

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES  
MARCH 17, 2005

Commissioner Judith L. Schwank called the meeting to order at 10:50 am. Attending were Sandy Graffius, Secretary and Nelson H. Long, CPA, Treasurer and member Mark C. Scott. The following County staff attended: Alan Miller, County Solicitor; William Dennis, County Administrator, Suzanne Baer, Pension Coordinator; Mark Hanson and Judy Lumis, office of the Controller office

The minutes of the February 16, 2005 were amended to include Commissioner Mark C. Scott's attendance and were approved on motion by Mr. Long and second by Ms Graffius.

The Board received the following communications:

Correspondence:

1. Statement of Income and Expenses for January 2005
2. Cohen Klingenstein & Marks, Inc.'s Quarterly Review and portfolio holdings as of December 31, 2004
3. Pzena Investment Management Commission Reports for January and February 2005 and Portfolio Summary for the year and Portfolio Evaluation as of December 31, 2004
4. Notice from Schneider Capital Management of the departure of Daren Heitman from their firm
5. Letter from The Vanguard Group introducing Melissa L. Falvey as the primary contact for the Fund
6. Correspondence from Turner Investment Partners marking their 15<sup>th</sup>
7. Emerald Advisers Portfolio Evaluation as of December 31, 2004
8. Lynch, Jones & Ryan, Inc.'s trading summary January 1, 2005 through January 31, 2005
9. BNY Brokerage Statement for January 2005
10. Bank statements
  - a) February, 2005, 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) February 2005, statement from Wachovia for checking account 210000020087.

Solicitations:

- c) General
  - (1) Iridian Asset Management LLC
  - (2) Calamos Investments

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d) Conferences

- (1) Alpha-Bets '05 Summit, June 12-14, 2005 in Monterey, California
- (2) The Newport Cup of Indexing & Related Products, July 20-22, 2005, Newport RI.

Ms. Schwank asked if anyone was attending the public pension conference being held in Harrisburg in April. She said it might be helpful for Mr. Long or someone from the Board to attend. Ms. Graffius said Suzanne Baer would attend and send information to Mr. Long.

Old business:

Actuarial Selection Process: Mr. Long said ten to twelve RFP requests were sent and 6 responses received. Hay Group and Savitz were the two qualifying firms and were interviewed two weeks ago. Mr. Long said it was determined that Hay Group was the better of the two however their fee was significantly higher. Hay Group was called and they agreed to reduce their fee for a three-year period to \$27,028.29 and to research new methods to calculate the annual required contribution for Berks County. The Savitz group had no experience with county plans and could not provide financial statements for the County

Ms. Schwank said she was concerned because there were times people contacted Hay Group and their response was not timely. She asked if we received any assurances that they would respond promptly. Ms. Graffius asked Suzanne Baer what her experience had been with Hay Group. Ms. Baer said in the past she had faxed them requests for final quotes on people retiring and she had gotten back three quotes faxed back in 2 hours. It was discussed that Hay Group is aware they need to be flexible and prompt. Hay Group had the better tool for the county to do on line pension quotes and estimates at a significantly better price and it will work on the Intra Net. The contract can be cancelled with 30-day notice at any time.

Mr. Long moved, seconded by Mr. Graffius, to adopt the contract for actuarial services containing cost reduction with Hay Group. Motion carried.

New Business:

The Board discussed the request to purchase the pension calculation software from Hay Group to be installed on the County Intra-net at a net cost of \$10,000. Ms. Graffius moved, seconded by Mr. Scott, that we accept the opportunity to become a beta site at a cost of \$10,000. Motion carried.

Mr. Long said he has two concerns, with the pension calculator, first being the need for a disclaimer, and second was there a need for the software when we get a pension statement every year.

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Following discussion Mr. Scott moved, seconded by Ms. Graffius, to purchase the pension calculation software from The Hay Group provided there is a disclaimer that the County is not bound by calculations. Motion carried.

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

Annuities and refunds for March, 2005

Annuities	\$423,863.09
Refunds	368,423.12
Total	\$792,286.21

\$2,600.00 to Hay Group for actuarial services and expenses for the month of February, 2005

\$54,880.00 to Schneider Capital Management for portfolio valuation for period October 1, 2004 to December 31, 2004

The meeting was adjourned at 11:38 a.m.