

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

MINUTES

OCTOBER 1, 2008

Present:

Javier Romero, Chairperson
Eugene K. Canzano, Committee Member
Cindy Coffin, Committee Member

Committee Members Absent:

Mike Moore, Committee Member
Forescee Hogan-Rowles, Commissioner

Others Present:

Sangeeta Bhatia, Retirement Plan Manager
Ramonette Carranceja, Assistant Retirement Plan Manager
Jeremy Wolfson, Chief Investment Officer
Alan Manning, Deputy City Attorney
Mike Wilkinson, Deputy City Attorney
Julie Escudero, Utility Executive Secretary
Joseph Wyatt, Morrison /Foerster Attorney
Sarah Bernstein, Pension Consulting Alliance

Mr. Romero called the Governance Committee Meeting to order at 8:46 a.m.

Ms. Bhatia indicated a quorum was present.

PUBLIC COMMENTS

No public comments were received.

1. Presentation by Glass Lewis – Annual Proxy Season Review

Mr. Romero recognized Mr. Robert McCormick of Glass Lewis & Co., the Board's proxy voting service.

Mr. McCormick presented a detailed background on some of the major issues that occurred during the last proxy season. His focus included executive compensation, shareholder access to the ballot, investors' reaction to the subprime mortgage crisis, electronic proxy, development trends, and shareholder initiatives for 2009.

In response to a question from Ms. Coffin regarding the Securities and Exchange Commission's (SEC) authority over companies who do not comply with the Compensation Discussion and Analysis Report (CD&A) disclosure, Mr. McCormick responded that no sanctions currently exist, and the SEC has no authority to enforce and could only be hopeful of companies' compliance with the regulations.

2. Update on Iran

Ms. Bhatia explained that the objective of this item was to provide an update with respect to the Governor's directive that became law in October 2007, which prohibits CalPERS and CalSTRS from investing in companies doing business in Iran. Ms. Bhatia added that currently no universally accepted list of companies exists; however, Staff has been monitoring exposure through a list released by CalPERS.

Ms. Coffin questioned whether CalPERS and CalSTRS would have any other recourse should they disagree with the Governor's Bill regarding Iran divestments if it passes. Mr. Wyatt replied that the Constitution permits an exit with respect to legislative intervention in investments. Mr. Manning added that should either CalPERS or CalSTRS find that their fiduciary duty prevented them from divesting, they would need to present a report with evidence as to why. In response to a question from Ms. Coffin, Mr. Manning responded CalPERS and CalSTRS were still formulating their plan and have not taken any divestment action as of yet.


3. Discussion of Possible Investment in Los Angeles and California

Ms. Bhatia stated this item was brought to the Committee at the request of Ms. Hogan-Rowles; however, due to her absence, this item will be deferred to a future meeting.

The meeting was adjourned at 9:20 a.m.


EUGENE K. CANZANO
Chairperson


SANGEETA BHATIA
Retirement Plan Manager


JULIE ESCUDERO
Utility Executive Secretary