

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
FEBRUARY 18, 2004

Chairman Judith L. Schwank called the meeting to order at 10:10 a.m. Attending were Sandy Graffius, Secretary, Nelson H. Long, Treasurer and members Thomas W. Gajewski, Sr. and Mark C. Scott. The following staff attended: William Dennis, County Administrator; Alan S. Miller, Esq., County Solicitor; Sharon Fleischer of Human Resources and Scott Rehr, Director of the Berks County Prison Society. Dianne M. Lutz, Richard Gleason and Jeffrey Herb of Consulting Group, Smith Barney and John Thompson of Emerald Advisers, Inc. also attended.

The minutes of the January 21, 2004 meeting were approved on motion by Ms. Graffius, second by Mr. Gajewski.

The Board received the following communications:

Presentations:

Mr. Gleason said the last three to four years have been incredible for the stock market. He said the "best place" to be in 2003 was in emerging markets followed by small cap growth and small cap value. He said it is rare to have both growth and value within a sector in favor at the same time. The "worst place" to be in 2003 was in treasury bills.

Ms. Lutz said the aggregate total Fund was up 27.84 percent per year versus the benchmark of 23.39 percent per year for the time period of January 31, 2003 through January 31, 2004. As of January 31, 2004, the Fund totaled \$167,839,581 with 66 percent in equities, 32 percent in fixed income and 2 percent in cash. She said that as of February 17, 2004 the total Fund was at \$171,600,577.

Fund	Benchmark	Actual performance for the year ended Jan. 31, 2004
McGlenn – Equities	35.60 percent	38.99 percent
McGlenn – Fixed Income	5.00 percent	5.32 percent
Turner	35.70 percent	41.87 percent
Cohen, Klingenstein	35.70 percent	50.87 percent
Emerald	60.70 percent	65.66 percent
Templeton	46.67 percent	49.46 percent
Vanguard S&P 500 Index	34.58 percent	33.87 percent
Cash	1.13 percent	4.55 percent

Ms. Lutz said in October of 2003 Smith Barney sent due diligence RFI's to all current managers, except for Pzena (newly hired), for the Fund and that the responses have been received. She suggested the Board hold a workshop to review the responses. Mr. Gajewski requested a copy of both the long and short RFI forms that were distributed to the managers.

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
FEBRUARY 18, 2004

Ms. Schwank asked if the current asset allocation for the Fund needed to be reviewed. Mr. Gleason said not at this time, but the matter could be discussed at the workshop.

Mr. Gajewski asked if there is a defined bogey for the Fund. Mr. Gleason said the first bogey is to meet the actuarial assumed rate of interest of 7.5 percent; next, to cover the future liabilities through investments; and lastly, to maintain the funds necessary to pay the benefits in bonds, and invest the remainder in equities to decrease future annual required contributions.

Mr. Thompson said Emerald Advisers, Inc. has not had substantial changes in employees. Emerald is still a closely held corporation and employee owned and operated. At the end of 2003, Emerald had \$1.4 billion in assets under management. It has two portfolio managers and a research team of nine that conducts intensive searches and visits the companies it researches.

Mr. Thompson said the fourth quarter of 2003 was wonderful for some small cap managers. Emerald continued to remain true to their investment discipline regardless of the difficult previous three-year period. Other small cap managers were tempted to change their stripes to maintain positive returns.

He feels the economy is on solid footing and that we'll continue to see low inflation, low interested rates and moderate economic growth.

Correspondence:

Portfolio Holdings and 4th Quarter Review from Cohen, Klingenstein & Marks, Inc.

Emerald Advisers, Inc. 2003 Year-End Market & Economic Commentary
Portfolio Appraisal as of December 31, 2003 and Chief Executive
Officer's Letter from Franklin Templeton Private Client Group

Account Summaries as of December 31, 2003 from McGlinn Capital
Management, Inc.

Prospectus Supplement, President's Message and Semi-Annual Report –
October 31, 2003 from MTB Group of Funds

LJR News Update, a monthly newsletter from Lynch, Jones & Ryan, Inc.,
January, 2004

Broker Commission Reports for all investment accounts for October 1
through December 31, 2003 from M & T Bank

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BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
FEBRUARY 18, 2004

Bank statements

January, 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)

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

Commission recapture statement for January 1 through December 31, 2003, from Lynch, Jones & Ryan, Inc. (\$12,062)

Commission recapture statement for January 1 through December 31, 2003, from BNY Brokerage, Inc. (\$8,616.28)

Commission recapture statement from SEI Investments as of January 30, 2004, (\$3,024)

Commission recapture activity report for January 2004, from Lynch Jones and Ryan on Emerald Advisers, Inc.

Statement of commissions recapture activity directed through Lynch Jones & Ryan for the month of December, 2003 from McGlenn Capital Management, Inc.

Solicitations:

General

Delaware Investments, a member of Lincoln Financial Group

Conferences:

Mid-Sized Pension Management Conference, April 27-30, 2004, Boston, MA

New business

The Board approved the request of employee, Olwen Roeder, to buy-back over four years of service at \$2,806.14, on motion by Mr. Scott, and second by Mr. Gajewski.

The Board removed the item listed for discussion on the preparation of a request for proposal for investment advisory services.

The Board approved the purchase of pension benefit statements for each employee from Hay Group at \$1.75 per statement, on motion by Mr. Scott, second by Mr. Gajewski.

BERKS COUNTY EMPLOYEE'S RETIREMENT FUND MINUTES
FEBRUARY 18, 2004

The Board authorized disbursements as listed, on motion by Mr. Scott, second by Mr. Gajewski.

Annuities and refunds for February, 2004:

Annuities	\$395,409.92
Refunds	206,947.47
Total	\$602,357.39

\$20,903.34 to Cohen, Klingenstein & Marks, Inc. for investment counseling fourth quarter, 2003

\$30,213.74 to Franklin Templeton Investments for investment advisory fees for the quarter ended December 31, 2003

\$2,428 to Hay Group for actuarial services and expenses for the month of January 2004

\$13,604.36 to M & T Investment Group for custodial services for the period October 1 through December 31, 2003

\$250 to M & T Investment Group for trustee services for the Vanguard Institution Index Fund for the period October 1 through December 31, 2003

\$16,028.69 to Pzena Investment Management. LLC for investment services for the period of November 4 through December 31, 2003

\$12,936.04 to Turner Investment Partners, Inc. for investment services for the quarter ended December 31, 2003.

The meeting adjourned at 11:31 a.m.