

**People's Alliance PAC 2008 Questionnaire
for North Carolina State Treasurer Candidates**

PLEASE NOTE: After candidate interviews have taken place, these responses will be placed on the People's Alliance website <http://www.durhampa.org/>

Candidate's Name: Janet Cowell

1. What is your vision for the office of State Treasurer? What do you hope to accomplish if elected?

The office of the State Treasurer is about protecting the pension and investing in education and jobs for the people of North Carolina. The Treasurer's most important tasks are: 1) protecting and growing the State's \$78 billion pension fund. The pension fund provides the retirement for over 820,000 retired State employees, including teachers, firefighters and police officers; 2) facilitating prudent and affordable financing for state infrastructure, including schools, transportation, water and sewer, and hospitals; 3) investing in jobs and education in North Carolina.

If elected, my top three priorities in addressing these issues are establishing an enhanced investment advisory board made up of financial professionals to insure best practices and help oversee investment decisions. Nationally, there are three trillion dollars in public pension funds and very little regulation on the oversight of these funds. While North Carolina is in good shape in terms of our pension fund, we need to continue to professionalize the Treasurer's office by demanding greater financial qualifications and ongoing training requirements for fund managers and advisors. This effort would also include openness and transparency for the office.

Second, I would proactively reach out to minorities and historically underutilized businesses to grow jobs in the financial services industry and insure good returns on our investments. I would strengthen ties with the university system to allow our best and brightest have the opportunity to gain financial skills and compete for business with the Treasurer's office.

Third, I would work with local government, bond attorneys and public finance professionals to help insure we have adequate infrastructure and maintain the state's AAA bond rating. The Local Government commission

has served the state well. I would advocate for greater flexibility, while maintaining our high standards, for large cities and counties that have experienced professionals on staff. This will allow for a re-allocation of resources to smaller towns and counties that do not have in-house professionals. I also believe that we need a better framework regarding when certificates of participation (COPS or bonds issued without voter approval) can be used.

2. What are your primary qualifications for managing the North Carolina Retirement Systems and other public funds?

I began my career in investment management working for HSBC and Lehman Brothers. After graduating from the Wharton School of Business with an MBA I went on to provide business consulting for a variety of Fortune 500 companies. I have worked at a venture capital fund where I have been responsible for helping to create new companies. As a business investment expert I have helped create thousands of North Carolina jobs. As a state Senator I have protected NC pensions and invested in our future by raising teacher pay, improving schools, and making college more affordable for NC families.

3. In addition to your obligation to manage public funds to earn a consistent return, what other principles, if any (such as social return, green impact, etc.), will you apply?

The Treasurer's most important job is to protect the pension fund for the 820,000 members of the State Pension plan. This \$78 billion asset is used to provide the retirement of school teachers, fire fighters, police officers, judges, and wildlife resource officers just to name a few of the professions supported by the State's pension plan. I view my job as Treasurer to make sure these people have the ability to have a sound retirement. While I may consider investments that further other objectives I will not support specific industries or businesses to further any political or social cause.

4. As Treasurer, will you use the state's position as a sizable investor to take an aggressive stand on corporate social responsibility?

Yes. The number one job of the Treasurer is to protect the State's pension. Corporate governance must be recognized as a part of the fiduciary duty of the Treasurer. As Treasurer I plan to continue to stand up for the state's retirees and guard their pension assets by making sure the companies in

the pension fund are doing right by their investors. Corporate governance insures that investors, like North Carolina's pension system, have full and open knowledge about what management is doing and that companies are transparent in their use of investor's money. Recent reforms such as requiring regular reporting, coupled with asking tough questions of management are the best ways to insure that pension dollars aren't exposed to unnecessary or irresponsible risk.

5. Given the large number of state employees expected to reach retirement age over the next decade, how will you manage the state's pension funds so as to meet the state's obligations to these employees without creating a burden on future generations?

North Carolina is ranked second in the nation in terms of the funding of its pension plan. We have 106% of the money needed to fund all future liabilities that the Pension system has to cover. North Carolina has fared well with a prudent and conservative approach to investments and I plan to carry on this tradition. I will also use my relationships with the General Assembly to advocate for adequate legislative funding of the pension plan. While the state healthcare plan does not fall under the responsibilities of the Treasurer, I do believe there are ways to better coordinate between the programs since rising healthcare expenses are the biggest threat to retirees' standard of living.

6. How will you use your office and your visibility as State Treasurer to promote financial security among all residents of North Carolinians?

My vision for the Treasurer's office is to be personal and relevant to all North Carolinians. I would achieve this by continuing to put an emphasis on providing retirement security for public servants, financial literacy for children and adults, and asset building for individuals. I would use the office as a platform to speak out on public policies affecting economic development and wealth building. For example, North Carolina can help individuals employed by small businesses save for retirement by the creation of a Voluntary Retirement Account. Under a Voluntary Accounts program, workers without a retirement plan at the workplace would make tax-deferred contributions to a 401(k)-style retirement account through a plan administered by the state's retirement program. Using payroll deductions and optional employer contributions, Voluntary accounts could provide an easy way for individuals to save for retirement. This idea can also help small businesses that often do not have the resources to provide their own retirement plans.

7. How will you use your authority as chair of the state's Banking Commission to eliminate unscrupulous and/or fraudulent banking practices?

The best way to eliminate unscrupulous and fraudulent banking practices is to make sure that North Carolina Mortgage Lending Act is being enforced fairly and properly throughout the State. The Mortgage Lending Act provides the legal tools needed to make sure that people from all walks of life are able to get the money they need to buy a home. Additionally, it makes sure that institutions that lend money are not targeting people who can least afford to pay off their mortgages and assures that after a reasonable amount of time a person can own their own home.

8. What is your vision for assisting local governments to finance the investments in infrastructure necessary over the next 10-20 to maintain our state's competitiveness?

Currently North Carolina has a one size fits all method for infrastructure investment in North Carolina. All 100 counties in North Carolina, regardless of their financial staff's ability, must go through the exact same process to issue debt to finance infrastructure projects. This slows down local investment. To make the investments that we need to make over the next twenty years we must be willing to keep our current high standards but develop financial planning methods which are more responsive to local needs. An easy way to do this is to let our larger urban counties, which tend to have financial professionals on staff, develop their own financial plans. This will free up staff in the Treasurer's office to spend more time on counties that do not have financial planning professionals.

In the short run, however, we need to make sure that all of our local governments are maximizing the current assets which they have. The Treasurer's office should be working with the local governments on a continual basis to make sure that they have accurately identified their needs and are making full use of already existing local assets.