

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
JUNE 17, 2004

Chairman Judith L. Schwank called the meeting to order at 10:45 a.m. Attending were Sandy Graffius, Secretary and member and Mark C. Scott. Representing the Advisory Council was Frank Shurr. The following staff attended: Alan S. Miller, Esq., County Solicitor and William Dennis, County Administrator.

The minutes of the May 19, 2004 meeting were approved on motion by Mr. Scott and second by Ms. Graffius.

The Board received the following communications:

Correspondence:

Income and Expense Statements for April 2004

MTB Investment Advisors Quarterly Economic Report Spring 2004

LJR News Update May 2004 from Lynch, Jones & Ryan, Inc.

Bank statements

May, 2004, 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)

May, 2004, statement from Wachovia for checking account 210000020087.

Commissions paid to Lynch Jones & Ryan by McGlenn Capital Management in the month of April were \$80

Commission recapture statement for January 1 – May 31, 2004, from Lynch, Jones & Ryan, Inc. (\$6,083)

Commission recapture statement for April 2004 from BNY Brokerage, Inc. (\$3,094.01)

Commissions report for April 30 through May 28, 2004 from SEI Investments for Franklin Templeton Investments

Commissions report for May 2004 from Pzena Investment Management

Solicitations:

General:

Lerach, Coughlin, Stoia & Robbins, LLP

V3 Benefits Administration System

Conferences:

Fourth Annual European Alternative & Institutional Investing Summit, September 29 - October 1, 2004, Nice, France

Seventh Annual Institutional Capital Investing Forum
October 13-15, 2004, Loews L'Enfant, Washington, DC

The Board authorized disbursements as listed, on motion by Mr. Scott, second by Ms. Graffius pending review by the Secretary and County Administrator and to be ratified at the July meeting.

Annuities and refunds for June, 2004:

Annuities	\$396,957.08
Refunds	177,261.37
Total	\$574,218.45

\$2,513 to Hay Group for actuarial services and expenses for the month of May 2004

\$31,268.69 to Franklin Templeton Investments for investment advisory fees for the quarter ended March 31, 2004

\$41.00 to Reading Eagle Company for legal notice of June 30, 2004 workshop

\$46.55 to Reading Eagle Company for legal notice of July 9 and July 12, 2004 workshops.

Citizen comment from the floor:

Mr. Shurr addressed the Board regarding an article in the Reading Eagle that claimed the Berks County Employee's Retirement Fund had a shortage of approximately \$60 million. Mr. Shurr said he feels the people proposing the loan agreement have everything to gain and nothing to lose.

Ms. Schwank said the County's former financial consultant Michael Setley brought a proposal before the Board to issue pension obligation bonds to finance an unfunded future liability in the pension fund of as much as \$60 million. On an annual basis the County has had to come up with a substantial annual required contribution (ARC). The new financial advisor to the County, Mark Ludquist has made a similar proposal to the Board of Commissioners to issue pension obligation bonds as mentioned above. The Board of Commissioners is considering the request.

Mr. Scott said the professionals involved with the process would be compensated for their expertise, as is the traditional cost of doing business. Mr. Shurr said he wants to know who would be compensated and how much each party would be paid.

Mr. Shurr asked why this was not proposed years ago and if the County is finding it difficult to pay the ARC how is the County going to make the payments on the bonds. Mr. Scott said the County would borrow a lump sum in the hopes that when placed in the Fund it's performance would offset the need for future ARCs.

Ms. Schwank said announcements would be made to the public of the Commissioner workshops on the pension obligation bond issue.

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Robert Logan addressed the Board regarding the pension obligation bond issue. He said he has collected information and is meeting with individual members of the Board to offer inside information and ideas. Ms. Schwank said she has received a number of calls from professionals regarding the same issue, which alone, is enough to give pause.

Ms. Schwank announced that a workshop is being held with Norm Pickering of Hay Group who is the actuary for the Berks County Employee's Retirement Fund on June 30, 2004 at 9:30 a.m. to discuss the actuarial report for 2004 and the calculation of the ARC.

The meeting adjourned at 11:10 a.m.