



CITIZENS UNION CANDIDATE QUESTIONNAIRE
COMPTROLLER
ELECTION 2009

Citizens Union would appreciate your response to the following questions related to policy issues facing the City of New York that are of concern to Citizens Union and the citizens of the city. We plan to make public your responses to this questionnaire in our Voters Directory, on our website, and in other appropriate venues. Responses to these questions will be one of several factors Citizens Union will use to evaluate candidates who are running for office in order to determine our "Preferred Candidates" for the primary election and "Endorsed Candidates" for the general election. In order to receive Citizens Union's "preferred" or "endorsed" status, in addition to completing the questionnaire, candidates must participate in an interview with Citizens Union's Local Candidates Committee.

We thank you very much for your response.

Candidate Name: Joseph A. Mendola Age: 47

Campaign Address: Mendola for NYC, 420 Lexington Avenue, Ste. 2220, NY, NY 10170

Campaign Telephone Number: (917) 359-5425 Fax: (212) 547-3738

Party Affiliation(s): Republican Campaign Manager Name: Linda Yan

Website: www.joemendola.com Email: joe@mendolaformyc.com

Education: 1984: Fordham University, B.A. 1987: Columbia University School of Law, J.D.

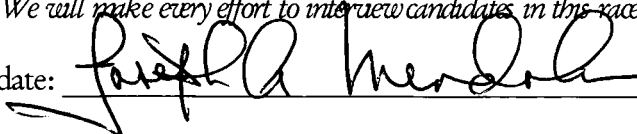
Occupation/Employer (or years in currently held elected office): Chief Compliance Officer and Legal Counsel, Magna Securities Corp. (2 ½ years)

Previous Offices and Campaigns: Chief Compliance Officer and Legal Counsel, Nikko Securities (6 years)

Are you willing to be interviewed by CU's Local Candidates Committee? YES

Have you completed requisite campaign finance filings? YES

(Please note: Citizens Union can grant its "Preferred Candidate" or "Endorsed Candidate" rating only to candidates we have interviewed. We will make every effort to interview candidates in this race.)

Signature of Candidate:  Date: July 20, 2009

Please state your position on the following issues by indicating whether you support or oppose each, where applicable. Please also use the space provided below each question or on a separate sheet of paper to elaborate on your positions on the questions which require a detailed answer. You may also provide additional information on any actions that you have taken or plan to take to advance your positions on these issues.

- | | |
|---|---------|
| 1. What is your position regarding the creation of a Charter Revision Commission to review specifically the roles of the various offices of government and how well government has functioned since the 1988 and 1989 charter review commissions? | Support |
| 2. What is your position on reforming the current pension funding structure to create multiple tiers for future city government employees? | Support |
| 3. In general, what is your position on term limits for elected officials? | Support |
| 4. What is your position on modifying the City Charter to require that changes to term limits may only be approved by the voters? | Support |
| 5. What is your position on the recent extension of term limits for the city's elected officials to three consecutive four-year terms? Please explain your answer. | Oppose |

I believe that overturning term limits when it was *twice* approved by the voters of NYC was *disgraceful*. City Council members who voted in favor of overturning term limits voted to give themselves a personal benefit that the voters of the City of NY twice rejected. How is this responsive government? If elected, I pledge to honor the wishes of the people of NYC, not circumvent their will for the sole purpose of furthering my personal political career.

6. What is your position regarding managing pension fund investments and the regulation of pension intermediaries, particularly given recent events surrounding the issue at the state level?

If elected, I will manage the NYC public pension funds with only one goal: to ensure that the funds generate enough revenue so that the taxpayers do not have to make up a shortfall between what the funds earn and what they have to pay out to current retirees. We must end the politics as usual pay-to-play practices (including the use of intermediaries) which have become standard operating procedure in the management of these funds. The liabilities of these pensions are huge and the projected City revenues fall far short of these obligations. We need to stop the politics as usual and run these funds in a professional, non-partisan manner or we will be forced to issue IOUs to our retired public employees as opposed to monthly pension checks. We need only look

to California for a glimpse of our future if we don't stop playing politics with the way our public pension funds are managed.

7. How would you utilize the Comptroller's auditing power to ensure that government agencies are efficiently delivering services, especially given fewer resources?

The audit power of the Comptroller must be applied fairly and evenly. The City can no longer afford to allow "sacred cows" to escape the scrutiny of an honest audit. Our funds are limited. Projections indicate our resources will shrink. We owe it to the people of NYC to ensure that City funds are spent fairly, wisely and solely in the best interests of all New Yorkers.

8. How would you maximize the power of the Comptroller's office to ensure the fiscal health and integrity of city spending?

The power of the Comptroller will be maximized if it is used fairly and applied without regard to short term political considerations. The Office should become a non-partisan, apolitical fiduciary (or caretaker) of City funds. Short term political agendas (such as using the office as a platform for a future run for Mayor) must be eschewed in favor of running the Office to ensure that City funds are properly guarded, invested and spent. Unlike my Democrat opponents, I have repeatedly pledged that I have no interest in a future run for Mayor. I seek to become Comptroller because I believe that I have the requisite background to do that job well. My message to the people of NY is simple: doesn't it make sense to hire someone for a job who has the experience necessary to do the job properly?

9. Do you believe there needs to be improvements to the Comptroller's role and practices? How would you manage the position?

I would manage the position in a non-political manner. I have no desire to become Mayor so I will not do what past Comptroller have repeatedly done, i.e., manage the office in order to placate diverse special interest groups in exchange for political contributions and support for future political campaigns. Brokers will be chosen and investments will be made based upon considerations such as risk abatement, return maximization and responsible management. The process will be transparent and the Office will be accountable. Important progress reports will

be posted online in a timely manner so that our progress and performance may be evaluated by all those concerned.

10. What do you believe is the appropriate role of the Comptroller's office in auditing the Department of Education?

The Comptroller should be free to conduct an honest and unimpeded audit of the Department of Education in the same way he or she has the authority to conduct an audit of any other NYC agency.

11. Taking into consideration the lessons learned from the debates surrounding congestion pricing and the Ravitch Commission's recommendations to provide the MTA with long-term funding, what do you think should be done to address the MTA's fiscal solvency issues and ensure that the burden for funding the MTA are equitably distributed amongst all stakeholders?

I believe that congestion pricing and East River tolls are essentially taxes on the middle class. If NYC is to survive and thrive in the future, we cannot continue to increase the tax burden on our middle class citizens. If we continue to do so, the City will wind up being home only to the very rich and the very poor. This will damage our City's viability beyond repair.

12. What would you propose to address some of the structural imbalances in the current budget process?

The first thing to do is to recognize that the City cannot continue to sign generous contracts with City unions. Mayor Bloomberg has committed the City to enormous expenses by signing contracts that agreed to pay benefits and salaries with money that the City does not have. It is time we have people manage the City's finances who will use his/her business acumen honed in the private sector and will not make agreements with an eye toward the next political election.

13. What is your position regarding the City's past practice of using surplus tax revenues to pay down future health cost and pension obligations, and the decision not to do so this year?

This is a worthwhile practice that should be continued. To discontinue it in an election year merely reinforces the view that our current leaders are more interested in reelection than in running the City for the benefit of all New Yorkers.

14. What would you propose to increase the transparency of the Board of Elections in the City of New York's operations and accountability to the city and its voters?

The key is disclosure. Information must be made immediately available to the public. Rules against nepotism must be enforced and we should end the practice of allowing the hiring of friends and family of elected officials. Hiring and promotion should be done based upon merit alone.

15. What would you propose to further enhance transparency regarding the relationships between elected officials, their families, and nonprofits that receive funding from New York City?

I believe that if an elected official is instrumental in passing legislation that benefits a particular group, said elected official should be restricted from accepting more than \$2,500.00 from any individual (or his/her immediate family member) associated with said group.

16. What would you propose to ensure that charter mandated elected offices receive equitable budget allocations?

First, I believe that the charter should be reviewed to ensure that the offices which it mandates remain relevant and worthwhile. Once we do that, the budget process needs to be tightened so that decisions are made in an open forum, not behind closed doors. This will go a long way toward making the process more equitable.

17. In FY 2008-09, New York City spent \$12 billion on pensions and fringe benefits for City employees out of a total budget of \$62 billion. What would you do to address the growing pension costs borne by the city and New York City tax payers?

It is time to consider the imposition of a new tier of public employees.

18. What is your view of how the taxes paid by New Yorkers compare to the value that is received in City services? Do you believe that taxes should be raised or lowered? To the extent you believe taxes should be changed, please provide specific proposals about what taxes you would raise and what services you would cut, if you didn't raise taxes, listed in order of greatest magnitude.

Taxes should be lowered and could be lowered if we remove the old practices of pay to play politics and patronage. So much money is wasted in order to benefit the short term political interests of politicians. I will use the audit power of the Comptroller's office to end this practice and return the saving to the people of NYC.

19. Many policy advocates champion the creation of a more diversified economy, and one that is less reliant on Wall Street. What is your position on such a plan? If you support it, what

would you do to diversify the city's economy? How would you adjust spending in New York City to accommodate the anticipated reduction in tax revenue as the tax base shifts to lower paying jobs?

We should not rely solely on Wall Street to generate revenue. Likewise, it is a mistake to assume that future jobs will be "lower paying." We should focus on green jobs, tourism and technology. Likewise, we should strive to keep the financial sector a growing and viable NYC industry.

Additional Comments:

Essentially, the Comptroller is NYC's Chief Fiscal Officer. He or she has 3 main jobs... 1. audit City agencies; 2. handle the sale of City bonds; and 3. act as the investment adviser or investment manager to the \$100 billion NYC public pension funds. As investment adviser to these funds, the Comptroller is in charge of how they are invested and is supposed to make sure that the funds can meet their payment obligations to present retirees.

While you would think that the job should be held by a professional money manager, the historic reality is that the Comptroller is a politician who is using the office as a platform to run for mayor. That is certainly the case with the current Comptroller.

This leaves us with a situation where the supervision and management of these pension funds are politicized. The process is also used to promote worthy corporate social policy in order to appeal to particular interest groups that will be important in the next mayoral election.

To make matters worse, City law requires that City funds be paid to these pensions every time they fall short of meeting their payment obligations. In plain English, if the investment managers of the pension funds manage poorly, there is no problem because the City is required by law to bail them out. And bail them out the City has done... over and over again. In fact, it has gotten so ridiculous that one of the pension funds has set an annual benchmark/return for itself of -5.44%. Think about that. As long as the fund doesn't lose more than 5+% in any one year, regardless of the performance of the markets in general, they consider themselves to have managed the fund successfully. With the built in automatic bailout, regardless of their performance, the pensions meet their obligations because the taxpayers such as you and me are required to make up the difference.

Now combine the fact that there is no pressure to manage successfully and no penalty for managing poorly with the current economic downturn and the result is predictable. In just one example, the equity portion of the Teachers' fund is down over 40% just through November, 2008. My friends, even if you threw darts to pick stocks, you would probably have had less losses

for the period. And these are losses that are bound to get worse as more performance numbers are released. Again losses that the NYC taxpayer will have to make up.

And the economic outlook for the future is even bleaker. It is not entirely inconceivable that the pensions won't be able to meet their obligations to our retired city workers and their families and the City, despite the law requiring a bail out, won't have the money either. What then? What will become of the 300,000 current and retired public employees and their families? NYC owes its present and former public servants and their families more than that.

Likewise, while we will always be interested in seeing corporate social policy improved, now is not the time to manage public funds with an eye toward placating various special interest groups in order to garner votes in a future mayoral election. Rather our goal has to be ensuring that these funds can honor their commitment to our past and present public employees.

Now more than ever it is crucial that the Comptroller's office be operated in a nonpolitical fashion. As we deal with this economic crisis, we must also anticipate the significant changes which are coming in how the financial industry will be regulated. It is clear that the new national administration is planning on vastly overhauling the way the markets operate. They are looking at changing the way credit agencies and accounting firms work. They will seek to regulate previously unregulated products such as credit default swaps and other risk hedging products and even hedge funds themselves. The new focus will be on risk and how to manage it.

Given that, doesn't it make sense to hire someone for the job that has direct legal and compliance experience in managing and anticipating risk? Someone who does not have his eye on the next election but rather is focused on managing City funds to weather the current economic storm and master the coming changes to the way the financial system works?

I seek to become Comptroller in order to put to good use the specific legal and compliance skills that I have acquired over the course of my career. I am not a politician. I am a licensed attorney and an SEC, FINRA and NYSE licensed compliance specialist who has a great deal of experience monitoring investment risk, working with regulators and devising and implementing policies to maximize money management while minimizing exposure. These are the very skills that NYC's Comptroller should have.

I believe that City funds, particularly its pension funds, should be managed to, at a minimum, meet their payment obligations. The goal, of course, should be to earn beyond what is needed. I intend to manage these funds so that a nest egg can be established to cushion against inevitable market downturns. In short, every effort should be made to manage these and all City funds so that they

are self-sustaining and not in need of constant City bailouts.

This is done by adopting principles of fiscal conservatism and by running the office based upon the principle of pay as you go... not pay to play.

This is the core set of belief that I offer to the people of the New York in this election. I believe in prudent fiscal management, not wasteful spending. I believe in transparency and accountability, not back room deals and politics as usual. I believe that government exists to serve the general public good, not to grease the palms of the select elite.

Unlike those that have expressed in interest in becoming Comptroller, I have the specific skill set to perform the specific functions which fall to the Comptroller. I am committed to being the best comptroller that I can. I will not use the position as a platform to run for mayor. My goal and desire is to serve as NYC's Comptroller in order to help be a part of creating a City government which serves its citizens in a transparent, efficient manner without overburdening the taxpayer.

NYC has many blessings and this is, I believe, an achievable goal with the right leadership.

Finally, not only would I bring my professional experience to the office but I also offer my lifelong commitment to the City. I was born in Manhattan, raised in Queens where I went to grade school and high school; I attended college in the Bronx and law school in Manhattan, where I have been a resident for nearly 15 years. I have lived in NYC all of my life. I am a single dad with 2 small children who are a part of the NYC public school system. I am a direct survivor of 9/11... .fortunate enough to have safely made it out of the building but forever changed and forever committed to NYC and its future.

CANDIDATE ACCOUNTABILITY QUESTIONNAIRE

Citizens Union is adding a new element to its evaluation of candidates running for office. As a candidate who presently does not hold elected office, CU is interested in knowing your top five campaign promises you are making to the voters during this campaign for this position.

If elected, Citizens Union will use these promises to evaluate your performance while in office, as well as, to evaluate your candidacy in the future.

We thank you very much for your response. Please feel free to use additional paper if the space provided is not sufficient.

TOP FIVE 2009 CAMPAIGN PROMISES

1. Manage pension funds with the goal of minimizing taxpayer contributions.

2. Create a non-partisan, apolitical office which acts solely as a fiduciary (or caretaker) of City funds.
3. Audit each City agency to insure City funds are spent properly, efficiently and in an accountable manner.
4. Make the Office more transparent by using the internet to post investment returns and other key statistics in a timely manner.
5. End pay-to-play politics and eliminate payments to insiders and other self-interested players.