

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
MAY 29, 2008

Commissioner Kevin Barnhardt called the meeting to order at 9:05 a.m. Attending were Sandy Graffius, Secretary; Nelson Long, Treasurer; and Chairman Mark Scott. Co-chairman Christian Leinbach, who was ill, attended the meeting by conference call. The following County staff attended: Alan Miller, County Solicitor. Michael W. Shone, President, Peirce Park Group and Michael Barry, Esq., Grant & Eisenhofer also attended.

The minutes of the April 17, 2008 meeting were approved on motion by Mr. Long and second by Mr. Leinbach.

The Board received the following communications:

Presentations:

Michael Barry, Esq., Grant & Eisenhofer (G & E): Mr. Barry said there was a potential securities litigation case that G & E believed merited the attention of an institutional investor. First American Corporation, one the Country's largest title insurance companies, became involved in the fraudulent process of inflating appraisals. Mr. Barry said no investor had come forward to try and recover losses for the class. Berks County's loss is about \$50,000. Mr. Barry said it was important to pursue this type of claim due to the nature of the fraud involved and suggested Berks County become lead plaintiff in this class action. Mr. Barry said G & E would be investing all the money in order to prosecute the case and at no cost to Berks County. Following discussion, Ms. Graffius moved, second by Mr. Long, to allow G & E to file a class action suit on behalf of Berks County Employees' Retirement Fund as lead plaintiff against First American Corp. Motion carried. Mr. Barry said a complaint would be drafted and forwarded to the Board for review.

Michael Shone, Peirce Park Group: Mr. Shone said that in the first quarter, large cap equities were down 9.5%, small cap equities down 9.9% and emerging markets which had been strong were also down. The CPI was up 1.7% for the quarter and 4.2% for the year.

Mr. Shone said that in the last quarter growth underperformed value, contrary to last year when growth outperformed value.

Mr. Shone reviewed fixed income yields and returns. He said there is quite a bit of volatility in the fixed income market. The bond managers had stayed away from high yield bonds and CMBS which gave the Fund favorable returns.

Mr. Shone reviewed the managers' performance for the first quarter and noted that the three large cap growth managers had a good quarter. Pzena had a strong first quarter; however, so far this quarter was lagging their bench mark.

The Fund was down 4.9% last quarter; and is currently is up 4% the quarter. Year to day the Fund is down less than 1 %.

Mr. Shone reviewed the changes he suggested in his letter to the Board dated April, 2008. Following a discussion, Ms. Long moved, seconded by Ms. Graffius to terminate and liquidate Rigel Capital, LLC and redistribute the

proceeds equally, between Westfield Capital Management and Chase Investment Counsel. Motion carried. The Board deferred making any additional changes until the August Board meeting

Correspondence:

Dresdner Bank transaction confirmations

Letter received from Peirce Park Group providing suggestions/recommendations for portfolio restructure, Market Index Performance for annualized period ended April 30, 2008, and First Quarter Market Environment Report.

Hay Group 2008 Actuarial Valuation Report

Proportionate share of remaining balance of the Elan Securities Litigation Settlement Fund in the amount of \$123.42.

Grant & Eisenhofer P.A. First Quarter 2008 Monitoring Report ending March 31, 2008

Second distribution payment from the Computer Associates Restitution Fund in the amount of \$6.52.

BNY ConvergEx Statement of Financial Condition as of December 31, 2007 and statement for period April 1-30, 2008.

Chase Investment Counsel Commission Quarterly Review and Performance Update for period ended March 31, 2008 and monthly commission recapture broker transaction report for April 2008.

Emerald Advisers, Inc. 2008 1st Quarter Mid Cap Growth Investment Review, Core Fixed Income Summary dated March 31, 2008

LJR Recapture Services Trading Summaries January 1, 2008 through March 31, 2008 and January 1, 2008 through April 20, 2008

GMO Investment Management Review for month ending April 30, 2008 and Annual Report dated February 29, 2008.

McDonnell Investments Management, LLC. Investment Report for period ending March 31, 2008

Pzena Investment Management Quarterly Report To Clients and Portfolio Review for period December 31, 2007 through March 31, 2008

Rigel Capital LLC. Portfolio Appraisal dated March 31, 2008

Westfield Capital Management Quarterly Statement dated March 31, 2008 and Investment Commentary for First Quarter 2008.t

Bank statements

April, 2008 statements from M & T Trust Company for accounts 77062 (cash); 1551134028 (Emerald); 2002696 (Chase), 2002697 (Rigel), 2002698 (Westfield); 76982 (Templeton); 79316 (Vanguard-Short Term) 77065, (Vanguard Intermediate Term) 1011511,

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(Vanguard Value Index) 1011510, (McDonnell-fixed), 9554168005 (Scheider) and 1003440 (Pzena), 1012456 (GMO), and 1012457 (Vanguard Global)

April, 2008 statements from Wachovia for checking account 210000020087.

Solicitations:

State Street Global Advisors, Boston, MA

Biondo Investment Advisors, Milford, PA

Hammond Associates, St. Louis, Mo.

Conferences:

NAGDCA 2008 Annual Conference, September 13-17, 2008, Baltimore, MD

Old Business:

Ms. Graffius said there has been a favorable employee response to the pension estimator. To date three presentations were made to approximately 200 employees.

New Business:

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

Annuities and refunds for May, 2008

Annuities	\$ 649,893.25
Refunds	<u>348,369.42</u>
Total	\$ 998,262.67

\$29,714.28 to M&T Investment Group Custodial fees Emerald Advisors Inc. period ending March 31, 2008

\$870.00 to M&T Investment Group Custodial Fees Vanguard Institution Index Fund for period ending April 15, 2008

\$175.00 to M&T Investment Group Custodial Fees Vanguard Institution Index Fund for period ending April 15, 2008

\$29,551.82 to McDonnell Investment Management LLC for Management of Assets for January 1, 2008 through March 31, 2008

\$30,697.84 to Pzena Investment Management, LLC for Management fees for January 1, 2008 through March 31, 2008

\$21,279.41 to Rigel Capital, LLC. For Management Fees for 1st Quarter 2008 as of March 31, 2008

\$54,524.00 to Schneider Capital Management for Management fees January 1, 2008 through March 31, 2008

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\$18,941.10 to Westfield Capital Management for Management fees
January 1, 2008 through March 31, 2008

\$47.85 to Reading Eagle for Legal Notice of May 16, 2008 advertising
Retirement Fund Board meeting on May 29, 2008

Meeting adjourned at 10:23 a.m.