

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
MAY 16, 2007

Commissioner Judith Schwank called the meeting to order at 10:06 a.m. Attending were Sandy Graffius, Secretary, and members Mark Scott and Thomas Gajewski. The following County staff attended: Alan Miller, County Solicitor; Suzanne Baer, Pension Coordinator and Judi Lumis, Office of the Controller. Michael W. Shone, President, Peirce Park Group; Michael Kamradt, Chief Investment Officer, McDonnell Investment Management, LLC; and V. Michel Hanigan, Director of Client & Portfolio Services Pzena Investment Management, LLC also attended.

The minutes of the April 19, 2007 meeting were approved on motion by Ms Graffius and second by Mr. Gajewski. Motion carried.

The Board received the following communications:

Presentations:

McDonnell Investment Management: Mr. Kamradt said McDonnell currently manages approximately \$11 billion in assets covering a wide range of sectors in the fixed income market. Mr. Kamradt said the only change in the firm was the addition of a few people in credit research.

Mr. Kamradt said since inception of the portfolio in August, 2004, the net asset growth was approximately \$4.8 million.

Mr. Kamradt discussed two new Investment Policy considerations with the Board:

- Core Fixed Income Security/Sectors
 1. Commercial Mortgage Backed Securities
 2. 144 A. Securities
- Opportunistic Fixed Income Security/Sectors
 1. Non-Dollar Sovereign Fixed Income
 2. "BB Rated" Corporate
 3. Collateralized Debt Obligations

Mr. Kamradt suggested the Board consider a 10% allocation to non dollar bonds and 10% allocation to "BB" bonds which would diversify the portfolio and add implemental return.

The Board opted to wait until it adopted a new investment policy before considering new fixed asset allocations. When a new policy is adopted it will be forwarded to the managers. McDonnell can then review the policy to determine if it conforms to what they are proposing in the Core Fixed Income Security portion.

Pzena Investment Management, LLC: Mr. Hanigan said Pzena manages the mid-cap portion of the Funds equity portfolio. Pzena is at approximately \$30 billion of assets under management. Three of the products are open to new investors; however mid-cap remains closed at approximately \$600 million in total assets. The firm currently has 70

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employees having added one new person to their investment team and two new people in client service.

Mr. Hanigan said that as of the end of April the Fund's portfolio stood at \$17,631,901, up approximately \$1,250,000 since the beginning the year.

Mr. Hanigan said Pzena is a classic value investor using intensive research and an evaluation process to locate the lowest priced companies having the greatest opportunities to bring themselves back to normal level of profitability.

Mr. Hanigan said the characteristics of the portfolio have not changed dramatically and continue to look like a value manager. Pzena manages the portfolio by building it on a stock by stock basis and do not follow sectors.

Peirce Park Group: Mr. Shone said the value of the total Fund as of March 31, 2007 was \$228.6 million, an increase of \$4.4 million for a return of 2 percent. Mr. Shone said the primary contributor for the Funds performance was Schneider, who had a strong quarter and was up 3.3% verses a bench mark of 1.3%.

Mr. Shone said one item for consideration was for the Fund to diversify by having two international managers looking into both value and growth. Mr. Shone provided the Board with information on Templeton and four other value international managers and five core/growth managers for the Board's review and to be discussed at the next meeting

Mr. Shone discussed the functions of a securities litigation firm with the Board, as well as why the duties are performed at no cost. He suggested scheduling presentations by several securities litigation firms. The Board asked Mr. Shone to provide information on several securities litigation firms for the next meeting.

Correspondence:

Dresdner Bank transaction confirmations and Allianz Dresdner Daily fund and Allianz Dresdner Daily Asset Fund Prospectus dated March 1, 2007

Report on Actuarial Valuation Including Determination of County Annual Required Contribution for 2007 from Hay Group (Annual Required Contribution is \$6,902,040.)

BNY ConvergeEx Executions LLC (formerly BNY Brokerage LLC and BNY Brokerage, Inc.) audited Statement of Financial Condition as of December 31, 2006

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Chase Investment Counsel quarterly review and performance update for period ending March 31, 2007 and Commission Recapture Broker Commissions from April 1, 2007 through April 30, 2007

Emerald Advisers, Inc. 2006 Quarterly Update as of March 31, 2007 and 1st Quarter Economic & Portfolio Commentary and Commission Recapture Activity Month ending April 30, 2007

Pzena Investment Management, LLC Portfolio Review December 29, 2006 through March 30, 2007 and Quarterly Report to Clients, March 31, 2007

Templeton Portfolio Advisors Portfolio Quarterly Report as of March 31, 2007

Rigel Capital, LLC Portfolio Appraisal dated March 31, 2007

Westfield Capital Management Large Cap Growth Equity Investment Commentary, First Quarter 2007 and Portfolio Review dated March 31, 2007

Lynch, Jones & Ryan, Inc. Trading Summary January 1, 2007 through March 31, 2007

SEI Investments Inc. Daily Brokerage Activity March 31, 2007 to April 30, 2007

McDonnell Investment Management, LLC Investment Report for period ending March 31, 2007

Bank statements

April, 2007, statement from M & T Trust Company for accounts 77062 (cash); 1551134028 (Emerald); 2002696 (Chase), 2002697 (Rigel), 2002698 (Westfield); 76982 (Templeton); 79316 (Vanguard) 77065 (McDonnell-fixed), 9554168005 (Schneider) and 1003440 (Pzena)

April, 2007, statement from Wachovia for checking account 210000020087.

Solicitations:

General

Investors Bank & Trust. Boston, MA.

Viewpoint, Biondo Investment Advisors, LLC, Milford, Pa.

Conferences

Absolute Return/Alpha Conference, May 7-9, 2007, N. Y., NY. and May 21-23, 2007, San Francisco, Ca.

Retirement Investment Summit 2007, June 21, 2007, Arlington, VA.

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Communicating Employee Benefits Seminars: Strategic Employee Benefits Communication June 7, 2007, New York, N.Y., June 20, 2007 Chicago, IL. Web-Based Employee Benefit Communication, June 8, 2007, New York, NY, June 21, 2007 Chicago, IL.

The Newport Summer Investment Series, July 19-20, 2007, Newport, RI

Communicating Employee Benefits Seminars: June 7, 2007, New York, NY; June 20, 2007, Chicago, IL. and Web Based Employee Benefit Communication: June 8, 2007, New York, NY; June 21, 2007, Chicago, IL

Old Business:

The Board tabled discussion of the draft investment policy statement and asset liability study until the next meeting.

New Business:

Ms Baer said she had heard from Hay Group and the plan was to have the annual employee's benefit pension statements distributed with the May 29, 2006 payroll.

Mr. Scott moved, seconded by Ms. Graffius, to approve the employee buy back request. Motion carried.

Cheryl A. (Damiani) Munro approximately 1 year, 5 months of service at \$4,062.98.

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

Annuities and refunds for May, 2007

Refunds	\$325,774.38
Annuities	<u>\$590,376.63</u>
Total	\$916,151.01

\$17,482.63 to Westfield Capital Management for Management fees for period January 1, 2007 through March 31, 2007

\$37,951.82 to Pzena Investment Management, LLC for Management fees January 1, 2007 through March 31, 2007

\$53,274.68 to Franklin Templeton Investments for Investment Advisory Fees Quarter ended March 31, 2007

\$68,504. to Schneider Capital Management for Management fees January 1, 2007 through March 31, 2007

\$28,687.30 to M&T Investment Group for custodial services for period ending April 15, 2007 (Emerald Advisors Inc.)

\$290.00 to M&T Investment Group for custodial services for period ending April 15, 2007 (Vanguard Institution Index Fund)

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\$28,530.30 to McDonnell Investment for Management of Assets for
January 1, 2007 through March 31, 2007

Citizen comment from the floor.

Meeting adjourned at 12:10 p.m.