

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
JANUARY 21, 2004

Chairman of the Board of Commissioners Judith L. Schwank called the meeting to order at 10:00 a.m. Attending were Sandy Graffius, Secretary, Nelson H. Long, Treasurer and member Thomas W. Gajewski, Sr. The following staff attended: William Dennis, County Administrator; Alan S. Miller, Esq., County Solicitor; Sharon Fleischer of Human Resources and Judith Lumis of Controller's Office. Representing the Advisory Council was Kenneth Speirs.

Ms. Schwank named the officers pursuant to Pension Act 96. The Chairman is the Chairman of the Berks County Board of Commissioners, Judith L. Schwank. The Treasurer is Berks County Treasurer, Nelson H. Long. The Secretary is Berks County Controller Sandy Graffius.

On motion by Ms. Graffius and second by Mr. Long the Board:

Regular meetings will be held monthly in the Commissioners' Boardroom at the Berks County Services Center, 633 Court Street, Reading, Pennsylvania

Special meetings may be called with 24 hours advance notice to the public by the Chairman or by written request of any member with request forwarded to the Secretary of the Retirement Fund Board.

The order of business will include

Approval of the minutes of the previous meeting

Receipt of communications

Old business

New business

Authorization to pay bills

Citizen comment and business from the floor

The Board authorized the following persons and firms to perform professional services for the Board per established agreements or contracts, on motion by Mr. Long, second by Ms. Graffius. The motion passed, Mr. Gajewski abstained.

1R-04 Solicitor: Alan S. Miller, Esq.

2R-04 Consultant: Consulting Group, Smith Barney, Wyomissing, Pennsylvania

3R-04 Actuary: Hay Group, Philadelphia, Pennsylvania

Investment managers

4R-04 McGlenn Capital Management, Inc., Wyomissing, Pennsylvania

5R-04 The Vanguard Group, Malvern, Pennsylvania

6R-04 Cohen, Klingenstein & Marks, Inc., New York, New York

7R-04 Turner Investment Partners Inc., Berwyn, Pennsylvania

8R-04 Emerald Advisers, Inc., Lancaster, Pennsylvania

9R-04 Franklin Templeton Private Client Group, San Mateo, California

10R-04

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Pzena Investment Management, LLC, New York, New York

Banking managers

- 11R-04 Custodial account: M & T Investment Group, Harrisburg, Pennsylvania
12R-04 Checking: Wachovia, Reading, Pennsylvania.

The Board authorized the Secretary to contact unions and groups representing County current and retired employees to invite them to name a representative and alternate to the Berks County Employee's Retirement Fund Advisory Council on motion by Mr. Gajewski, second by Mr. Long.

The minutes of the December 18, 2003 meeting were approved on motion by Mr. Long, second by Ms. Graffius. Mr. Gajewski abstained.

The Board received the following communications:

Correspondence:

Preliminary Statement of Income and Expenses for the period ending December 31, 2003

Request from Hay Group to increase its monthly fee for professional actuarial services from \$2,428 to \$2,513 effective February 1, 2004

Tax reporting information from Hay Group

Memorandum from Norm Pickering, Hay Group, regarding the 2003 Financial Report and 2004 Withholding Tables

McGlenn Capital Management, Inc. Report to Clients – 1st Quarter 2004

Commission recapture statements from recapture firms

Lynch, Jones & Ryan, Inc. for January 1 through November 30, 2003

SEI Investments as of December 31, 2003

Commission recapture statements from managers

Emerald Advisers, Inc.

Franklin Templeton Investments

McGlenn Capital Management, Inc.

Pzena Investment Management, LLC

Perform fourth quarter 2003 from Turner Investment Partners

LJR News Update December 2003 from Lynch, Jones & Ryan, Inc

Bank Statements:

December, 2003, statement from M & T Trust Company for accounts 77062 (cash); 9554168005 (McGlenn equities); 77065 (McGlenn fixed); 1551134028 (Emerald); 75518 (Cohen,

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Klingenstein); 75119 (Turner); 76982 (Templeton) and 79316 (Vanguard)

December, 2003, statement from Wachovia for checking account 210000020087.

Solicitations:

PIMCO Advisors Distributors, LLC

Ideas for Your Success November/December 2003 from Reinsel & Company, LLP.

Conference solicitations:

8th Annual Colt Gras Summit, February 18-20, 2004, New Orleans, LA

11th Annual Mid-Sized Pension Management Conference, March 14-17, 2004, San Francisco, CA

10th Annual Mid-Sized Pension Management Conference, April 27-30, 2004, Boston, MA.

New business

The Board approved the meeting schedule for 2004 and authorized the Secretary to publish the schedule on motion by Ms. Graffius, second by Mr. Long.

The Board discussed the request from Hay Group to increase its monthly fee for professional actuarial services from \$2,428 to \$2,513 effective February 1, 2004. Mr. Long said Hay Group has been the Fund's actuary for a long time. Mr. Long added that Hay Group is well respected throughout the state. Mr. Gajewski moved, seconded by Mr. Long to allow the fee increase to Hay Group pending review of the existing contract. The motion passed.

Ms. Graffius thinks doing a request for proposals for actuarial services is a good idea. Ms. Graffius moved, seconded by Mr. Long, to prepare a request for proposal for actuarial services contingent on the ability to do so per the existing contract for actuarial services with Hay Group. The motion passed.

The Board discussed an agreement and release concerning former employee Kerry Heckman. The agreement provides Mr. Heckman with a pension benefit equivalent to fifteen (15) years of service. Mr. Miller said a problem arose with the handling of this matter by Hay Group. Mr. Miller would continue to work with Hay Group to remedy the matter and report back to the Board with his findings.

The Board approved the requests of employees to buy-back years of service

James Tyrrell to buy-back eight months CETA time at \$515.50 on motion by Ms. Graffius and second by Mr. Long.

Robert S. Donovan to buy-back over 19 years of service (previously refunded) at \$29,612.47 on motion by Mr. Long, second by Mr. Gajewski.

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Thomas W. Gajewski, Sr. to buy-back seven years of service (previously refunded) at \$27,124.66 on motion by Ms. Graffius, second by Mr. Long. Mr. Gajewski abstained.

Mr. Long said Mark Lundquist of Financial S&Lutions, Inc. provided him with questions to be answered by the County. Mr. Long said Hay Group would provide the answers to the questions. Ms. Graffius said that if the County issued pension obligations bonds she wanted the money paid back within eight years. Ms. Graffius said she would contact Norm Pickering of Hay Group. Mr. Gajewski said he would talk to Mr. Lundquist.

13R-04

Ms. Graffius moved, seconded by Mr. Gajewski, to adopt a policy whereby the County Controller might reimburse terminated or retired employees for excess pension contributions resulting from conversion pay in amounts less than \$50.00, without pre-approval of the Berks County Employee's Retirement Fund Board. The amount issued would be included in the monthly annuities and refunds as reported by the Treasurer. Amounts in excess of \$50.00 would require Board action before disbursement. The motion passed.

The Board authorized disbursements as listed on motion by Mr. Gajewski, second by Ms. Graffius.

Annuities and refunds for January, 2004:

Annuities	\$377,618.13
Refunds	142,403.96
Total	\$520,022.09

\$2,428 to Hay Group for actuarial services and expenses for December, 2003

\$11,250 to Consulting Group, Smith Barney for consulting services October 1 through December 31, 2003

\$20,348.24 to Emerald Advisers, Inc. for investment counseling fees for the period of October 1 through December 31, 2003

\$81,343 to McGlinn Capital Management, Inc. for advisory fee for the quarter ended December 31, 2003 (Equity \$41,904; Fixed \$39,439).

The meeting adjourned at 10:45 a.m.