My name is Chris Abbruzzese and I am writing as a concerned citizen. Thank you Chair Grayber and Committee members.

The Treasury's preliminary analysis of HB2601, presented in a letter submitted by Representative Helm, seems intended to scare you and lacks robust analysis of actual provisions of the bill at hand. Included in that analysis are the following statements:

1) <QUOTE>"Treasury attempted to estimate the annual cost to OPERF by eliminating the energy sector as a proxy" <UNQUOTE>

This is an unnecessarily simplistic and misleading way to estimate this process. The energy sector includes sub sectors like renewables that are direct countervailing forces to the returns within the sector as a whole. Pension funds who have done this analysis in a more robust way, have found that the divestment process has either a net neutral or net positive effect on portfolio returns. In fact, ABP, Europe's largest pension fund said it would aim to increase investments in the **renewables subsector of the energy sector**, an option that is starkly absent from the Treasury's limited analysis. In addition, as Tom Sanzillo said last week, an analysis done by Meketa for New York State before they started their divestment process, said that divestment from fossil fuels would be neutral or net positive.

2) OST states that the HB 2601 would <QUOTE>" severely limit the Real Assets investment universe and the disclosure requirements would make Private Equity an uninvestable asset class." <UNQUOTE> and <QUOTE> "Meketa assumed investment return would fall from 7.6% to 6.5% without private equity." <UNQUOTE>

-According to a 2022 MSCI study, less than 1/3 of real-asset companies' underlying holdings valuation were in carbon-intensive energy and utilities sectors.

OST does use these asset classes in private investment form to gain exposure to more carbon intensive industries. This bill does NOT require the Treasury to stop private investing, it just says stop investing in new funds with fossil fuel exposure. By no means imaginable would private equity be uninvestable.

3) Treasury cites analysis in Meketa's OPERF ALM study, which was intended as a stress-testing model. The study provides three economic scenarios, but provides no analysis on stress scenarios **involving climate risk**. For that, OST hired ORTEC to do a climate risk assessment, which the Treasury omitted from its preliminary analysis of HB2601. As you've heard, the climate risk assessment shows dire consequences for portfolio returns under a number of climate scenarios. <u>The least bad scenario involves divesting in the short-term.</u>

The Treasury owes you an honest and robust analysis of HB 2601 because they are acting as fiduciaries. Climate change has been a well-documented risk in financial markets for the better part of a decade. Financial regulators are sounding the alarm that climate change poses significant systemic risks that investors can proactively mitigate. You as legislators deserve a more robust analysis of this bill - as its contents were described to the OIC months ago.