

**GOVERNANCE COMMITTEE MEETING OF THE BOARD OF ADMINISTRATION
RETIREMENT BOARD
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

MEETING – AUGUST 15, 2007

Present:

Eugene K. Canzano	Chairperson
Javier Romero	Committee Member
Mike Moore	Committee Member
Cindy Coffin	Committee Member

Others Present:

Sangeeta Bhatia	Retirement Plan Manager
Ramonette Carranceja	Assistant Retirement Plan Manager
Michael R. Wilkinson	Deputy City Attorney
Jeremy Wolfson	Investment Officer
Irene Colón Gonzalez	Recording Secretary
Sarah Bernstein	Pension Consulting Alliance

Chairperson Canzano called the Governance Committee Meeting to order at 10:33 am.

Ms. Bhatia indicated a quorum was present.

Chairperson Canzano inquired if there were any public comments. There were no public comments.

1. Discussion of action plan relative to investments in Sudan, including letters to be sent to managers and companies regarding their holdings in Sudan and possible action

Ms. Bhatia gave an overview of what took place at the Governance Committee meeting of August 1, 2007.

- Staff was directed to include a clause in the previously adopted Sudan policy to apply the divestment process to actively managed separate accounts.
- Staff was directed to prepare drafts of letters to be sent to managers investing in companies in the Category One and Category Two lists of offending companies per the Sudan Divestment Task Force list.
- Staff to present summary of steps taken thus far in connection with the Sudan issue.

Chairman Canzano complimented staff on the preparation of information supplied to the Committee Members.

After discussion, it was decided:

Action Plan

- Strike No. 2 of the Action Plan
- Add to Action Plan: Engage companies listed in Category Two of the Sudan Divestment Task Force list stating we are using the Task Force to monitor their performance and encourage them to remedy issues identified by this list.

Letters to Investment Managers/Companies

- Do not send draft letter to **Investment Managers** with exposure to Category Two companies (page 1.8 of the Governance package).
- Add sentence to draft letter to **Investment Managers** with exposure to Category One companies (in separately managed accounts) (page 1.7 of the Governance package) which states we are performing the monitoring of investments also identified in the Category Two list of the Sudan Divestment Task Force. It was noted that we should also make clear that we are not asking for divestment from those companies. **Committee Members agreed that after this modification, staff may send letter out.**
- Change third paragraph of draft letter going to Investment Managers with exposure to Category One companies (page 1.7 of Governance package) to read:
- “You are hereby directed to not invest in any of the companies on this list in the portfolio you manage for WPERP. To the extent possible, investment alternatives should be considered where available and, given the modest list of Category One companies and remaining alternatives and consistent with your fiduciary responsibility, we expect minimum impact on the portfolio.
- Prepare draft letter to **companies** for Committee’s review at next Governance Committee Meeting stating we are monitoring them through the Sudan Divestment Task Force and are looking for them to remedy the issues that were identified by this list so they do not rise to Category One.

Mr. Moore moved adoption of the Governance Committee package as amended, including the letters, on consent. Seconded by Mr. Romero and carried unanimously after the following vote:

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

The meeting was adjourned at 9:45 pm.

EUGENE CANZANO
Chairperson

SANGEETA BHATIA
Secretary

IRENE COLÓN GONZALEZ
Recording Secretary