.

Asset Managers currently having oversight of invested pension funds for state workers: your transparency is now required by teachers, fire fighters, and workers who make the State run.

In essence: Investors require to know what funds are being invested with their money. Investors need to be able to judge for themselves which products meet their risk tolerances and which do not.

Important: Global warming, which creates environmental, human, and economic chaos, has integrated itself into everyday survival for all living beings – human, animal, and plant.

Consequently humans, at the top of the food... chain, have the ultimate responsibility to make decisions which preserve the environment all... share.

Part of the solution: Clean energy industries take out much of the climate change risks from the climate chaos equation. Their way of handling raw material increases economic stability and encourages profit.

Specific pension funds are badly exposed to climate change/chaos. Those require replacing with such funds as PIMPCO Funds, for example.

In 10 years or less, not just 20 or 30 years, those who will be 65 years of age will require the dividends, etc. of funds wisely invested in green industries.

The 2023 Treasury Climate Protection Act needs Treasurer Reed's support.

Sincerely,

Carolynn Kohout

SEIU Local 503/99 (Homecare)

One of Many Hats

PHILLIPS Aadrial

From: David Labby <labby.oregon@gmail.com>
Sent: Wednesday, October 26, 2022 2:44 PM
To: OIC Public Comments
Subject: Public testimony from David Labby

This email is from a party external to Treasury. Use care with links and attachments.

Treasurer Read, and OIC members:

My name is David Labby. I live in Portland and am a retired physician and PERS beneficiary. Thank you for the opportunity to speak.

I would like to provide an overview of the "2023 Treasury Climate Protection Act" which has been filed as a Legislative Concept by Divest Oregon and its 100 member organizations, including tens of thousands of PERS members. It will be introduced at the next session. Our hope is that the bill will have your support, since it is consistent with many of the statements Treasurer Read made in his recent NYT Op Ed about the **"financial risks associated with a warming world."**

The Bill has 5 components.

First, it calls for an immediate moratorium on all new carbon intensive investments, which are defined as coal, oil and gas producers and services, as well as utility scale electricity generation facilities. Existing contracts for such investments will not be renewed. This will stop any further increase in the investment risk from climate change that was outlined in your recently released Climate Scan Report.

Second, it calls for divestment within 6 months from all **public** investments on the Carbon Underground 200 list.

> The Carbon Underground 200 list identifies the top 200 coal, oil, and gas publicly traded reserve holders, that is, those with the largest global potential for carbon emissions.

We have chosen the Carbon Underground 200 list because it has become an industry standard and the Treasury is already familiar with it since they are using the Carbon Underground 200 for restrictions on the Public University Fund.

Third, it calls for all Oregon Investment Funds to be systematically reviewed to eliminate both remaining carbon intensive and greenhouse gas increasing investments. First priority is placed on transition away from remaining investments in tar sands, thermal coal, fracked natural gas, and utility companies that rely on fossil fuels. The bill sets a target of Feb 1, 2025, or as soon as contractual agreements allow, for completing this transition.

> The bill further supports the Treasury's interest in implementing evolving industry best practices to identify any carbon intensive investments not otherwise defined and to set standards for continued investment.
>
> This systematic review is similar to the NY State decarbonization plan that was announced in 2019 (3 years ago) and is currently being implemented.
>
> It also calls upon the Treasury to look for investments in climate solutions consistent with its fiduciary responsibility.

Fourth, the bill acknowledges that implementing these actions will require staff and resources that the Treasury does not currently have. We understand that the time-consuming review of fossil fuel investments will be taxing to the Treasury. It therefore calls upon the Treasury to identify those gaps and report them to the Legislature for funding.

Finally, the bill calls for detailed reporting mechanisms, including reports of progress to the Legislature and to the public, to ensure transparency and accountability.

We have provided you with copies of the full Legislative Concept.

We hope you will join us in supporting this Bill to protect the investments of the Treasury, and the hundreds of thousands of Oregonians that rely on your investments, from the financial and environmental risks of climate change.

This should not be a political issue: the majority of Americans want government action on climate change. PERS members want to know that their retirement is secure against upheaval coming to the financial markets from the climate crisis.

This is a prudent bill for the future returns for PERS, for all Treasury holdings, and for the world we all want to live in. Please support it.

Thank you.

PHILLIPS Aadrial

From: PHILLIPS Aadrial
Sent: Wednesday, October 26, 2022 3:14 PM
To: OIC Public Comments
Cc: PHILLIPS Aadrial
Subject: FW: new report on investment outlook for fossil fuels

Aadrial Phillips
Executive Support Specialist
oregon.gov/treasury
P 503-431-7956

From: Jenifer Schramm <schramm.jenifer@gmail.com>
Sent: Wednesday, October 26, 2022 3:13 PM
To: PHILLIPS Aadrial <Aadrial.Phillips@ost.state.or.us>
Cc: Susan Palmiter <spalmiter@divestoregon.org>
Subject: Fwd: new report on investment outlook for fossil fuels

Please add to comments for November 2 OIC meeting. Thanks, Ms. Phillips.
Jenifer Schramm

To OIC members including Treasurer Read -

An important report about the investment outlook for fossil fuels was recently published by IEEFA: *Two economies collide: Competition, conflict, and the financial case for fossil fuel divestment* (October 13, 2022). This report explains the financial case for fossil fuel divestment. It has NOTHING to do with political or moral issues.

To quote from the overview:

> *The coal, oil and gas sectors have lost their financial rationale.*

> *Competitive forces inside and outside the industry have undermined this once-mighty economic force. Politics now drives oil and gas prices, with the war in Ukraine serving as a vivid reminder of this stark reality. Market forces now favor fossil fuel competitors; cost efficiencies, innovation and public opinion are converging to move trillions of dollars to sustainable alternatives. Meanwhile, an increasing number of destructive weather events have underscored the destruction caused by climate change and increased public demands for solutions.*

> *Investors should move away from fossil fuels because the coal, oil and gas sectors are confronted with competitive pressures that they are ill-prepared to navigate.*

> *Competitors are mapping a sustainable way forward. From 2010 through the COVID-19 pandemic that began in early 2020, the energy sector faltered—lagging the Standard & Poor's 500-stock index in eight of those years and placing last of all sectors in five. Those years witnessed structural changes in the oil and gas sector. Fracking in the United States dramatically increased the world's oil and gas supply, driving down prices and exposing an obsolete oil and gas business model. Worldwide competition across the oil and gas industry's traditional markets in power, transportation and petrochemicals have taken market share. The outlook is for more of the same. The oil and gas sector's promised technological innovations, such as carbon capture and sequestration (CCS) technology, remain unproven, unreliable and unprofitable.*

Thank you for your continued understanding of the impact of the fossil fuel market return on long term investment health of PERS and all Treasury funds.

Jenifer Schramm & Susan Palmiter

--

Co-Leads of the Divest Oregon Coalition
Reinvest in a Fossil-Free Future

PHILLIPS Aadrial

From: Kurt Stein <steinkurt@gmail.com>
Sent: Wednesday, October 26, 2022 8:32 AM
To: Kurt Stein
Cc: mpramik@opers.org; jkunk@opers.org; cmabe@opers.org; Brett@hfrrf.org; luckyT06@yahoo.com; ewotring@bakerwotring.com; jchoi@ilpa.org; gdurst@ilpa.org; OIC Public Comments; lorrainearvin@gmail.com; cbeeke@bizjournals.com; ggreenwood@bizjournals.com; Treasurer Read; ENGELSON Eric; recep@sib.wa.gov
Subject: PE 3rd quarter marks are a joke! (attachment) - no write down- who is on the investors side? cc Press/SEC/CEO's/Congress/activists:
Attachments: Overcharging_ - You make the call !! 3.pdf

sent this to a few pension plans and the local press....

who is watching the private equity portfolio -??
The third quarter marks are a joke- people are getting overcharged.
you can see me in Forbes and fa-mag.

if you just published monthly returns like ML does, or even
quarterly, without all the IRR games, you would see the same thing.

All the Best;

Kurt

[redacted]

---------- Forwarded message ---------
From: **Kurt Stein** <steinkurt@gmail.com>

Date: Mon, Oct 24, 2022 at 3:01 PM
Subject: PE 3rd quarter marks are a joke! (attachment) - no write down- who is on the investors side? cc Press/SEC/CEO's/Congress/activists
To: Kurt Stein <stein.kurt@gmail.com>
Cc: <news@labusinessjournal.com>, Andrew Sorkin <asorkin3000@gmail.com>, Andrew Park <andrew@ourfinancialsecurity.org>, <andrew.hartnett@iid.iowa.gov>, <aviperry@gmail.com>, Eileen Appelbaum <appelbaum@cepr.net>, <antoine.gara@gmail.com>, Sieg, Andy <andy.sieg@bofa.com>, Micah Hauptman <mhauptman@consumerfed.org>, Nordfors, Melissa A <melissa_nordfors@bofa.com>, <james.gorman@morganstanley.com>, <andy.saperstein@morganstanley.com>, Duggins, Jennifer <dugginsj@sec.gov>, <rufinom@sec.gov>, Pasquinelli, Emily <PasquinelliE@sec.gov>, <jack.otter@barrons.com>, Jaffe, David M <jaffed@sec.gov>, Jason Bisnoff <jbisnoff@forbes.com>, <JAMES.TARANTO@wsj.com>, <jamie.dimon@jpmorgan.com>, <jmann@bizjournals.com>, <paul.reilly@raymondjames.com>, <ron.kruszewski@stifel.com>, <ronald.kruszewski@stifel.com>, <tom.naratil@ubs.com>, <iqbal.khan@ubs.com>, <brian_moynihan@bofa.com>, <lcalcano@icapitalnetwork.com>, Cohen, Brian (Warren) <Brian_Cohen@warren.senate.gov>, Gabrielle (Warren) Elul <Gabrielle_Elul@warren.senate.gov>, Bagramian, Levon <Levon.Bagramian@mail.house.gov>, <gillian.tett@ft.com>, <dmaloney@investmentcouncil.org>, <eschillinger@investmentcouncil.org>, Evan Simonoff <esimonoff@fa-mag.com>, <sol.gindi@wellsfargo.com>, <joseph.nadreau@wellsfargo.com>, <atabak@wellsfargo.com>, jason.blue@pionline.com <jason.blue@pionline.com>, <jennifer.ablan@pionline.com>, Richard Ennis <richardmennis@gmail.com>, Ludovic Phalippou <ludovic.phalippou@sbs.ox.ac.uk>, Mbrown@caisgroup.com <Mbrown@caisgroup.com>, <dlichtman@bizjournals.com>, <asteinhauer@bizjournals.com>, <cdouglas@bizjournals.com>

HI:

You can see month by month PE returns.
The public markets are down. Why are the PE funds not marking themselves down about the same?

Everyone on this email knows they are highly correlated.
This is exactly what the regulators are worried about and it is happening right now.

Is it right to charge investors extra while you hope your fund comes back?   What is the bid in the secondary market?
Have you tracked that to mark these fairly?

There has to be 500 Billion in private equity feeder funds from wealthy people.
I can't count high enough to think about the Pensions.

If we assume an annual charge of 1% (which is low), that is 5 Billion annually or 1.25 billion every quarter.

If they are marking 10% too high, **the PE industry just took $125,000,000 from private clients thru feeder funds. That is wrong.**

Where are the heads of the wealth management firms? Why are they not reading the riot act to the PE guys? Where is the trust ?

Where are the pension funds, where is the press conference in front of a firehouse telling the PE guys to stop over charging?

There is not enough taxpayer money to audit every PE fund every quarter.

Take a look and make up your own mind.

Kurt

All the Best;

Kurt

[redacted]

Are the PE funds marking their deals correctly in this market or are they taking extra fees and juicing their returns so they compare favorably to the S&P?

More importantly, who is going to bat for the investing public who are actually paying these fees ?

Here are the public market indexes from Jan 1, 2022 through June 30, 2022.

Index	Return
Vanguard Total Bond Market Index	(-10.70)
(Asset class is Intermediate Term Bonds)	
S&P with Dividends	(-14.23%)

It is now past the third quarter. The PE funds mark with a one quarter delay. (If they take another quarter, we should see big write downs next quarter that should stay down for a while.)

Here is Blackstone Total Alternatives Solution 2014

It is A Combo of Private Equity/Real Estate/Credit/Hedge Funds. **How come there is no 10% write down?**

A fund with a 1.22 MOIC should go to 1.098. The fees should be 10% less. The IRR which is used to pitch future deals should be much lower? What is going on?

BTAS 2014	8	C-Senior	9/31/21	1.22	5.42	
BTAS 2014	8	C-Senior	10/30/21		5.43	
BTAS 2014	8	C-Senior //	12/31/21	1.23	5.52	12.39 S&P
BTAS 2014	9	Rookie	4/29/22	1.23	5.42	
BTAS 2014	9	Rookie	5/31/22	1.23	5.5	
BTAS 2014	9	Rookie	6/30/22	1.24	5.59	
BTAS 2014	9	Rookie	7/31/22	1.24	5.59	
BTAS 2014	9	Rookie	8/31/22	1.22	5.19	
BTAS 2014	9	Rookie	9/31/22	1.22	5.19	

Here is the BTAS 2015 Vintage.

Where is the 10% write down? A MOIC of 1.4 should go to 1.26. The IRR should drop alot.

Do you believe these funds are immune to drops in the public markets? What is the bid in the secondary market? Is it right to charge your customers a higher amount while you wait and hope for things to come back?

BTAS 2015	6	C-Sophomore	9/30/21	1.33	8.09	16.52
BTAS 2015		C-Sophomore				
BTAS 2015	6	C-Sophomore	12/31/21		8.80%	
BTAS 2015	7	C-Junior	1/31/21	1.39	8.8	13.24%
BTAS 2015	7	C-Junior	3/31/22	1.39	8.55	
BTAS 2015	7	C-Junior	4/31/22		8.55	
BTAS 2015	7	C-Junior	5/31/22	1.38	8.85	
BTAS 2015	7	C-Junior	6/30/22	1.42	8.85	
BTAS 2015	7	C-Junior	7/31/22	1.42	8.85	
BTAS 2015	7	C-Junior	8/31/22	1.4	8.43	
BTAS 2015	7	C-Junior	9/31/22	1.4	8.43	

Here is Blackstone Tac Opps 2017:

Where is the write down? A 1.23 MOIC with a 10% write down should go to 1.11.

Tax Opps 2017	5	C-Freshman	9/30/21		7.75	17.12
Tax Opps 2017	5	C-Freshman	12/31/21		7.3	
Tax Opps 2017	6	C-Sophomore	1/31/22	1.2	7.3	
Tax Opps 2017	6	C-Sophomore	3/31/22	1.2	6.82	
Tax Opps 2017	6	C-Sophomore	4/29/22		7.39	
Tax Opps 2017	6	C-Sophomore	5/31/22	1.25	7.8	
Tax Opps 2017	6	C-Sophomore	6/30/22	1.25	7.8	
Tax Opps 2017	6	C-Sophomore	7/31/22	1.25	7.5	
Tax Opps 2017	6	C-Sophomore	8/31/22	1.23	6.95	
Tax Opps 2017	6	C-Sophomore	9/31/22	1.23	6.84	

Is anyone sticking up for the customers?

Where is the following public letter in the NYT/WSJ/Forbes/FT/Bloomberg

Dear Blackstone/Carlyle and friends:

The public markets have had a bad hit. We all know that private and public markets are highly correlated. I am not happy with how you are charging the JPMorgan customers who trusted us to place their hard earned money at your firm. I know that JPMorgan also gets paid more if you charge more.

However, we are obligated morally and legally to act in our customers Best Interest. More importantly, as CEO, I wear a special pair of glasses. They are called “customers first”. I see everything through the eyes of the people who trusted us to act as their advocates. The due diligence committee when it comes to pricing illiquid assets is a committee of one. Me.

If I think you are not erring on the side of the JPMorgan clients, I am stopping capital calls and removing all of your products from our platform. I expect to see a 10-15% write down.

Our advisors trust us to get the best deal for them and their clients. Our clients expect us to go to bat for them every single day. I take that responsibility to heart.

I hope I make myself clear.

Love and Kisses

Jamie Dimon.
CEO
JP Morgan

James Gorman	Morgan Stanley
Brian Moynihan	Merrill Lynch
David Solomon	Goldman Sachs
Naureen Hassan	UBS
Paul Reiley	Raymond James
Ron Kruszewski	Stifel
Charles Scharf	Wells Fargo
Lawrence Calcano	ICapital
Matt Brown	CAIS

Where is the following press conference at a police station or school from the head of CALPERS?

Dear Private Equity vendors:

I was hired by the people of California to fight for them every day. I just made a huge bet on Private Equity. I know it will make the PE returns look bad if the IRR and the MOIC is lower.

<u>However, I don't care how I look.</u>

I care about saving the people of California every penny I can. I fully expect to see write downs in the PE portfolio in line with the public markets. I know as well as you do that they are highly correlated.

I will report them publicly so that everyone can feel good that they are not getting charged extra fees while you pretend there is no volatility in the private markets.

I am sure you want the continued business of CALPERS.

Thank you,

Marcie Frost
Nicole Musicca

This is a cutie Patootie on Carlyle Growth 2015
A 1.46 multiple should go to 1.31- where is the markdown?

C Growth 2015	7	C-Junior	9/30/21		8.1	16.5
C Growth 2015	7	C-Junior	10/31/21		8.1	
C Growth 2015	7	C-Junior	11/30/21			
C Growth 2015	7	C-Junior	12/31/21	1.3	8.34	
C Growth 2015	8	C-Senior	4/29/22	1.37	8.98	
C Growth 2015	8	C-Senior	5/31/22	1.41	9.93	
C Growth 2015	8	C-Senior	6/30/22	1.31	9.71	
C Growth 2015	8	C-Senior	7/31/22	1.41	9.71	NAV 96,292
C Growth 2015	9	Rookie	8/31/22	1.46	10.42	NAV 102,538
C Growth 2015	9	Rookie	9/31/22	1.46	10.42	NAV 102,538

If you notice, Carlyle raised up the Net Asset Value of the fund from July to August 2022. The markets were already dropping as of March 31st. Perhaps there is a perfectly valid reason why they feel the NAV increased. Many other companies were hurting because of increased interest rates/decrease in bonds and a decrease in the stock market- and the drumbeat of further bad things coming. When you see things month by month, it lets everyone keep the promoter honest. This was not a distribution of funds. This is just Carlyle saying our portfolio is worth more and we deserve more fees.

a. Below is from page 16904 of the Federal Register version of this new rule.
    i. Illiquid Funds- Realized and unrealized performance.
       Page 16904 federal register version:

    ii. ***The value of the unrealized portion*** *of an illiquid fund's portfolio typically is determined by the adviser and, given the lack of readily available market values, can be challenging. For example, an adviser's valuation policies and procedures for illiquid investments may rely on models and unobservable inputs. This creates a conflict of interest because the adviser is typically evaluated and, in certain cases, compensated based on the fund's unrealized performance. Further, investors often decide whether to invest in a successor fund based on the predecessor fund's performance. These factors create an incentive for the adviser to inflate the value of the unrealized portion of the illiquid fund's portfolio. We believe highlighting the performance of the fund's unrealized investments would assist investors in determining whether the aggregate, fund-level performance measures present an overly optimistic view of the fund's overall performance. For example, if the performance of the unrealized portion of the fund's portfolio is significantly higher than the performance of the realized portion, it may imply that the adviser's valuations are overly optimistic or otherwise do not reflect the values that can be realized in a transaction or sale with an independent third party.*

    iii. Let's be clear. They have a huge incentive to mark these things at a fake high price in order to look good. Who is fighting for the actual investor?

2. Performance Disclosure: page 16900 of federal register

An adviser showing private fund performance as compared to a public market equivalent ("PME") in a case where the private fund does not have an appropriate benchmark could mislead investors to believe that the private fund performance will meet or exceed the performance of the PME. Certain investors may also mistakenly believe that their private fund investment has a liquidity profile that is similar to an investment in the PME or an index that is similar to the PME.

Illiquid Funds- Realized and unrealized performance.

Page 16904 federal register version:

The value of the unrealized portion *of an illiquid fund's portfolio typically is determined by the adviser and, given the lack of readily available market values, can be challenging. For example, an adviser's valuation policies and procedures for illiquid investments may rely on models and unobservable inputs. This creates a conflict of interest because the adviser is typically evaluated and, in certain cases, compensated based on the fund's unrealized performance. Further, investors often decide whether to invest in a successor fund based on the predecessor fund's performance. These factors create an incentive for the adviser to inflate the value of the unrealized portion of the illiquid fund's portfolio. We believe highlighting the performance of the fund's unrealized investments would assist investors in determining whether the aggregate, fund-level performance measures present an overly optimistic view of the fund's overall performance. For example, if the performance of the unrealized portion of the fund's portfolio is significantly higher than the performance of the realized portion, it may imply that the adviser's valuations are overly optimistic or otherwise do not reflect the values that can be realized in a transaction or sale with an independent third party.*

https://www.bloomberg.com/news/articles/2022-09-23/private-equity-writedowns-spur-mounting-scrutiny-from-the-sec#xj4y7vzkg

SEC Ramps Up Scrutiny of Private Equity Firms' Writedowns

- Examiners asking questions on fee calculations when bets sour
- Regulators have looked into whether firms delayed write-offs

Dawn Lim 9/20/22

1.

PHILLIPS Aadrial

From: Joseph Stenger <joseph.stenger@gmail.com>
Sent: Wednesday, October 19, 2022 1:56 PM
To: OIC Public Comments
Subject: Comments for the November 2d OIC meeting

Dear Treasurer Read:

I was delighted to see your NYT Op-Ed last month discussing the climate risk to Oregon's Treasury investments. Having highly-placed financial managers speak out about this critical issue is essential to getting big money out of the dangerous and irresponsible fossil fuel companies.

As I write this, it is too smoky for me to be outside safely due to nearby wildfires. It has been in the 80s and excessively dry in mid-October. Our world is deteriorating rapidly. We must act **urgently** to shift to a low-carbon economy. We must withdraw money from those corporations who are perpetuating the use of climate-damaging fuels and that are still funding decades of misinformation about how to address the climate crisis. These investments are risky, as stranded coal, oil and gas assets become increasingly more of a liability.

The smart money is on investing in the rising clean-energy economy, especially in companies that are training a diverse workforce for the future. I urge you to commit to a phased exit from investments in fossil fuel companies, to no new investment in such companies, and instead investing in companies that are leading the green revolution.

As you have stated, beneficiaries of a fund should be informed about how their money is invested. So, we need to know how Oregon is investing its Treasury. We specifically need to see the content of private equity investments, since those make up such a large portion of investments.

Please now act on your good words. You are the leader we need now. The people of Oregon deserve far-sighted money management. And we deserve a livable climate.

Thank you.

Joseph Stenger MD

97211

PHILLIPS Aadrial

From: Carla Winstead <carlawinstead2@gmail.com>
Sent: Monday, October 24, 2022 10:22 AM
To: OIC Public Comments
Subject: We don't want our tax dollars or pension funds put at risk for social change. It is irresponsible.

This email is from a party external to Treasury. Use care with links and attachments.

I suggest you divest from Black Rock ESG immediately. If you want to keep your position you need to protect your constituents.