

From: **Jerry Sanders** <JerrySanders@saniego.gov>

Date: Sep 21, 2007 2:47 PM

Subject: Sanders Finds \$146 Million Pension Service Credit Liability Unacceptable

This afternoon, the San Diego City Employees Retirement System (SDCERS) announced that \$146 million of the City's \$1 billion pension liability comes as the result of past SDCERS's boards actions to undervalue Pension Service Credits (PSC). Only the trustees of the Retirement can set the values of PSC's. I am angered by this revelation and find it to be completely unacceptable.

I strongly urge the Retirement System's trustees to do everything within their power to correct this problem immediately. Unless they take decisive corrective action, the taxpayers will end up paying the price for a program that should be cost neutral to the City. By way of memo, I have asked the City Attorney to inform me of the options the City has to take unilateral action.

Both the PSC program and DROP programs have been eliminated. It has long been my ambition to amend the program for existing employees hired prior to July 1, 2005. Neither should be a burden; both must be cost neutral. When we head back to the negotiating table this fall with all five employee labor unions, these two issues will be high on my list of priorities.

Thanks.