

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
MAY 18, 2005

Commissioner Judith L. Schwank called the meeting to order at 10:10 am. Attending were Nelson H. Long, CPA, Treasurer, Mark Hanson, Chief Deputy Controller, on behalf of Sandy Graffius, Secretary and member Mark C. Scott. The following County staff attended: Alan Miller, County Solicitor; William Dennis, County Administrator, Suzanne Baer, Pension Coordinator; Judi Lumis, Office of the Controller, Robert Patrizio, Director of Budget and Finance, and Dianne M. Lutz, CIMA, First Vice President, and Richard Gleason, Sr. Vice President of Consulting Group Smith Barney, Inc. and D. Craig Maxwell, Vice President, Regional Director of Franklin Templeton Portfolio Advisors, Inc., Nicholas Pullen of Schiffrin & Barroway

The minutes of the April 20, 2005 were approved as presented.

The Board received the following communications:

Presentations:

Mr. Gleason said the best place to be the first quarter was emerging markets. In the first quarter the market was beginning to see a transition from value to growth and if a prediction were to be made as to the best place to be this year it would be U.S. Large Cap Growth.

Ms. Lutz said the total fund is up 1.6 percent annualized over the last five-year period ending March 31, 2005.

Mr. Long asked why Schneider and McDonnell were not included in the performance analysis and also why there was no historical performance included for McGlenn. Ms. Lutz said these items were omitted by mistake and she would complete 15 copies of a report including the information and have it distributed to the Board. Mr. Long asked that contribution/distribution information regarding the Emerald separate account as well as the original HomeState Mutual Fund Investment be included.

Mr. Maxwell said he recently celebrated his twelfth year with Franklin Templeton, an international equity manager that has been in business for over 5 decades. They have over 25 different country locations and make a thousand visits each year to companies with whom they have dealings. The firm has analysts that collectively speak over 30 different languages. The analysts are responsible for the stock investment recommendations and are compensated on the 3 or 5 years success of the stocks they pick in their industry groupings. Mr. Maxwell said that it is important to realize that they have a global approach

Mr. Long asked how the Franklin Templeton portfolio balance was nearly \$20 million if no funds were added to the initial \$9.5 million investment with an average rate of return of 4.69% over a 5 year period. Mr. Maxwell and Ms. Lutz agreed that something appeared to be incorrect with data as presented. Mr. Maxwell and Ms. Lutz agreed to individually research the issue and report back to the Board.

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Mr. Nicholas Pullen of Schiffrin & Barroway addressed the Board regarding the firm's portfolio monitoring service designed to track the receipt of securities litigation proceeds. Mr. Pullen said this is a free service provided to institutional investors including pension and union funds. Schiffrin & Barroway (S & B) would initially request a five-year transaction history from their client's custodian and then integrate the information into a proprietary database. Mr. Pullen said the data is uploaded into S & B's proprietary monitoring system. This allows them to identify any potential loss in a new case and assists in determining if the client has a financial interest in a case where there has been a recovery. Mr. Pullen said a summary is provided when it is determined that the client may have suffered a loss in the action and they advise the client what action can be taken. A quarterly report is also provided giving the status of each class action in which the client has an interest whether or not the client is a lead plaintiff.

Mr. Pullen said S & B would assist in completing and filing of Proof of Claim forms required to participate in recoveries. Mr. Pullen said these forms fail to be completed by investors 72% of the time.

Mr. Pullen said that if a client would take on a lead Plaintiff status they would like to represent them on a contingency basis.

Ms. Schwank said she would be interested in what other counties have experienced. Mr. Pullen said Erie and Carbon County have been clients of S & B for the over the past 6 months to a year.

Ms. Schwank said she was informed that M&T is providing this service. Ms. Lumis said this information is provided on each monthly statement.

Mr. Pullen said the monitoring service offered by S & B would assure that nothing would be missed in the future at no additional costs to the Board

Correspondence:

BNY Brokerage Trading Summary, April 2005

Cohen Klingenstein & Marks, Inc.'s Statement of portfolio holdings as of March 31, 2005 and Quarterly Review dated April 15, 2005

Lynch, Jones & Ryan, Inc.'s Trading Summary January 1, 2005 through March 31, 2005 and monthly newsletter

Pzena Investment Management Commissions Report for April 2005 and Quarterly Report to Clients, First Quarter March 31, 2005

McDonnell Investment Management Investment Report for period ending March 31, 2005

SEI Investments 2005 Commission Statement as of trade date April 30, 2005

Templeton Portfolio Advisors Quarterly Report as of March 31, 2005

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Letters from BNY Brokerage and Lynch, Jones & Ryan announcing The Bank of New York acquiring Lynch, Jones & Ryan, Inc.

Letter from BNY Securities Group enclosing recent press releases discussing recent initiatives

Letter from Schneider Capital Management enclosing a copy of their updated Form ADV Part 2 and a letter welcoming Prasanth Athipatla, Vice President to their firm

Letter from Vanguard announcing lower minimums for Vanguard Admiral and Institution shares

Letter from Amy G. Row, M&T Investment Group Re: Securities Litigation Class Action Suit Processing

Bank statements

April 2005, statement from M & T Trust Company for accounts 77062 (cash); 9554168005 (Schneider); 77065 (McDonnell fixed); 1551134028 (Emerald); 75518 (Cohen, Klingenstein); 75519 (Turner); 76982 (Templeton); 79316 (Vanguard) and 1003440 (Pzena)

April 2005, statement from Wachovia for checking account 210000020087.

Solicitations:

General

C.S. McKee

Sterling Capital Management LLC

Iridian Asset Management LLC

Conferences

Canada Cup of Investment Management, June 15-16, 2005 in Montreal, Canada

Tyler Technologies, Inc. 19th Annual Statewide Conference, May 1-3, 2005 in Harrisburg, Pa.

Vanguard Institutional Asset Management Forum, June 22, 2005 in Philadelphia, Pa.

Financial Research Associates, Exchange-Traded Funds Summit, September 12-13, 2005, New York, N.Y.

Global Pensions, Currency Management Forum, June 2, 2005, London

Old business:

John Falter and Donna Heffner who were listed to address the Board regarding their intention to purchase service time with Cooperative Extension requested to

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address the Board at a later meeting. Attorney William Bernhart was detained in Court and unable to attend.

Mr. Long inquired if the \$3,000 invoice from Hay Group for the early retirement package preparation had been paid. The Board discussed if the invoice was a County or a Retirement Fund expense. The Board agreed it was not a Retirement Fund expense and Ms. Schwank said the invoice would be listed on the Commissioners' Agenda for payment.

Mr. Long lead a discussion on the Pension Calculator that was approved at last month's Board meeting. Ms. Schwank asked Ms. Baer if the pension calculator had been installed. Ms. Baer responded that county employees and Hay Group are working on the process. Me Long expressed his concerns over the ability of the pension calculator to accurately calculate quotes for employees who had performed military or service time buy backs. He also questioned the costs vs. savings of the calculator. Ms. Baer said to date the county has not been billed for the calculator. Ms. Schwank directed Ms. Baer to report at the next full Board meeting when the pension calculator would be ready for implementation and what advantages it would provide.

New Business:

Mr. Long moved, seconded by Mr. Scott, to approve the employee buy back requests as listed. Motion carried.

Linda L. Good, nearly 6 years of service at \$3,693.89

Donald C. Lotz, over 6 years service at \$18,688.46

Trenton Eugene Klinger to purchase 4 years of military service at \$13,566.62

Sandra A. Skucz as to buy back 10 years of service at \$4,603.59.

The Board authorized disbursements on motion by Mr. Long and second by Mr. Scott.

Annuities and refunds for May, 2005

Annuities	\$431,009.62
Refunds	\$ 72,473.90
Total	\$503,483.52

\$23,270.50 to Cohen Klingenstein & Marks, Inc. for Investment Counseling, First Quarter, 2005

\$26,827.02 to McDonnell Investment Management, LLC for Management of Assets January 1, 2005 through March 31, 2005

\$53,981.00 to Schneider Capital Management for Quarterly Management Fee January 1, 2005 through March 31, 2005

\$36,530.67 to Franklin, Templeton Investments for Investment Advisory Fees for Quarter ended March 31, 2005

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\$14,174.73 to Turner Investment Partners for Management Fee, Quarter ending March 31, 2005

\$19,709.70 to M&T Investment Group for custodial services for period ending April 15, 2005

\$270.00 to M&T Investment Group for trustee services for Vanguard for period ending April 15, 2005

Ms. Lumis voiced the question concerning what action would be taken in response to a notice from the IRS for penalty and interest charges on last filing of 2004 Withholding Tax. Mr. Hanson responded that the issue was under review, and a Request for Abatement of Penalty and Interest was being sent to the IRS citing extenuating circumstances and problems encountered in processing the tax filing after a change in Pension systems and personnel.

The meeting adjourned at 12:00 p.m.