

Dear Senate Rules Committee Members -

While [Divest Oregon](#) is taking a neutral position on Ms. Arvin's nomination to the Oregon Investment Council (OIC), we are hopeful about her appointment. Her experiences with divestment at Reed College should give her the background to approach divestment of the Oregon Treasury with an open mind. [According to the Reed College website](#), she worked closely with the Board of Trustees in risk management, which is a core issue at the OIC. At the University of Chicago, her experience re-configuring investment portfolios hit by the Great Recession is highly relevant to the current challenges of the Oregon State Treasury.

We are counting on the Senate members of the Rules Committee to consider appointment of Ms. Arvin to the OIC, tasked with policy setting and oversight of the Treasury, keeping in mind the following serious concerns about the Treasury:

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- Failure to release a climate risk assessment report, commissioned and received by the Treasury
 - in 2021, noted in the [OIC's letter to House and Senate Leaders](#) (October 2021). Currently there has been:
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 - No indication in OIC meetings that the Treasury or OIC is addressing the findings of that climate risk assessment.
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 - No release of information about the climate risk assessment to the beneficiaries of the funds managed by the Treasury.
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 - No response from the Treasury to a public records request of 1/22/2022 asking for the climate risk assessment.
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- Failure to do a statutorily-required internal audit every 4 years. (The last audit from 2016
- noted a number of system flaws needing to be addressed. It also noted a number of system flaws identified in a 2012 audit that were not addressed.)
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- Failure to objectively and open-mindedly consider the case for divestment, which is
 - [objectively](#)
 - [overwhelming](#). The recent Treasury decision to divest from Russian assets, so belatedly
 - that there is no market for them, is a concrete example of holding onto known problem assets until they become worthless.
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- Failure to limit increasing over-investment in opaque and high-risk private equity, counter to
 - OIC's policy targets. Half of OPERF is now invested in private equity and equivalent funds which are secretive, illiquid vehicles with no established market value. This means half of OPERF's stated value is now composed of estimates by self-interested general
 - partners that are accepted by OIC as the only valuation available, even while official OIC policy acknowledges such valuations are untrustworthy.
 - Following is what OPERF's outside auditor says about these private equity investments' valuations:
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"Due to the inherent uncertainty and the degree of judgment involved in determining real estate, private equity, opportunity and alternatives portfolios investment valuations, the fair values reflected in the accompanying financial statements may differ significantly from values that would have been used had a readily determinable fair value for the investments existed, and the difference could be material. In addition, these investments are generally considered to be illiquid long-term investments, and the recorded fair values may materially differ from the amounts that eventually may be realized from the sale or other disposition of these investments." ([2021 OPERF Comprehensive Financial Report](#). p. 41, audit note 1.)

Private equity investments are central to the Treasury's lack of transparency.

Thank you for your careful evaluation of the nomination of Ms. Arvin for this important oversight and policy-setting council. **It is one of the few means of oversight of the Treasury available to the Senate.** And thank you for your service to our state.

Susan Palmiter and Jenifer Schramm

Co-Leads of [Divest Oregon: Reinvest in a Fossil Free Future](#)