



December 23, 2005

Dear Union Tribune Editorial Board,

Your editorial, *Pension misdeeds*, in Thursday's paper, failed to mention a few important facts.

California law *requires* indemnification of public employees by their employers. The SDCERS Board could not disregard that law. It exists for *all* public employees when they are charged with misconduct in carrying out their duties.

The issue of the extent of our indemnification of SDCERS' employees was the subject of two lengthy and thoughtful discussions in regularly-scheduled, open session Board meetings. The resolution that we passed, is not a blank check. In fact, the Board voted to cover legal expenses only until such time as "...an indictment is issued, criminal charges are made or other criminal proceedings are brought against the Employee..."

Additionally, the Board's resolution clearly states that the Board has the right to seek recovery of all legal expenses paid, in the event that an employee is ultimately convicted of a criminal offense.

In times like this we need to remember that there is a formal process to determining the truth. Citizens are innocent until proven guilty. Regardless of the outcome, the Board has a legal responsibility not only to its members and plan sponsors, but also to its employees. The decision we made on the indemnification issue was both prudent and conservative.

I appreciate that you may not always agree with the outcome of our decisions. Please understand, however, that this new Board of Administration takes its fiduciary responsibility very seriously and will continue to exercise its best judgment, based on reasoned arguments and thoughtful discourse.

Sincerely,

Peter E. Prevolos
President, Board of Administration
San Diego City Employees' Retirement System