

MINUTES
SCHOLARSHARE INVESTMENT BOARD

March 22, 2005, 1:30 p.m.
Teleconference

Chair Ted Eliopoulos called the meeting to order at 1:32 p.m.

Present: Ted Eliopoulos for Phil Angelides, State Treasurer
Bob Campbell for Tom Campbell, Department of Finance
Allison Jones (via phone)
Sabrina Kay (via phone)

Staff: Carrie Douglas Fong, Executive Director, ScholarShare Investment Board (SIB)
Marian Cohen, Manager, SIB
Stephen MacDonald, Associate – Equity Portfolio Analytics, TIAA-CREF
Tuition Financing, Inc. (TFI) (via phone)
Kathleen Tunson, Account Executive, TFI (via phone)
Cindy Wilson, Registered Representative, TFI
Christine Doyle, Senior Counsel, TFI (via phone)
Bob Garcia, Golden State Advocacy
Jack Zorman, Staff Counsel, State Treasurer’s Office

The Chair declared a quorum present.

Board Agenda Item Number One
Staff Report

Ms. Carrie Douglas Fong, SIB, reported that TFI has notified Staff that the Governor’s Scholarship Programs omnibus account is now below \$1 million and that Staff has taken steps to transfer approximately \$4 million from the General Fund to the omnibus account, as required by law, with the transfer expected to take place sometime this week.

Ms. Douglas Fong reported that Professor Martin Gruber, a CREF trustee, has resigned because in 1999, he entered into a contract to participate in an academic advisory program sponsored by the non-auditing practice of Ernst & Young, and Ernst & Young was TFI’s auditor at that time.

Board Agenda Item Number Two
Resolution to Enter Into Contract With Investment Consultant

Ms. Douglas Fong reported that Staff advertised a request for proposal for an investment consultant for the ScholarShare program and received two good proposals that were in

compliance. Ms. Douglas Fong stated that the proposals were evaluated based on the proposer's background information, experience in investment consultation and references, cost, and interview, and that the evaluation panel consisted of three individuals with varying degrees of investment experience. Ms. Douglas Fong provided the Board with reasons as to why the evaluation panel determined the proposal from Pension Consulting Alliance, Inc. (PCA) to be the stronger of the two that were submitted. Ms. Douglas Fong reported that the contract with PCA would be for two years with an option to extend for one year, and the contract amount would be \$199,900. Ms. Douglas Fong stated that SIB has sufficient funds to cover this contract amount and anticipates the actual amount to be less.

Member Kay had some questions about PCA's background and performance with the Colorado plan. Ms. Douglas Fong responded that Colorado was pleased with PCA's performance and has since issued an RFP for investment consulting services with a decision fairly imminent.

Board Action:

Member Campbell moved to approve Resolution 2005-2 to authorize the Executive Director to enter into a contract with PCA to provide investment consulting services to the Board. The motion was seconded by Member Kay and approved by the Board

Public Comment

Chair Eliopoulos called for public comment. There was none. There being no further business before the Board, the Chair adjourned the meeting at 2:42 p.m.

The next meeting is scheduled for April 8, 2005 at 1:00 p.m.

Respectfully submitted by,

Carrie Douglas Fong, Executive Director
SCHOLARSHARE INVESTMENT BOARD