



February 13, 2006

Nancy Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

RE: Comments on File Number S7-10-05 –
Internet Availability of Proxy Materials

Dear Ms. Morris:

I am writing on behalf of the San Diego City Employees' Retirement System (SDCERS) to comment on the SEC's proposed amendments for furnishing proxy materials to shareholders via the Internet. While SDCERS believes in the spirit of these proposals, we do not support the Proposed Rules as they are currently formulated.

As a public pension system with approximately \$4 billion in assets, we represent the interests of over 18,000 members and beneficiaries. While exercising our fiduciary duty, we are diligent in voting proxies with the intent that our votes help to increase shareholder value. If the Proposed Rules went forward as they are, we feel that it would have a detrimental effect on shareowners' ability to exercise their rights and thus could negatively affect shareholder value.

Specifically, SDCERS' concerns focuses on two aspects of the Proposed Rules. First, and most importantly, is the idea that the proxy card would arrive with the Notice of Internet Availability of Proxy Materials, without the proxy statement. This could potentially mislead investors that it is not necessary to review the proxy statement before voting the proxy card. We feel that the proxy statement is a valuable tool that allows investors to make informed voting decisions. In our minds, it is imperative that these items arrive together in the same medium, hard copy via mail and/or in electronic format via the Internet.

Secondly, although the Internet's popularity and usage is increasing steadily, shareholders may not have the broadband technology to efficiently download these often lengthy materials, such a the proxy statement. These file sizes are

usually large and would take a significant amount of time to download over a dial-up connection. Therefore, shareholders may not take the time to download this information and then may not exercise their right to vote. Over time, this could lead to low voter turnout. Additionally, even though shareholders can request paper copies be sent them, the process may prove cumbersome for some investors, given the time constraints that would be involved in requesting and receiving paper copies.

In response to our arguments against the Proposed Rules, we think that a tiered approach to migrating people to electronic proxies would be more beneficial. Companies could send out a notice where shareholders could indicate their permanent medium preference for materials. Once this choice was made, shareholders would have the option to change their preference at a later date by contacting the company via email or a toll-free telephone number. By allowing this first group of shareholders to voluntarily opt-in to receive their materials electronically, the Proposed Rules could be tested on this smaller group and thus would not negatively impact the proxy process or, potentially shareholder value.

Thank you very much for the opportunity to comment on this matter. If you have any questions on SDCERS' positions, please feel free to contact me.

Sincerely,



Dawne M. Clark, CFA
Assistant Chief Investment Officer

cc: Mr. Peter Prevolos, SDCERS' Board President
Ms. Rebecca Wilson, SDCERS' Communications Division Manager
Mr. Robert Wilson, SDCERS' Assistant Retirement Administrator