

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
JANUARY 19, 2005

Commissioner Thomas W. Gajewski, Sr., acted as Chairman of behalf of Judith L. Schwank, who was absent, and called the meeting to order at 9:17 am. Attending were Sandy Graffius, Secretary and Nelson H. Long, CPA, Treasurer. The following County staff attended: Jeffrey Elliot, County Solicitor and Suzanne Baer, Office of the Controller. Also attending were Dianne M. Lutz, CIMA, Vice President, of Consulting Group, Smith Barney, Inc. and Glenn Dever, Director of Institutional Distribution and Eric Kleppe, CFA, Client Service Manager of Turner Investment partners. Michael Kemp

Approval of the minutes of the December 15, 2004 meeting were deferred until the February 16, meeting.

The Board received the following communications:

Presentations:

Mr. Gleason said that last years return came down to the last 90 days of the year and those who stayed with the game plan benefited. He said the best place to be in fixed income was in non-U.S. bonds and then in high yield bonds.

Ms. Lutz said that as of December 31, 2004, the fund totaled \$186,025,061. She added that as of January 18, 2005, the fund totaled \$183,075.042.

Ms. Lutz said McDonnell will be prepared to address the concept of allowing for international bonds within the Funds fixed income portfolio as part of their presentation to the Board in May.

Mr. Thompson said that last year was an interesting year in the market, but that 1998 and 2004 were rocky years. There have been no changes in the senior investment team, philosophy, or process. The main focus of the firm is still research and solid management.

Mr. Thompson said Emerald had one of its best years in raising new assets and has surpassed \$2 billion of assets under management as of the end of 2004. He said Emerald's most recent hires have been based on their long time performance.

Mr. Mertz said the portfolio under performed its benchmark for the first 10 months of 2004 and outperformed during the last two months. He added that in 2004 commodity stocks such as steel, copper, aluminum and energy out performed. Emerald had an over-weighted position in technology and producer durable sectors.

Mr. Mertz said actions were taken in the last six months of 2004 to increase the portfolio's holdings in the transportation, consumer discretionary, and financials sectors and decrease holdings in healthcare and producer durables.

Correspondence:

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1. Preliminary Statement of Income and Expenses as of December 31, 2004
2. Letter from Hay Group of its intention to increase its monthly fee for professional actuarial services from \$2,513 to \$2,600 effective February 1, 2005. Mr. Long moved, seconded by Ms. Graffius to keep the current monthly rate of \$2,513. contingent upon the Solicitor's verification of the contract. The motion passed.
3. Tax Instructions to the Berks County Employee's Retirement Fund Board from Hay Group
4. 2004 Financial Report and 2005 Withholding Tables from Hay Group
5. Monthly newsletter dated January 3, 2005 from Cohen, Klingenstein & Marks, Inc.
6. Packet from Bob Logan in re: investments and pension obligation bonds
7. Emerald Advisers Groundhog Day Forum 2005, February 2-3, 2005, Philadelphia, PA
8. *Perform*, Ideas and Information from Turner Investment Partners
9. Bank statements
 - a) December, 2004, statement from M & T Trust Company for accounts 77062 (cash); 9554168005 (McGlenn equities); 77065 (McGlenn fixed); 1551134028 (Emerald); 75518 (Cohen, Klingenstein); 75119 (Turner); 76982 (Templeton); 79316 (Vanguard) and 1003440 (Pzena)
 - b) December, 2004, statement from Wachovia for checking account 210000020087.
10. Commissions report for December 2004 from Pzena Investment Management
11. Commission recapture statement for November 2004 from BNY Brokerage, Inc., year to date, (\$8,378.75)
12. Commission recapture statement for January 1 through November 30, 2004 from Lynch, Jones & Ryan, Inc. (\$43,972)
13. Commission recapture statement as of November 30, 2004 from SEI Investments (\$572)
14. Solicitations:
 - a) General
 - (1) Schiffrin & Barroway, LLP
 - b) Conferences

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- (1) The First Annual Papers Forum, April 21-22, 2005, Harrisburg, PA
- (2) 4th Annual Stars & Stripes 05 Summit, April 3-5, Key West, FL

Old business: Nothing reported.

New business: Nothing reported.

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

 Annuities and refunds for January 2005:

Annuities	\$121,289.97
Refunds	415,100.94
Total	\$536,390.91

 \$2,513 to Hay Group for actuarial services and expenses for the month of December, 2004

 \$11,250 to Smith Barney for consulting services October 1 through December 31, 2004.

Citizen comment from the floor

 Mr. Long said the annual required contribution would not be paid in monthly installments in 2005 but rather in staged increments according to cash flow receipts.

The meeting was adjourned at 10:55 a.m.