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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

May 17, 2004

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on May 17, 2004, at 9:00 a.m., Pacific Daylight Time. The meeting was open to the public at Barclays Global Investors, 34th Floor, 45 Fremont Street, San Francisco, CA. In attendance were Thomas A. Fink of Alaska, member; Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member; Gary A. Amelio, Executive Director; Elizabeth S. Woodruff, Secretary; and James B. Petrick, Director, Benefits and Investments. Also in attendance for the open portion of the meeting were representatives of the Department of Labor, the General Accounting Office, and Barclays Global Investors.

1. Approval of the minutes of the April 19, 2004, Board member meeting.

Mr. Saul entertained a motion for approval of the minutes of the open portion of the April 19, 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 April 19, 2004, be approved.

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

a. Proxy voting.

Mr. Amelio discussed with the Board members the General Counsel's memoranda dated May 7, 2004, and January 9, 2004, concluding that the Agency's current practice of having staff monitor the proxy voting practices of Barclays Global Investors (BGI) meets the Board's fiduciary responsibilities under the Federal Employees' System Retirement Act (FERSA). Mr. Fink questioned whether the Board should hire an independent group to review Barclays' proxy voting. The Board members discussed whether, instead, the members should receive quarterly reports

prepared by Institutional Shareholder Services (ISS), which is under contract to Barclays to review BGI's proxy voting record, directly from ISS. The Board members also debated whether to continue to delegate to staff the requirement to review the reports and advise the Board members or whether the Board members should be actively involved in reviewing proxy voting reports. The Board members decided to defer further discussion to a future meeting after the Board members had an opportunity to review the last Department of Labor's audit report concerning proxy voting.

b. TSP statistics.

Mr. Amelio briefed the Board members on the returns for the five investment funds for the last month and current expense ratio, which is at 3 basis points. He explained that the expense ratio should rise when the Agency receives an invoice for the work performed by the National Finance Center (NFC); the parties recently finalized a reimbursement agreement for fiscal year 2004, which was the prerequisite for NFC's billing. Mr. Saul inquired about the status of the Thrift Savings Plan Division Director; Mr. Amelio explained that he had had no recent discussions with Jerry Lohfink, the NFC Director, but was aware that the position had not yet been filled. Mr. Saul and Mr. Sanchez urged Mr. Amelio to set up a meeting with Mr. Lohfink as soon as possible to review the Agency's relationship with NFC.

c. Legislation.

Mr. Amelio reviewed with the Board members three legislative initiatives that would affect the TSP: a House bill that would eliminate TSP open seasons, a Senate bill that would require the Agency to provide financial advice to Federal employees, and a House bill that would open a TSP account for each child born in the United States. In discussing employee education, Mr. Saul asked for a timetable to revise the TSP website. He asked that Penny Moran brief the Board members at the next meeting.

3. 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. Petrick.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Saul adjourned the meeting at 12:40 p.m.

MOTION: That this meeting be adjourned.

Elizabeth S. Woodruff
Secretary

June 7, 2004

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