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On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB681

Did you know that in 2022 our treasury committed \$350 million to construct an LNG terminal on the Gulf of Texas? Our state treasury did this despite knowing about the massive environmental impact it would have on frontline communities. We knew it was sited on unspoiled, sacred tribal land, heavily impacting the local economy. At the time our treasury made this investment decision European banks and insurers had withdrawn their support in the face of global opposition and questionable returns.

But wait, there's more! Also in 2022, our treasury invested \$200 million in another fossil fuel LNG expansion project in British Columbia. The Pause Act would put a moratorium on these kinds of secretive investments. Most private equity investments are hidden from us. These 2 recent examples may be representative of many more.

The private market funds are saturated and distributions are down. The Treasury is having trouble coming up with cash for beneficiary payouts because private market funds are illiquid, i.e., they must be held for a long time, typically 10-15 years, increasing the risk of becoming stranded assets. Underperforming private investments are one of the main reasons school districts are facing increases in PERS payments (per the PERS Director).

The Pause Act is our opportunity to shift from the Hall of Shame, with 55-60% invested in private market funds- almost double its peers, to the Hall of Fame! Our treasury could turn this ship around and lead by example. Getting out of high-risk fossil fuel dominant private investments frees up funds to invest in portfolios with similar or better returns, lower risk and better liquidity, and will increase Oregon's ability to assert meaningful investor engagement.

Thank you for your public service.