FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005

MINUTES OF THE MEETING OF THE BOARD MEMBERS

April 19, 2004

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on April 19, 2004, at 9:00 a.m., Eastern Daylight Time. The meeting was open to the public at the Board's offices at 1250 H Street, NW, Washington, D.C. In attendance were Thomas A. Fink of Alaska, member (by telephone); Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member; Gary A. Amelio, Executive Director; Elizabeth S. Woodruff, Secretary; David L. Black, Director, Accounting; Lawrence Stiffler, Director, Automated Systems; James B. Petrick, Director, Benefits and Investments; Thomas J. Trabucco, Director, External Affairs; Pamela J. Moran, Deputy Director, External Affairs; Thomas L. Gray, Deputy Director, Administration; and Richard White, Benefits and Investments.

1. Approval of the minutes of the March 15, 2004, Board member meeting.

Mr. Saul entertained a motion for approval of the minutes of the open portion of the March 15, 2004, Board member meeting. The following motion was made, seconded, and adopted without objection:

> MOTION: That the minutes of the open portion of the Board member meeting held on March 15, 2004, be approved.

2. Thrift Savings Plan activity report by the Executive Director.

a. Communications program.

Mr. Amelio discussed with the Board members the changes that were being made to TSP communications materials, including to the TSP web site. Mr. Saul asked what the timetable was to update the web site; Ms. Moran explained that preliminary mapping had begun and that she expects substantial changes to be made in the look of the web site by mid-summer.

Mr. Whiting questioned whether the staff had considered combining the TSP web site and the FRTIB's business web site; Ms. Moran stated that she did not believe the sites should be combined and she had been giving priority to the site used by the participants.

b. Lifestyle/lifecycle funds.

Prior to the meeting, Mr. Amelio provided the members with a memorandum dated April 14, 2004, addressing his proposal that the Board adopt a policy whereby the TSP would offer participants the opportunity to invest their accounts in lifecycle funds. James B. Petrick, Director, Benefits and Investments, summarized for the Board members the Executive Director's recommendation. After a discussion concerning the process the Agency might follow in adding such funds, the following motion was made, seconded, and adopted by unanimous vote:

> MOTION: That the Executive Director take whatever steps are necessary to offer lifecycle investment funds to TSP participants.

3. Review of FY 2004 budget and FY 2005 estimates.

The Board's budget for fiscal year 2004 and proposed budget for fiscal year 2005 were set out for the members in the Executive Director's memorandum of April 14, 2004. A decrease of approximately $3.7 million is expected for fiscal year 2004 expenditures from the budget the Board approved in September of 2003. This decrease is almost entirely due to lower printing costs arising from the decision to defer printing of the Plan Summary and investment booklets to fiscal year 2005 ($2.8) and to savings resulting from increased electronic distribution and inventory consolidation ($1.5).

After Mr. Amelio briefed the members on the budget projections, the Board members agreed that no vote was needed to approve a potential reduction in spending.

4. Investment policy review.

By memorandum dated April 14, 2004, Mr. Amelio provided the members with a report on the performance of the G, F, C, S, and I Funds during the first quarter of 2004. After Mr. Petrick briefed the members on this report, the following resolution was made, seconded, and adopted by unanimous vote:

RESOLUTION

WHEREAS the Federal Employees' Retirement System Act of 1986, as amended (5 U.S.C. § 8401 et seq.) provides that the Board members shall establish policies for the investment and management of the Thrift Savings Fund (5 U.S.C. § 8472(f)(1) and (2)); and

WHEREAS the Board members at this meeting have reviewed the investment performance and investment policies of the Government Securities Investment Fund, the Fixed Income Investment Fund, the Common Stock Index Investment Fund, the Small Capitalization Stock Index Fund, and the International Stock Index Investment Fund; and

WHEREAS the Board members are satisfied with the investment performance and investment policies of these Funds;

NOW THEREFORE BE IT RESOLVED that the current investment policies for the Government Securities Investment Fund, the Fixed Income Investment Fund, the Common Stock Index Investment Fund, the Small Capitalization Stock Index Fund, and the International Stock Index Investment Fund are affirmed without change.

5. Status of audit recommendations.

By memorandum dated April 9, 2004, Mr. Amelio provided the members with the status of audit recommendations received by the Board. Of the 218 completed audit recommendations that had been made to the Agency as of March 31, 2004, the Agency did not concur with 10; however, all but one of these nonconcurs has been resolved to the satisfaction of the auditors. Seven recommendations have not been completed. Of the 497 completed audit recommendations that had been made to the National Finance Center as of March 31, 2004, the NFC did not concur with 20; however, all have been resolved to the satisfaction of the auditors, and there are no uncompleted recommendations. Of the 94 completed audit recommendations that had been made jointly to

the Agency and NFC as of March 31, 2004, there were five nonconcurs, all of which have been resolved to the satisfaction of the auditors, and there are no uncompleted recommendations.

6. Closed session.

On a unanimous vote taken by the Secretary before the meeting, the members closed the meeting for discussions of procurement activities, internal personnel matters, and pending litigation. Present during the closed meeting were the Board members, Mr. Amelio, Ms. Woodruff, and, for part of the closed session, Mr. Stiffler, Mr. Petrick, and Ms. Moran.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Saul adjourned the meeting at 12:15 p.m.

MOTION: That this meeting be adjourned.

Elizabeth S. Woodruff
Secretary

May 17, 2004

NOTE: BETA Court Reporting Services made a verbatim transcript of this meeting.