

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
MAY 17, 2006

Commissioner Judith Schwank called the meeting to order at 10:10 a.m. Attending were Mark Hanson for Sandy Graffius, Secretary, Nelson Long, Treasurer and members Thomas Gajewski. The following County staff attended: Alan Miller, Solicitor and Suzanne Baer, Office of the Controller. Dianne M. Lutz, CIMA, First Vice President, and Richard Gleason, Sr. Vice President of Consulting Group Smith Barney, Inc. and Patrick J. McCall, Executive Vice President, Chief Investment Officer and D. Craig Maxwell, Vice President, Regional Director of Templeton Portfolio Advisors, Inc. also attended.

The minutes of the April 19, 2006 meeting were approved on motion by Mr. Long and second by Mr. Gajewski.

The Board received the following communications:

Presentations:

SMITH BARNEY, INC: Mr. Gleason said that the best place to be through April was emerging markets followed by international markets and small growth. It is predicted that with the maturing economy it is the global large growth companies that will be able to export and benefit best from international trade. He said this year has been a classic example why the Fund should have both small growth and small value. He said prior to this year, small value was doing well for the Fund, this year it is small growth and international. The current strategy has worked well and will capture the majority of the equity returns.

FUND	BENCHMARK	PERFORMANCE SUMMARY TABLE YTD
Total Fund	3.58%	5.94%
Turner Investments	2.96%	3.97%
Cohen, Klingenstein	2.96%	0%
Vanguard S&P500 Index	5.60%	5.62%
Emerald Account	14.04%	19.18%
Templeton Portfolio	14.62%	12.04%
Pzena	10.91%	8.10%
Schneider Capital	8.62%	10.93%
McDonnell Fixed Income	-0.34%	-0.24%

Mr. Long noted that currently Turner is about \$1,170,000 ahead of Cohen and, since hire; both managers were allocated the identical dollar cash flow.

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TEMPLETON PORTFOLIO ADVISORS: Mr. Maxwell said Templeton, a firm over 60 years old, has \$180 billion in international stocks and offices in 17 countries. This has given them the ability to cover a larger universe of international stocks.

Mr. McCall said Templeton was not happy with the short term performance but has conviction in the stocks that they own. Templeton is confident of the future because the processes employed to select stocks for the Fund's portfolio is the same process they used in the past. This process has allowed their clients, over the long term period, to add value to their portfolio.

Mr. McCall said there were three key reasons why Templeton underperformed for the most recent time period.

- Securities were sold in metal stock over the last 12 to 18 months when they got expensive. The problem was they continued to go even higher after they were sold.
- The proceeds from those sales were reinvested in other areas of the market that were deemed more attractive such as value stocks globally in telecommunications, paper and foreign products. These stocks however continued to under-perform.
- Templeton has been underweighted in Japan for the past 15 years and the Japanese economy has continued to improve. In the past 4 months Japan has started to see some domestic growth, and their banking system has begun to improve.

Correspondence:

Dresdner Bank transaction confirmations and Allianz Dresdner Daily fund

Cohen Klingenstein & Marks Inc. Portfolio Holdings as of March 31, 2006 and Quarterly Review dated April 18, 2006 and Market Conditions

Lynch, Jones & Ryan, Inc. Trading Summary January 1, 2006 through March 31, 2006 and letter dated May 3, 2006 regarding Commission Sharing Agreements (CSAs),

McDonnell Investment report from period ending March 31, 2006 and announcement of online access of account statements

Pzena Investment Management Commissions Report for April, 2006; Portfolio Review for period December 30, 2005 through March 31, 2006 and Quarterly Report to Clients dated March 31, 2006

SEI Investments Commission Statement as of Trade Date April 30, 2006; Trade Confirmation, Trade Dates April 17, 2006/April 20, 2006 and Daily Brokerage Activity April 1 through April 28, 2006

Schneider Capital Management's Form ADV :Part 2

Templeton Portfolio Advisors Portfolio Quarterly Report as of March 31, 2006

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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

Bank statements

May, 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)

May, 2006, statement from Wachovia for checking account 210000020087.

Solicitations:

General

Enhanced Investment Strategies, LLC, Charlottesville, VA.

JP Morgan, Dallas Tx.

Wachovia Retirement Services, Reading, Pa. for custodial services

Conferences

Canadian Beneficial Owners' Securities Lending & Global Custody Summit, June 7-8, 2006, Toronto, Canada
Alpha-Bets 2006, June 11-13th, 2006, Monterey Ca.

Old Business:

Following a discussion, motion was made by Ms. Schwank and second by Mr. Gajewski to terminate the relationship with Cohen Klingenstein. Motion carried.

Motion made by Mr. Gajewski, second by Mr. Long to terminate the relationship with Turner Investment Partners, Inc. Motion carried.

Mr. Gajewski said the termination of Cohen and Turner should be expedited under the guidance of Smith Barney, Inc.

Discussion followed on the selection of replacement of the large cap growth managers.

Mr. Hanson moved, Mr. Long seconded to select Rigel Capital, LLC as a large cap growth manager for the Berks County Employees Retirement Fund. Motion carried.

Mr. Long moved, Mr. Hanson seconded to select Westfield Capital Management Company, LLC as a large cap growth manager for the Berks County Employees Retirement Fund. Motion carried with Mr. Gajewski voting against the motion..

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Mr. Long moved, Mr. Gajewski seconded to select Chase Investment Counsel Corp. as a large cap growth manager for Berks County Employees Retirement Fund. Motion carried.

Mr. Long moved, Mr. Gajewski seconded to have the Fund's consultant complete a formal review of Rigel Capital, LLC, Chase Investment Counsel Corp. and Westfield Capital Management Company, LLC after the June 30, 2007 quarter and prepare a report for the Board of the performance history along with a list of stocks owned by each of these large cap growth managers. Motion carried.

Mr. Long moved, Mr. Gajewski second to take the portfolios of Turner Investment Partners, Inc. and Cohen Klingenstein & Marks, Inc. and divide them equally between Rigel Capital, LLC, Chase Investment Counsel Corp. and Westfield Capital Management Company, LLC. Motion carried.

Ms. Baer said a total of 83 letters were mailed to severed employees. There were 11 responses to which refunds will be disbursed this month. There were 22 returned undelivered which leaves a balance of 40 or 50 letters where there was no response. The next step will be to place an ad in the local newspaper.

Following discussion it was moved by Mr. Long, seconded by Mr. Gajewski, to place the revenues received from Securities Lending into the cash account. Motion carried.

Mr. Long asked Mr. Hanson to check whether the \$55,968.02 expense associated with the generated 2005 realized capital gains was ever reimbursed by the General Fund to the Berks County Employees Retirement Fund and report back to the Board at the next meeting.

New Business:

Motion was made by Mr. Long, second by Mr. Hanson to authorize the Controller as secretary of the Berks County Employees Retirement Fund Board to move forward on the application for Fiduciary Liability and look into insurance and quotes for the Pension Board members. Motion carried.

Following discussion Ms. Schwank moved, Mr. Long seconded to sell and re-buy the Vanguard Institutional Index Fund. Motion carried.

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

Deborah Larsen, approximately 16 years of service at \$11,902.46

Kathy L. Bailey, approximately 10 months of service at \$4,311.89

The Board authorized the disbursements on motion by Mr. Long and second by Mr. Gajewski. Motion carried

Annuities and refunds for May, 2006

Annuities	\$559,666.05
Refunds	\$ 93,317.24
Total	\$652,390.34

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\$26,065.56 to Cohen Klingenstein & Marks for investment counseling, first quarter, 2006

\$22,851.99 to Emerald Advisers Inc. for investment counseling fees for the period of January 1, 2006 through March 31, 2006

\$20,998.22 to M&T Investment Group for custodial services for period January 1, 2006 to March 31, 2006 (Emerald Advisors Inc.)

\$260.00 to M&T Investment Group for custodial services for period ending April 15, 2006 (Vanguard Institution Index Fund)

\$27,323.33 to McDonnell Investment for Management of Assets January 1, 2006 thru March 31, 2006

\$33,977.77 to Pzena Investment Management, LLC for custodial services January 1, 2006 through March 31, 2006

\$59,008.00 to Schneider Capital Management for management fees for period of January 1, 2006 to March 31, 2006

\$17,393.19 to Turner Investment Partners for management fee for quarter ending March 31, 2006

Citizen comment from the floor.

Ms. Baer said that Frank Shurr, Advisory Council representative for the retirees, requested the names and addresses of the current retirees. Ms. Baer provided him with a list of names; however did not release the retirees' addresses. Ms. Schwank asked our solicitor, Mr. Miller, to verify if there was any legal reason why the addresses could not be released to Mr. Shurr.

Meeting adjourned at 11:28 p.m.