

Treasury private benchmark opinion hides OPERF performance failures

Testimony of Rick Pope December 3, 2025

The OIC makes extensive efforts to carefully balance asset allocation policies. Through this it determines the appropriate risk and return for OPERF. When I was new to these meetings, Chair Samples, I recall you saying this is one of the most important jobs the OIC performs—perhaps the most important.

Treasury spent the past five years disregarding these policies. It skewed OPERF much more heavily into private investments than the OIC approved. Treasury's violations of exposure to private equity and public equity produced \$1.6 billion in underperformance damage to OPERF since 2020, and \$3.7 billion in underperformance damage since 2023. 2024-2025 underperformance damage of \$2.3 billion and counting is more than a snapshot. It is large enough to potentially affect employer rates.

To pay benefits, Treasury had to sell extraordinary amounts of highly profitable public equities. It had to sell at least \$4 billion in unripe private equity in the net-asset-value-losing secondary market.

Rather than acknowledge error and lessons learned, Treasury has defended its actions at every turn. Most recently it brought in a paid consultant to the OIC's October meeting. The consultant testified that during the past five years, Treasury produced \$3.8 billion in above-market returns for OPERF. During the same period Treasury also paid the consultant's business, CEM, a total of \$295,000.

Both the consultant, and Treasury's same-day press release about his testimony, omitted these key facts: Whatever returns the consultant found would have been billions of dollars higher if the investment team had followed OIC policy targets rather than violated them.

The consultant compared OPERF in unexplained ways against unidentified peers who had unknown risk tolerances. He used an unexplained adjustment to turn private equity losers into winners. The unexplained adjustment was the linchpin to his opinion on five years of above market returns.

The consultant reported that Treasury exceeded his own private metric, which he cloaked as a "policy benchmark." This was divorced from the OIC's policy benchmark for OPERF performance—the one that matters. Treasury's press release then publicized the misleading error. In fact, total OPERF returns across the past 10 years are consistently below the OIC policy benchmark, are below all OIC private equity

benchmarks, and are below what Treasury could have obtained by investing in low-cost standard index funds.

Once trust is lost, it is not easily regained. Beneficiaries and the public can fairly view Treasury's disregard of OIC directives as a breach of trust. They can fairly view the paid consultant's flawed and well publicized report the same way.

Testimony before the Oregon Investment Council

Carole Romm, December 3, 2025

Chair Samples, and members of the Council, thank you for this opportunity to speak to you today. My name is Carole Romm.

I know that you have seen the reporting by the Oregon Journalism Project and Ted Sickinger of the Oregonian about the \$1.4 billion loss in returns to OPERF in 2024 due to the Treasury's overinvestment in private equity.

Now a further analysis by Divest Oregon examined the Treasury's investment return statements from January 2020 through the third quarter of 2025.

That analysis found additional damage to OPERF returns of **\$2.3 billion** for 2023 and 2025. This brings the total for 2023 through Q3 of 2025 to **\$3.7 billion**.

\$3.7 billion is a staggering figure. As a PERS beneficiary, I'm worried about my pension. But I have an additional concern. My pension is supporting the acceleration of the climate crisis.

Private equity firms' investments are known to generate high greenhouse gas emissions. Among OPERF private equity investments the Rio Grande LNG Export Terminal and the Gavin Coal-Fired Power Plant are two examples.

Although the opaque nature of these investments makes it hard to quantify their emissions, former Treasurer Read's Net Zero Plan found that private equity investments were 16% of total OPERF emissions. Real assets - also private investments - were responsible for 30% of scope 1 and 2 emissions. Combined, that is 46% - almost half of all emissions.

That \$3.7 billion loss causes me to wonder if I can trust the fiduciaries of my pension fund. Can I trust them to implement a net zero plan with transparency and urgency?

Treasurer Steiner, I appreciate your stated commitment to reducing OPERF's private equity investments. I appeal to you to fulfill that commitment and the legislative mandates of the Climate Resistant Investment Act to make the PERS fund safe for beneficiaries and the environment.