REGULAR MEETING OF THE BOARD OF ADMINISTRATION
RETIREMENT BOARD
WATER AND POWER EMPLOYEES' RETIREMENT PLAN

MINUTES – September 21, 2005

Present:

Javier Romero	President
Lilly Calvache	Vice-President
Michael Moore	Retiree Member
Eugene Canzano	Board Member
Ronald Deaton	General Manager
Ron Vazquez	Chief Financial Officer

Absent:

Vacant	Commissioner

Others Present:

Sangeeta Bhatia	Retirement Plan Manager
Irene Colon	Recording Secretary
Sarah Bernstein	Pension Consulting Alliance
Tad Fergusson	Pension Consulting Alliance
Pamela Alsterlind	Pension Consulting Alliance
Alan Manning	Assistant City Attorney
Mike Wilkinson	Deputy City Attorney

President Romero called the meeting to order at 8:05 a.m. after the Pledge of Allegiance.

[Pledge of Allegiance]

Ms. Bhatia indicated a quorum of the Board was present.

President Romero reported items 1 and 2 were submitted for consent approval as follows:

1. **Approval of Board Minutes**
    a) **July 20, 2005 (Regular Board Meeting)**
    b) **August 17, 2005 (Regular Board Meeting**
2. **Termination from Monthly Rolls as of October 2005:**
   Retirement Resolution for October 2005
   Resolution terminating Edna L. Elliott and Ida Quon from the September 2005 Survivorship Roll as a result of their deaths
   Resolution terminating Dan B. Bitterman from the September 2005 Permanent Disability Roll – Retired
   Resolution terminating Regina Orr from the September 2005 permanent

Disability Roll - Deceased

Mr. Moore stated he had one minor amendment and referred to page 1b.2 of the minutes in the agenda packet, wherein it stated he moved and seconded the received and filed items. He requested a correction.

Mr. Moore moved adoption of the above items 1 and 2 on consent. Seconded by Ms. Calvache and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, Romero, Calvache, and Moore
Nays: None

PUBLIC COMMENTS

Tom Harrison of Wells Capital Management approached the podium.

President Romero recognized Mr. Harrison.

Mr. Harrison indicated he was speaking to the Board as a representative and board member of the Neighborhood Youth Association. He then invited the Retirement Board to an investors and education fundraiser dinner scheduled on November 16, 2005. Mr. Harrison stated that President Romero was selected as one of four honorees for this dinner. He gave a brief background of the organization, stating it has been around for over 100 years and focuses on getting underprivileged children through high school and hopefully into college. Mr. Harrison returned to the audience.

3. **Report of Payment Authorizations as of October 2005**
4. **Notice of Deaths for August 2005**
5. **Report on Status of Insurance**
6. **Summary of Investment Returns as of August 31, 2005**
   Market Value of Investments by Fund
7. **Market Value of the Retirement, Death & Disability Funds as of August 31, 2005**

President Romero referred to page 3.66 of the agenda packet and asked Ms. Bhatia if the word “additional” meant additional contributions. He also inquired if the term “lump sum” meant that upon the member’s retirement he/she receives a lump sum for their additional contributions. Ms. Bhatia affirmed that the word “additional” referred to additional contributions and explained that in accordance with Plan provisions the member would receive a lump sum if the annuity did not amount to more than $75.00 per month.

Mr. Moore referred to page 6a.1 which reflected the performance of various managers. He noted that in addition to Invesco, T. Rowe Price was below the performance of their benchmark for the year prior. He stated, while they have only been funded since March, Boston Company had a tough last quarter for the last fiscal year for the Plan and are continuing in negative territory in their international portfolio. Ms. Bernstein responded this would be addressed in the 3rd quarter report.

Mr. Moore moved the above items 3 through 7 be received and filed. Seconded by Mr. Canzano and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, Romero, Calvache, and Moore
Nays: None

8. Investment Manager Presentations – Small Cap
   a) Bank of New York (BNY)
   b) Earnest Partners

Messrs. Robert Prusiewicz, Vice President, and Charles Chesebrough, Vice President of Small Cap Growth from BNY Asset Management approached the Board table.

President Romero recognized the representatives of BNY.

Mr. Prusiewicz began by reporting BNY's assets have grown from $48 billion to $106 billion. He stated half of their assets are in fixed income and that hedge funds, equity index, and active equity make up the other 50%.

Mr. Prusiewicz indicated BNY uses a style called "relative earning strength," which is trying to identify stocks that are not growing the fastest in the market but faster than average, are attractively valued, have good business models, and stable management teams. He stated when this was presented to the Board, BNY pledged they would close this product to all new investors once they reached $2 billion. He informed the Board that threshold was reached at the end of last year and this is a product that is closed to all new investors so as not to dilute the performance of WPERP's account and their other accounts.

Mr. Prusiewicz reported a change in personnel of an employee who took a position with an investment subsidiary that BNY has in Boston.

Mr. Deaton arrived at the meeting at 8:18 a.m.

Mr. Chesebrough reported in 2005 BNY outperformed the benchmark by 140 basis points in the second quarter, and a little over 330 basis points year-to-date through the first half. He explained as the cyclical economic recovery matures, corporate profit growth reverts to its historic normal level of 6% to 8%. He further explained, in a period of real hyper growth, that is a tough environment for good long-term sustainable quality companies to outperform. Mr. Chesebrough stated the growth in the next couple of years favors BNY's style of quality investing. He indicated BNY has already removed three stocks in the first half of the year at a 20% premium. He explained that in this slowing environment BNY thinks that owning higher quality companies is going to reduce risk. Mr. Chesebrough reported the firm sold four names that had higher growth rates and bought some other great quality companies. Mr. Vazquez inquired why BNY sold those stocks with their long-term growth rates. Mr. Chesebrough responded they were good companies, but in some cases they moved a lot. He also stated BNY was uncomfortable with the speed of growth those companies had because in this sort of environment, with all of the uncertainty, there could be some hiccups or missteps in the market. Mr. Prusiewicz commented that BNY is not a right tail investor and will not always have hyper-growth portions of the portfolio that maybe other growth managers will have. He stated, in 2003 it hurt them, but over time they feel it is a risk reward characteristic that benefits their clients. He added BNY does not overreach by trying to get 30% to 40% growers because those stocks come with a price and a business model that is more leveraged and riskier than those that are 15%. Mr. Moore noted that BNY stated they unloaded some of the faster growth companies because there was more risk associated with whether they can sustain that growth. He stated he assumed they were selling at higher price earnings than BNY was comfortable with. Mr. Moore then inquired if the stocks BNY retained were higher quality. Mr. Chesebrough responded a lot of it has to do with risk profile. He stated the companies BNY sold are very high quality companies but they are a little bit more on the right tail than their firm is comfortable with in the current environment, and only represents 3% of the portfolio.

Mr. Chesebrough reviewed the sector weights and returns, stating their biggest overweight is in the consumer discretionary area and have been that way since the mid 1990s. He explained the reason for this is that the current business models are the more sustainable three to five year type models. Mr. Chesebrough then referred to an attribution analysis chart as of June 30, 2005, which reflected the biggest performance has been in technology, while the biggest hindrances have been in the consumer discretionary area.

The representatives from BNY thanked the Board and left the meeting.

Messrs. Michael Jaje, Jr., CFA, and Miro Pastrnak, Ph.D., from Earnest Partners approached the Board table.

President Romero recognized the representatives of Earnest Partners.

Mr. Jaje began by stating Earnest Partners is in compliance with the WPERP's guidelines. He then gave a brief summation of where they have seen the markets over the last year, for the first half of 2005, and what their expectations will be in going forward. Mr. Jaje stated 2004 was a very solid year in returns and performance, led by international stocks and small cap stocks. He further stated in 2004 the earnings growth by companies on the corporate level was very dynamic and led to very good stock returns. Mr. Jaje indicated a lot of the returns seen in the firm's portfolio and in WPERP's portfolio came towards the end of 2004 as investors started to have conviction that the economy was improving, and therefore, were willing to deploy assets into the equity markets. He stated in 2005 there have been issues causing a little bit of a reversal. Consequently, investors have stopped to pause and think about possibly taking some of the profits from 2004 and sit on the sidelines. Mr. Jaje listed some of the issues of concern as global events of terrorism, national disasters, and economic issues. He reported, in the second quarter, small cap companies started outperforming again, up roughly 4% versus the other benchmarks. Mr. Jaje expressed that in this current environment, investors are looking for valuation. He stated small cap companies seem to make a lot of sense because they tend to be very nimble businesses that are able to adapt to the changes in the marketplace and take advantage of opportunities that present themselves much easier than a large cap company. Therefore, small cap stock, specifically value stocks, continue to have a lot of good opportunities in what continues to be a volatile market from an investor's standpoint.

Dr. Pastrnak presented the Board with WPERP's portfolio summary as of June 30, 2005, and a performance update as of August 31, 2005. He reported the ending portfolio value was $105 million at the end of the second quarter, and was almost $111 million at the end of August. He stated the estimated annual income was $750,000, which is basically dividends and interest on a small amount of cash in the portfolio. He further stated Earnest Partners is fully invested along with the Plan's guidelines and that 96.6% of the portfolio was invested in equities and 3.4% invested in cash. Dr. Pastrnak reported in the second quarter the portfolio returned 5.79% compared to the Russell 2000 value, which returned 5.08%. As of the end of August it was 12.02% compared to the index, which returned 4.18%. Therefore, the firm is outperforming by 784 basis points for the year. He reported the cumulative total portfolio return since inception is 16.18% as of August 31, 2005, compared to the Russell 2000 value index benchmark, which returned 6.67%. He added this resulted in the firm outperforming by 950 basis points. Mr. Jaje commented that Earnest Partner's goal is to outperform by 300 to 400 basis points.

Dr. Pastrnak explained that what drives performance in WPERP's portfolio is individual securities; therefore, Earnest Partners does not make sector bets, interest rate bets or any kind of macroeconomic bets. He stated the firm picks the 60 best stocks for the portfolio and the performance of the portfolio will be a reflection of stock selection.

Dr. Pastrnak emphasized that Earnest Partners are bottom up fundamental stock pickers, and have a relative overweight in the portfolio in consumer discretionary stocks, energy stocks and health care stocks. He stated they also have a relative underweight compared to the benchmark in consumer staples, financials, industrials, and materials. However, none of the underweights or overweights are significant, so from a sector weighting risk perspective, the portfolio looks very much like the benchmark.

Dr. Pastrnak reported the average price to earnings ratio of companies in WPERP's portfolio is lower than the price to earnings in the market, which is a sign of value. He stated what is more important is that the companies owned are actually growing earnings faster than the overall market. He stated this means Earnest Partners is buying companies for which the client is paying less per dollar of earnings growth than in the overall market. He added, for long-term investors, this is very important. Dr. Pastrnak reported that WPERP's portfolio started at approximately $95 million in November of 2004 and ended in June with a value of approximately $105 million. He stated the results through the end of August resulted with the investment performance at $15 million and the ending portfolio value at $110 million, adding another $5 million to the portfolio in the last couple of months.

Dr. Pastrnak indicated there have been no changes on their investment teams or investment process.

Mr. Vazquez inquired what amount of money does Earnest Partners manage in this discipline. Dr. Pastrnak responded, currently the firm manages $3.8 billion. Mr. Vazquez inquired if it was all managed the same way. Dr. Pastrnak responded in the affirmative, stating that Earnest Partners uses one model portfolio for all of their clients.

Dr. Pastrnak pointed out Earnest Partner's proxy policies and procedures, stating the firm continues to vote proxies according to the Plan's guidelines. He stated this was a very important part of what they do because it gives them the opportunity to voice their opinion to the management of companies on how those companies should be run. He added the firm is asked to ratify auditors for companies, and to approve stock option plans or issuance of shares. Mr. Moore stated with regards to proxies, it was not clear to him when Earnest Partners was discussing policies, whether they were Institutional Shareholder Services (ISS) policies as opposed to Water & Power guidelines. He requested clarification because the Board is currently in the process of looking at the proxy process. Dr. Pastrnak responded the firm looks at DWP's guidelines over everything. In addition, they look at every vote on their own and subscribe to ISS and the Proxy Voting Services Subset Advice (PVA) which has a stricter form of recommendation than what ISS recommends. Mr. Moore inquired where DWP's guidance is lacking would Earnest Partners vote based upon what is being recommended by those services. Dr. Pastrnak responded in the affirmative, adding they will also vote based on what they believe is in the Plan's best interest and sometimes this will differ from the recommendation. President Romero noted that recently the Board had a discussion regarding Proxies and met with other pension plans. He stated something was mentioned that on occasion they found that some managers were not actually voting their proxies. He then inquired how Earnest Partners provides that information. Mr. Jaje responded the firm generates reports and he had forwarded one of these reports to the Board members along with the presentation booklets. He stated Earnest partners could provide an exact tally of the issues that were voted upon, how the votes were cast, and the decision process behind them, on a quarterly basis or at the Board's request.

The representative of Earnest Partners thanked the Board and left the meeting.

9. Hedge Fund Investment Policy and Strategy Policy Options Educational - PCA

Ms. Bernstein and Mr. Fergusson of PCA approached the Board table.

President Romero recognized Ms. Bernstein and Mr. Fergusson.

Ms. Bernstein indicated today's education would be a continuation of the discussion of Hedge Funds. She informed the Board that a draft of a policy for the hedge fund areas was included in the booklet. Ms. Bernstein stated at the end of the presentation there would be a few questions that the Board would need to give PCA direction on in order to revise the policy and come back with a draft strategy for that segment of the markets.

Mr. Fergusson provided the Board with an educational of the hedge fund investment policy and strategy policy options, which included a hedge fund discussion and review, program implementation, characteristics and attributes, and performance and volatility.

President Romero stated the Board needed to review the information, think about it, and it should be brought back to the next meeting. Mr. Deaton requested language be added that has more generic and conservative views. Mr. Vazquez suggested bringing it back in a draft RFI. President Romero suggested the Board members attend conferences and get comfortable with hedge funds. Ms. Bernstein informed the Board that PCA would bring this back to the Board for one more point of clarification with a more conservative strategy. She also expressed her opinion that the Board might want to bring down their return expectation.

Mr. Fergusson returned to the audience

10. Discussion of Real Estate Investment Policy and possible Board action - PCA

Ms. Pamela Alsterlind approached the Board table.

President Romero recognized Ms. Alsterlind.

Ms. Alsterlind noted that at the July Board meeting she received feedback from the Retirement Board and made changes to the real estate investment policy accordingly. She stated the main changes were as follows: removal of all references to opportunistic investments and international investments, addition of leverage limits with regards to core and value added, and other typographical errors in the document. Mr. Vazquez referred to page 2 of the booklet provided by PCA, under Performance Objective, wherein there is a reference to investments outside of the United States. Ms. Alsterlind indicated this was an error that she missed and she would strike out the phrase “for investments located outside.”

Ms. Alsterlind provided the Board with a brief review on the process of investing in real estate.

Mr. Moore noted that PCA made a differentiation between the open-ended fund for core and the closed end fund for value added opportunities. He inquired why the distinction. Ms. Alsterlind explained that core is ongoing, a long-term investment, and has more established funds. She further explained that closed end has a specific strategy and the manager will execute that strategy based on where the current market cycle is. She added those funds have finite lives, between five to seven years.

Mr. Vazquez indicated he found additional typos that he would give to PCA after the meeting.

Mr. Moore referred to page 5 of PCA’s booklet and inquired why emphasis was placed on internal valuations as opposed to third party appraisals. Ms. Alsterlind expressed that PCA would love everyone to do third party appraisals, but this is not realistic or necessarily what the market is. She stated standards have evolved over the years that managers need to adhere to and there were real estate investment standards that lay out the expected valuations.

Mr. Moore referred to page 11 of PCA's booklet, wherein it describes the role of the Retirement Office staff with respect to investment opportunity sourcing. He stated the description encompasses more than what he envisioned for staff. He further stated it was his understanding that if staff receives an inquiry, they would immediately refer it to PCA and not play a gatekeeper role. Mr. Moore expressed he was looking to PCA to be the primary gatekeeper. President Romero agreed with Mr. Moore's concerns. Ms. Alsterlind stated she would remove that sentence from staff's responsibilities.

Mr. Moore pointed out that on page 14 the terms "international" and "distressed securities" were not stricken.

Mr. Moore moved for approval of the Real Estate Investment Policy and Strategy with the noted amended changes. Seconded by Ms. Calvache and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, Romero, Calvache, Deaton and Moore
Nays: None

11. Discussion of Real Estate Investment Strategy and possible Board action – PCA

Ms. Alsterlind reviewed the real estate investment strategy guidelines. She stated PCA recommends allocation ranges of 60% to 90% core and 10% to 40% value-added. She added that the midpoint target of the two would be 75% core and 25% value-added over time.

Ms. Alsterlind informed the Board of PCA's plans for the remainder of the calendar year versus a three to five year period, which is how long PCA feels it will take to invest approximately $250 million. She reported, in terms of the remainder of the year, the market is still strong for real estate. The increased property index previously discussed is the private real estate index and that is on leveraged properties and the one-year return as of June 30, 2005 is 18%, which is highly unusual. Ms. Alsterlind stated the long-term projection for an increase is in the 71/2% range. She recommended the Board be patient and take their time, and review the core managers and understand what they are doing in this hot market. President Romero noted that Ms. Alsterlind indicated it would take three to five years to fully implement the strategy. Ms. Alsterlind clarified she was referring to the whole portfolio (core and value added). President Romero inquired if she was suggesting the Board select the managers next year and gradually put money into it until fully invested. Ms. Alsterlind clarified that the Board will pick different funds and depending on when the funds can take that money and draw that down, implementation will take time. In addition, we have the value added and as those opportunities come through, PCA reviews them and determines if they fit with WPERP's mandate. Next, PCA will bring those value added groups in to see if the Board would like to put money in with those strategies. Mr. Moore expressed it would be helpful if PCA could provide metrics so the Board will know what to expect in terms of valuation and risk.

Ms. Alsterlind outlined a long-term commitment pacing plan. She indicated the present goal would be to put out $75 million each year. She stated limits were input into the policies of 2 to 4 funds with a commitment size of $10 to $40 million in order to eliminate too much concentration on any one manager or any one fund. Ms. Alsterlind stated the Board could end up having 10 to 15 different managers, or if PCA finds managers who have multiple products, this could fluctuate as well. She then recommended the Board adopt the strategy.

President Romero inquired if Ms. Bhatia had any issues from an operational standpoint in connection with the implementation of the remaining mandates. Ms. Bhatia expressed, operational issues such as staffing and monitoring needed to be addressed, and noted PCA indicated they are not looking at committing funds before the end of this year. Ms. Bhatia stated PCA is looking to add 10 to 15 additional managers, so operational issues would need to be addressed. Mr. Deaton suggested Ms. Bhatia bring a report regarding concerns and issues back to the Board.

President Romero inquired if a motion was needed. Ms. Alsterlind responded that PCA needs formal direction from the Board.

Mr. Moore moved the adoption of the real estate investment strategy. Seconded by Mr. Canzano and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, Romero, Calvache, Deaton and Moore
Nays: None

12. Resolution to amend insurance requirements in contracts entered into by the Water and Power Employees' Retirement Plan (WPERP) by deleting the Waiver of Subrogation clause

Ms. Bhatia noted that Resolution 06-13 records the Board's decision at the Special Board meeting of September 14, 2005. She explained the resolution provides for the amendment of insurance requirements in contracts in that the clause of the Waiver of Subrogation will be deleted going forward. She stated it was decided that Intech would be informed they do not need to comply with that provision and that other manager's contracts would not require renewals with respect to this amendment.

Mr. Moore moved approval of Resolution 06-13. Seconded by Mr. Canzano and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, Romero, Calvache, Deaton and Moore
Nays: None

13. Nominations and Appointments of Officers of the Board of Water and Power Employees' Retirement Plan

a) Nominations and Election of President and Vice-President
b) Appointment of Chair and Members of Benefits Committee
c) Appointment of Chair and Members of Audit Committee

Ms. Calvache moved for the nomination of Javier Romero as President of the Board of Water and Power Employees' Retirement Plan. Seconded by Mr. Vazquez and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, Romero, Calvache, Deaton and Moore
Nays: None

Mr. Canzano moved for the nomination of Ms. Calvache as Vice President of the Board of Water and Power Employees' Retirement Plan. Seconded by Mr. Moore and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, Romero, Calvache, Deaton and Moore
Nays: None

President Romero appointed Mr. Canzano, Mr. Moore, and Mr. Vazquez as members of the Audit Committee, with Mr. Canzano as Chair.

President Romero stated the Benefit Committee would remain the same with Mr. Canzano, Ms. Calvache, and himself as members and Ms. Calvache as Chair.

President Romero stated, with respect to the Deferred Compensation Board, he would like to appoint Mr. Canzano. Ms. Bhatia informed President Romero that the Deferred Compensation Board appointment was not on the agenda. President Romero requested it be agendized for the next Board meeting.

14. Update by City Attorney on Charter requirement regarding required number of Retirement Board Meetings

President Romero noted that the Retirement Board has always held one Retirement Board meeting a month, with the exception of occasional Special Board meetings. Attorney Manning stated he had only been with the City Attorney's office for approximately three months, but it occurred to him while looking at the three different Boards that there was a difference among them in terms of how often they meet. Therefore the City Attorney's Office decided to look closely at the City Charter and brought their findings to the Board's attention. President Romero commented the Retirement Board does not have enough agenda items to necessitate two separate Board meetings. Attorney Manning stated there are times when meetings are set and cancelled, as long as they are on the calendar. Attorney Wilkinson explained that the Charter requires two meetings per month; however, if the meeting cannot be held that does not conflict with the Charter as long as the Board is regularly scheduling the meetings. He indicated the Board received a memo in 2002 providing this information as a footnote. Ms. Bhatia suggested the meetings be held on the first and third Wednesdays of the month. President Romero expressed concern that these days may conflict with Board member's regular meetings and result in a lack of quorum. He then requested Board members advise the Retirement Office staff of their availability and continue the discussion at the next Board meeting. Mr. Canzano commented that having two meetings a month would prevent the Board from having to schedule Special Board meetings. Attorney Wilkinson informed the Retirement Board there were other boards that schedule a meeting, for example, at 10:00 a.m. and then schedule the next meeting immediately after to avoid inconvenience.

15. Retirement Plan Manager's Comments

- **a) Update from Personnel Department on status of exam process for Retirement Plan Manager**
- **b) Pension plan policies – "Scandals Force Pensions to Tighten Policies – article from *FUND fire***
- **c) DWP Plan Newsletter for Retirees (September 1, 2005, Edition)**
- **d) PCA's revised presentation schedule**
- **e) General Items**

STATUS OF EXAM PROCESS FOR RETIREMENT PLAN MANAGER AND ASSISTANT PLAN MANAGER

Ms. Bhatia indicated that some of the Board members requested an update on the exam process for Retirement Plan Manager and Assistant Plan Manager.

Ms. Joan Becker-Freese (Management Analyst) from Employment Services approached the Board table. She reported the Assistant Retirement Plan Manager exam is currently in process and Human Resources is in the midst of scheduling the interviews. She stated an emergency appointment for this position is being rotated.

Ms. Becker-Freese indicated Employee Services recommended that the Retirement Plan Manager from LACERS and Fire and Police Pensions sit on the interview panel. However, the Personnel Department was against this because the community of retirement is rather small and they felt the pending pool would be too familiar with the panel and may have to recuse themselves. Therefore, it was decided to seek interviewers from outside the City to sit on the panel.

President Romero inquired if the Retirement Plan Manager filing period was closed. Ms. Becker-Freese responded that both positions had been closed. President Romero inquired how many candidates there were. Ms. Becker-Freese responded there were seven applicants for the Retirement Plan Manager; however, there has been difficulty in finding available raters to sit on the interview panel. She commented she was hoping that one of the Board members could recommend someone Human Resources could approach as a possible panelist. She stated she did not know the number of candidates there were for Assistant Retirement Plan Manager. Ms Calvache inquired if a date had been set for interviews. Ms. Becker-Freese responded that Personnel hopes to have the interviews scheduled within the next two weeks, but finding raters may delay the process. Ms. Becker-Freese left the Board meeting.

50/30 PROVISION

Ms. Bhatia pointed out an amendment included in the Board package that reflected the change in the 50/30 provision which was incorporated into the Plan and is ready to be put in the Retirement Plan books. Ms. Calvache inquired if there were a lot of members retiring as a result of the 50/30 provision. She stated some employees have actually postponed their retirement from October 1, 2005, but we will not know until that time. Ms. Bhatia explained that in order to retire January 1, 2006, an employee would have to submit their retirement application by November 1, 2005 to qualify by September 30, 2005.

The Board meeting was adjourned at 10:26 a.m.

JAVIER ROMERO President	SANGEETA BHATIA Secretary
IRENE COLON Recording Secretary	