

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
NOVEMBER 15, 2006

Commissioner Judith Schwank called the meeting to order at 10:14 a.m. Attending were Sandy Graffius, Secretary, Nelson Long, Treasurer and members Thomas Gajewski and Mark Scott. The following County staff attended: Alan Miller, Solicitor, Beth Scheipan, Director of Human Resources and Suzanne Baer, Office of the Controller. Dianne M. Lutz, CIMA, First Vice President of Consulting Group Smith Barney, Inc. and V. Michel Hanigan, Director of Client & Portfolio Services Pzena Investment Management, LLC also attended.

Approval of the minutes of the October 19, 2006 meeting was postponed until the next meeting.

The Board received the following communications:

Presentations:

SMITH BARNEY, INC:

Ms. Lutz said trailing 5 years, September 2001 to September 2006; the Fund is up 8.59% per year and 6.80% year-to-date. Ms. Lutz said the Fund is ahead of the benchmark of 7.5%; however, over the last 6 years the average liabilities of the Plan grew 8.1% per year making the actuarial annual benchmark of 7.5% fall shy of the liabilities.

Ms. Lutz said as of the end of September the asset allocation is 70% equity with balance in fixed income and cash.

| FUND | BENCHMARK | PERFORMANCE SUMMARY TABLE ENDING 9/30/06 |
|------------------------|-----------|--|
| Total Fund | 6.63% | 6.80% |
| Emerald Sep. Account | 4.22% | 7.37% |
| Pzena | 10.12% | 10.89% |
| Schneider Capital | 13.16% | 13.11% |
| Templeton Portfolio | 14.48% | 14.47% |
| Vanguard S&P500 Index | 8.54% | 8.52% |
| McDonnell Fixed Income | 3.01% | 3.15% |
| Chase Investments | 3.94 | n/a* |
| Rigel Capital, LLC | 3.94% | n/a* |
| Westfield Capital | 3.94% | 1.35% |

*Managers hired 6/30/06. No year-to-date performance is available.

.....
Pzena Investment Management, LLC:

Mr. Hanigan said at the end of the third quarter Pzena had over \$25 billion in assets under management, and was having a good year overall. The firm currently has 65 employees. There are 23 principals who are owners of the firm. Two new analysts were hired to bring the investment team up to 17 people.

Mr. Hanigan said Pzena is a classic value investor looking to find good companies that are undergoing some type of stress giving Pzena the opportunity to buy at an attractive price. Mr. Hanigan said Pzena will buy good companies at prices where they believe they have a lot of downside protection.

Mr. Hanigan said that in the last three months, Pzena continued to have a strong portfolio performance and since inception has done very well versus the benchmark.

Correspondence:

Dresdner Bank transaction confirmations and Allianz Dresdner Daily fund
Letter from Veritas Securities Litigation acknowledging the filing of
multiple/duplicate claim information and advising the claims have been
combined.

Final Notice of Ineligibility, In re Tenet Healthcare Corporation Securities
Litigation

M&T Investment Group "Employee Benefit Forum"

Chase Investment Counsel monthly commission recapture broker
Commissions from October 1, 2006 through October 31, 2006 and letter
regarding their investment selection process.

Lynch, Jones & Ryan, Inc. Trading Summary January 1, 2006 through
September 30, 2006

McDonnell Investment Management, LLC Investment Report for period
ending September 30, 2006

Pzena Investment Management Portfolio Review for period August 31,
2006 through September 29, 2006, Quarterly Report to Clients and letter
regarding Revised Cash/Security Deposits and Withdrawals Procedures

Rigel Capital, LLC Portfolio Appraisal dated September 30, 2006

SEI Investments Trade Confirmation November 2, 2006 and Daily
Brokerage Activity September 30 – October 31, 2006

Templeton Portfolio Advisors Quarterly Report as of September 30, 2006

Letter from Turner Investment Partners announcing the addition of one
security analyst/portfolio manager and departure of a quantitative analyst
from their growth equity investment team

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
NOVEMBER 15, 2006

Bank statements

October, 2006, statement from M & T Trust Company for accounts 77062 (cash); 1551134028 (Emerald); 75518 (Cohen, Klingenstein); 75519 (Turner); 76982 (Templeton); 79316 (Vanguard) 77065 (McDonnell-fixed), 9554168005 (Schneider) and 1003440 (Pzena)

October, 2006, statement from Wachovia for checking account 210000020087

Solicitations:

General

Mitchell Humphrey Software, St. Louis, Missouri

Conferences

Performance-Focused Emerging Managers 2007, January 18-19, 2007, New York, NY

Super Bowl of Indexing, December 3-6, 2006, Phoenix, Az.

Public Fund Boards forum, December 9-12, 2006, San Francisco, Ca.

Old Business:

Following a discussion, Board agreed to adjust the 2007 Presentation Schedule as follows for approval at the next meeting:

- Four meetings - two manager presentations each
- Four meeting - Smith Barney presenting quarterly reports
- Four meetings - no presentations or reports

Ms. Lutz suggested a workshop be held annually to include their annual report and an update from Hank Stiehl, Hay Group.

Mr. Long added that the Fund will need cash from the active investment managers to cover cash distributions which need to be made from the Fund through the end of the year. He further stated that this cash requirement should be met by withdrawing the required cash from the McDonnell fixed income account.

Following a discussion, it was moved by Mr. Long and seconded by Ms. Graffius:

That the Berks County Employees' Retirement Fund Board authorizes the sale of certain appreciated equities on or before December 15, 2006, as recommended by Smith Barney Consulting Group and the repurchase of such equities as soon as practicable in 2006 and

Further authorize that all fees, commissions and expenses associated with such transactions be reimbursed to the Retirement Fund by the County of Berks' General Fund. Motion carried.

2R-06

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
NOVEMBER 15, 2006

New Business:

It was moved by Mr. Long, seconded by Ms. Graffius, to adopt the Limitation of Liability and Indemnification Agreement that would cover the \$25,000 deductible associated with the Fiduciary Liability Insurance for Board members, if sued, when there was no willful misconduct or breach of conduct involved. Motion carried.

Ms. Baer said she researched the Retirement Fund Board minutes to determine what payment was appropriated for the position of Secretary of the Pension Board. Ms. Baer said she did not find anything listed in the minutes; however, under Act 96 of Pension Law it allows a stipend to be paid to the Secretary of the Pension Board for the responsibility of archiving and keeping the financial records for the Board. The stipend is to be determined by the Board of Commissioners and Salary Board and this matter was deferred to them for disposition.

Ms. Schwank said she received a call from Frank Shurr, a pensioner, who said in the past he received an annual report on the performance of the Pension Fund. Ms. Schwank said she would like to have this continued. Ms. Schwank requested that Ms. Baer and Ms. Lutz work together with Ms. Graffius on an annual report for the pensioners.

Ms. Schiepan said she received a request from President Judge Grim and several custody masters requesting that the County's custody masters be allowed to participate in the pension plan. Ms. Schiepan said that under the pension code, part time employees working under 1000 hours per year are not permitted to be part of the Pension Plan. Following a discussion, Ms. Schwank asked Mr. Miller to research this issue. Ms. Baer will provide Mr. Miller with a list of part time employees currently participating in the Pension Plan.

Annuities and refunds for November, 2006

| | |
|-----------|--------------|
| Annuities | \$579,303.35 |
| Refunds | \$148578.54 |
| Total | \$727,881.89 |

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
NOVEMBER 15, 2006

\$20,996.32 to Emerald Advisors Inc. for investment counseling fees for period of January 1, 2006 through September 30, 2006

\$47,091.36 to Franklin Templeton for investment advisory fees for quarter ended September 30, 2006.

\$250.00 to M&T Investment Group custodian fees VanGuard Institution Index Fund period ending October 15, 2006

\$27,357.45 to M&T Investment Group Custodial Fees, period ending 10/15/2006

\$28,097.00 to McDonnell Investment Management, LLC for management of assets for period July 1, 2006 through September 30, 2006

\$35,007.08 to Pzena Investment Management LLC for management fees July 1, 2006 through September 30, 2006

\$63,366 to Schneider Capital Management for management fees July 1, 2006 through September 30, 2006

\$16,023.94 to Westfield Capital Management for management fees July 1, 2006 to September 30, 2006

Citizen comment from the floor.

Meeting adjourned at 11:50 p.m.