



DAVID B. WESCOE
Retirement Administrator

July 25, 2007

Gerald L. Parsky, Chairman
Public Employee Post-Employment Benefits Commission
980 9th Street
Suite 1760
Sacramento, CA 95814-2719

Dear Chairman Parsky:

Thank you for inviting me to testify before the Commission. I appreciated the opportunity to discuss the San Diego experience.

Following my testimony, two Commissioners asked me questions that I promised to answer after I had done some research. Having done so, I can now respond fully to their questions.

Do I think MP1 and MP2 could have occurred if SDCERS had been a 1937 Act system?

Yes. The 1937 Act establishes the membership of retirement system boards (see Cal. Gov. Code section 31520.1). With limited exceptions, the boards include four (4) appointed members, four (4) elected members and the County Treasurer as an ex-officio member. Therefore, 1937 Act boards have a majority of members who represent either elected members or the plan sponsor. Given my comments on the importance of Proposition H in San Diego that ensured that appointed members would comprise a majority on the SDCERS Board, I think the 1937 Act's mandated board configuration could have allowed similar agreements to those that occurred in San Diego.

What, exactly, is the "non-asset experience" referred to in the Mercer audit cited in End Note 15?

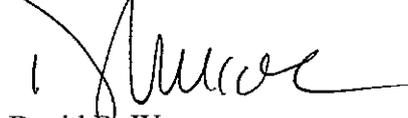
As I mentioned in my oral response, the non-asset experience referenced in the Mercer Report includes "actual experience with regard to the demographic (mortality, withdrawal, disability, service retirement age) [and] changes in data reporting which made the liability calculations more accurate..." Mercer at 45.

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I hope these responses fully answer the Commissioners' questions. If not, or if the Commission has any other questions, please do not hesitate to contact me.

Again, thank you for the opportunity to testify, and good luck with your assignment.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wescoe", with a long horizontal flourish extending to the right.

David B. Wescoe

cc: Commission Members