

# Kulongoski opposes pension investments

By DAN MAIZE  
Of the Emerald

Public employee pension funds should be invested in the proposed purchase of Fred Meyer, Inc., says State Treasurer Clay Myers and the Oregon Investment Council.

No they shouldn't, says Sen. Ted Kulongoski, D-Junction City.

Myers and other members of the council want to invest \$178 million of Oregon Public Employee Retirement System funds into a New York investment firm's planned takeover of the Portland-based retail chain.

Kulongoski has several reasons for opposing the investment. He says the \$178 million investment is too large for one company and "violates the need for diversity."

If the purchase goes through it will be the largest amount of PERS money ever invested in one company, he says. The largest amount so far was a \$12.5 million investment in a California office building.

The proposed expenditure represents "a major change of investment policy," Kulongoski says. Only \$186.5 million out of \$2.3 billion PERS money now is invested in private properties.

Previous investment councils and state treasurers have made few private investments, Kulongoski says. Private investments usually are considered riskier investments because they are not easily converted into cash and are more dependent on the economy, he adds.

But the investments "are not riskier than public offerings," Myers says.

More than 150 private investments have been made by the state treasury in the last 15 years, says Myers, so the Fred Meyer investment would be "consistent" with past practices.

Kulongoski says that for PERS to be a major investor in Fred Meyer would be a conflict of interest because the state regulates and enforces liquor sales and other retail areas. Kulongoski cites the 1980 ballot



Emerald Photo

Ted Kulongoski

initiative to take the Oregon Liquor Control Commission out of the retail sales business (of which Fred Meyer was a supporter) and asks how the state would react if PERS was a major stockholder.

Government pension funds should not be used to subsidize one retailer over another, Kulongoski says.

"What happens when Fred Meyer's competitors — Sears, Penney's, K-Mart, Meier & Frank, or the corner mom-and-pop grocery — come requesting public employee retirement dollars to expand, merge or just stay afloat?"

Myers says the conflict of interest question is "baseless." PERS funds are not owned by the government, but belong to the members of the retirement system, Myers says. "A Fred Meyer interest would not favor or 'subsidize' one retailer over another. The investment council does not use trust funds to help corporations stay afloat."

PERS is a state commission that controls the distribution of pension funds for state employees. The decisions involving investments are made by the Oregon Investment Council, a committee independent of the state but whose members include Clay Myers and Jim George, chief investment officer for the state treasurer.

## U.S. official escapes

PARIS (AP) — The top U.S. official in France ducked an assassin's bullets Thursday, crouching behind his car when a bearded gunman in a black leather jacket emptied a seven-shot pistol at him in a posh residential area near the Eiffel Tower.

The official, Christian Chapman, charge d'affaires at the U.S. Embassy, was not hit. The gunman escaped and no group claimed responsibility.

Police said the gunman, "who looked Middle Eastern," shot at Chapman, 60, as he walked to his car from his apartment.

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