



January 6, 2006

First, I would like to thank you all for coming today. I must tell you that because we have not had an opportunity to review the details of the indictments, I will not be taking questions today but instead I have a prepared statement that I will read to you now.

The Board has fully cooperated with the US Attorney's Office and will continue to cooperate fully going forward. In order for these issues to finally be resolved, it is crucial that the legal process be able to run its course. Our members and the citizens of San Diego need clarity and a resolution to these difficult issues in order to move forward as quickly as possible. I want to emphasize that this is a new Retirement Board and that this Board is committed to reform.

The Retirement System's Administrator, Lawrence Grissom, retired effective December 31, and the Board is conducting a nationwide search for his replacement. Earlier today, the System's General Counsel, Lori Chapin, voluntarily went on administrative leave.

One of the great things about this organization is its depth of talent. While Ms. Chapin has chosen to take a leave of absence, we are able to call upon our Assistant General Counsel, Roxanne Parks, to immediately assume the responsibilities of the general counsel position. These measures have been under discussion for more than a week and were implemented this morning. Ms. Parks will be assisted by our new independent fiduciary counsel, Harvey Leiderman of Steefel, Levitt & Weiss while we undertake a national search for a permanent replacement.

Again, thank you all for coming.

Peter E. Prevolos
Board President