

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
JULY 21, 2005

Commissioner Judith L. Schwank called the meeting to order at 10:57 a.m. Attending were Mark Hanson, Chief Deputy Controller, on behalf of Sandy Graffius, Secretary and members Tom Gajewski and Mark C. Scott. The following County staff attended: Alan Miller, County Solicitor; William Dennis, County Administrator; Judi Lumis, Office of the Controller and Bob Patrizio, Budget Department.

The minutes of the June 16, 2005 meeting were approved on a motion by Mr. Hanson and second by Mr. Scott.

The Board received the following communications:

Presentation:

Judi Lumis from the Office of the Controller addressed Board and discussed the information currently available on the financial reports. She asked if the Board wanted information added or changed on the reports. Ms. Lumis said the report is actually an income statement and balance sheet. Information on the report included realized gains and losses and interest and dividends the investment advisors had paid or earned. The reports also included the amounts the Retirement Fund owes the County general fund, commission recapture income and class action revenues. It was suggested that the report include the performance of our investing companies for a twelve-month period and a format that would be easier to determine the total gains versus the contributions for all the management companies. Mr. Hanson said the report could provide a sub-schedule that would provide the net change performance of contributions versus investment performance.

Correspondence:

Lynch, Jones & Ryan, Inc.'s Trading Summary January 1, 2005 through May 31, 2005 and monthly newsletter

Pzena Investment Management Commission Report for June 2005

SEI Commission Statement as of June 30, 2005

Turner Investment Partners 2nd quarter newsletter

Letter from BNY updating acquisition of Lynch, Jones & Ryan, Inc.

Letter from McDonnell Investments Re: Annual Offer of Form ADV, Part II and Delivery of Privacy Notice

Bank statements

June, 2005, 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 (Scheider) and 1003440 (Pzena)

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June 2005, statement from Wachovia for checking account
210000020087.

Solicitations:

General

Calamos Investments

West Chester Capital Advisors

Lerach, Coughlin, Stolia Geller Rudman & Robbins LLP
Third Quarter, 2005 Corporate Governance Bulletin

Conferences

Risk Management and Insurance, September 12, 2005 in
New York, New York and December 5, 2005 in
Washington D.C.

Guns & Hoses 2005, September 25-28, 2005 in Las Vegas,
Nevada

Mid-Size Pension Management Conference, October 23-
26, 2005 in Chicago, IL.

Old business:

Ms. Schwank said Smith Barney and Hay Group attended a workshop held July 11, 2005. The topics of discussion included the 2005 Actuarial Report, 2006 Annual Required Contribution (ARC) and the use of the aggregate cost method to calculate the ARC.

New Business:

Ms. Baer said Hay Group received an abundance of calls from various parties in the County of a repetitive nature. Ms. Baer said Ms. Graffius suggested the Board form a network of information exchange through a central party. Ms. Schwank said they would take the matter under advisement, however no action would be taken at this time.

Mr. Scott moved, second by Mr. Gajewski, to amortize the balance of the 2005 ARC in six payments as requested by the Treasurer. Second by Mr. Gajewski. Motion carried.

Mr. Scott moved, second by Mr. Gajewski, to reimburse the County of Berks general fund in the amount of \$1,285,525.90 from the Berks County Employee's Retirement Fund. Second by Mr. Gajewski. Motion carried.

Mr. Hanson said the IRS penalty for Failure to Deposit withholding taxes was appealed to the IRS in a Request for an Abatement of penalty and interest together with a letter explaining the facts and the request was denied. Letters were sent to three Congressional Representatives requesting their assistance in this matter and all three responded that they are pursuing the request for abatement with their IRS contacts. No additional response has been received.

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Mr. Hanson said the failure to withhold occurred due to a combination of the change of the Cort payroll pension system and change in personnel due to the pension coordinator retiring. There was a 30-day delay before it was discovered and the payment was not made.

Mr. Hanson said the amount of the penalty is \$13,798.00. Mr. Gajewski said he is also checking with St. Paul Travelers Insurance Company for coverage of the expense.

Mr. Patrizio said a formal appeal must be made to the IRS within a certain amount of days after the denial letter is received. He suggested a copy of the formal appeal be sent to the Congressional Representatives as notification of steps taken. Ms. Schwank requested the Board be kept apprised of this matter.

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

Steven A. Heckman, over 12 years of service at \$11,962.53

Loyette Luckenbill, over 12 years of service at \$10,498.91.

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

Annuities and refunds for July, 2005

Annuities	\$442,292.39
Refunds	\$107,614.05
Total	\$549,906.44

\$54,897.00 to Schneider Capital Management for Management fee April 1, 2005 through June 30, 2005

\$46.20 to Reading Eagle Company for Legal Notice of Berks County Retirement Fund Board Workshop

\$48.16 to Reading Eagle Company for Legal Notice of Berks County Retirement Fund Board Workshop with new start time.

\$11,250.00 to Smith Barney for Consulting Services

Meeting adjourned at 11:30 p.m.