

VCP – QUALIFIED PLAN

August 9, 2006

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VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Internal Revenue Service  
Attention: T:EP:RA:VC  
P.O. Box 27063  
McPherson Station  
Washington, DC 20038

RE: San Diego City Employees' Retirement System  
EIN: 20-1800126  
VCP Control #: 911659038  
IRC 415(b), (c) and (n) Issue

Dear Sir or Madam:

On July 12, 2005, the San Diego City Employees' Retirement System ("SDCERS") filed a request for a compliance statement from the Internal Revenue Service ("IRS") under the Voluntary Correction Program of the Employee Plans Compliance Resolution System pursuant to Revenue Procedure 2003-44. That filing was assigned control number 911659038. As indicated therein, that filing addressed only a correction with respect to the Presidential Leave Program. We have assisted SDCERS with a compliance review over the past months and, in the course of that review, have identified corrections necessary with respect to the requirements contained in Section 415(b), (c) and (n) of the Internal Revenue Code of 1986, as amended (the "Code"). This letter constitutes a supplement to the July 12<sup>th</sup> filing.

As this is a supplement to the original VCP filing, we have not repeated the basic information contained in that filing regarding the type of plan and the overview and history of SDCERS. Instead, this filing begins with the required information relating to the correction addressed herein. Capitalized terms used but not defined herein have the meanings attributed to them in the July 12<sup>th</sup> filing. Attached to this letter (as Exhibit 2) is the 415(b), (c) and (n) Compliance Strategy Report (the "Report"), which we prepared for SDCERS in the course of our compliance review. This document contains most of the information necessary for this filing. Therefore, in many places throughout this letter we have simply provided references to that Report. We trust this method of providing the information will be acceptable.

Exhibit F: Cheiron Determination of Accumulated Payments from SDCERS Over 415 Limits

### Determination of Accumulated Payments From SDCERS Over 415 Limits

Total Payment	415 Limit	Actual Monthly Payment	Payment Allowed by 415 Limit	Monthly Overpayment	Retirement Date	Months Receiving Overpayment	Cumulative Overpayment	Cumulative Overpayment Through 12/31/2006
80,749.44	32,234.50	\$6,494.30	\$2,592.47	\$3,901.83	12/7/2004	25	\$105,462.16	Interest Rate 8.00%
174,381.66	104,337.01	\$14,024.71	\$8,391.34	\$5,633.37	12/31/2005	12	\$70,044.65	
125,297.20	84,094.19	\$10,077.07	\$6,763.31	\$3,313.77	11/5/2004	26	\$93,457.48	Total Overpayment \$2,266,162
95,573.39	66,000.00	\$7,686.53	\$5,308.07	\$2,378.45	6/29/1996	126	\$459,725.96	
196,467.78	139,213.68	\$15,801.00	\$11,196.31	\$4,604.68	4/27/2005	20	\$97,946.09	Total Overpayment \$2,266,162
140,595.47	101,268.27	\$11,307.44	\$8,144.54	\$3,162.90	4/22/2004	32	\$111,987.52	
118,119.92	92,228.73	\$9,499.84	\$7,417.53	\$2,082.31	11/4/2004	26	\$58,726.90	Total Overpayment \$2,266,162
183,212.74	143,308.20	\$14,734.95	\$11,525.62	\$3,209.34	2/3/2006	11	\$36,460.62	
82,918.26	66,000.00	\$6,668.73	\$5,308.07	\$1,360.66	6/10/1995	139	\$304,253.95	Total Overpayment \$2,266,162
102,562.68	84,094.19	\$8,248.64	\$6,763.31	\$1,485.33	12/18/2004	24	\$38,414.45	
97,825.53	80,917.50	\$7,867.66	\$6,507.82	\$1,359.84	7/20/2002	53	\$85,559.52	Total Overpayment \$2,266,162
162,189.77	135,119.16	\$13,044.17	\$10,867.01	\$2,177.16	9/24/2004	27	\$63,974.31	
104,834.23	89,433.92	\$8,431.33	\$7,192.76	\$1,238.58	10/11/2003	39	\$54,706.49	Total Overpayment \$2,266,162
87,908.99	75,000.00	\$7,070.11	\$6,031.90	\$1,038.21	9/17/2001	63	\$80,337.84	
112,545.97	98,199.53	\$9,051.55	\$7,897.73	\$1,153.82	12/16/2003	37	\$48,027.73	Total Overpayment \$2,266,162
98,603.25	86,642.50	\$7,930.20	\$6,968.26	\$961.95	2/12/2005	23	\$23,763.51	
176,521.25	160,000.00	\$14,196.79	\$12,868.06	\$1,328.73	4/1/2002	57	\$91,141.12	Total Overpayment \$2,266,162
72,752.52	66,000.00	\$5,851.15	\$5,308.07	\$543.07	3/18/1995	141	\$124,092.98	
143,013.87	130,000.00	\$11,501.94	\$10,455.30	\$1,046.65	12/7/1999	85	\$117,913.96	Total Overpayment \$2,266,162
138,172.60	129,990.90	\$11,112.58	\$10,454.57	\$658.02	3/9/2006	10	\$6,773.98	
168,744.21	160,000.00	\$13,571.32	\$12,868.06	\$703.26	4/1/2002	57	\$48,238.31	Total Overpayment \$2,266,162
78,702.02	75,000.00	\$6,329.64	\$6,031.90	\$297.74	10/3/1998	99	\$41,040.91	
68,748.96	66,000.00	\$5,529.16	\$5,308.07	\$221.09	4/1/1996	129	\$44,230.95	Total Overpayment \$2,266,162
91,640.70	89,190.81	\$7,370.24	\$7,173.20	\$197.03	1/17/2006	11	\$2,238.45	
122,044.40	120,000.00	\$9,815.47	\$9,651.05	\$164.42	1/6/1995	144	\$31,298.06	Member Died 1/8/2001
76,213.24	75,000.00	\$6,129.48	\$6,031.90	\$97.57	3/31/2001	69	\$8,441.61	
105,880.34	104,337.01	\$8,515.47	\$8,391.34	\$124.12	4/15/2005	21	\$2,781.34	Member Died 1/8/2001
76,044.23	75,000.00	\$6,115.89	\$6,031.90	\$83.98	7/6/2000	78	\$8,472.96	
75,532.35	75,000.00	\$6,074.72	\$6,031.90	\$42.81	12/31/1997	108	\$6,647.75	Member Died 1/8/2001

