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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

May 16, 2005

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on May 16, 2005, at 9:00 a.m., Eastern Time. The meeting was open to the public at the Board's offices at 1250 H Street, NW, Washington, DC 20005. In attendance were Thomas A. Fink of Alaska, member; Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member; Terrence A. Duffy of Illinois, member (by telephone); Gary A. Amelio, Executive Director; Elizabeth S. Woodruff, Secretary and General Counsel; David L. Black, Director, Accounting; Lawrence E. Stiffler, Director, Automated Systems; Pamela-Jeanne Moran, Director, Benefits Services; Thomas J. Trabucco, Director, External Affairs; and James B. Petrick, Director, Investments. Also in attendance were a representative of the Department of Labor; representatives from Barclays Global Investors, Inc.; and representatives of Metropolitan Life Insurance Company.

1. Approval of the minutes of the April 18, 2005, Board member meeting.

Mr. Saul entertained a motion for approval of the minutes of the open portion of the April 18, 2005, 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 18, 2005, be approved as amended.

2. Presentation by Barclays Global Investors, Inc.

Blake Grossman, Global Co-Chief Executive, Kathleen Taylor, Managing Director, U.S. Institutional Business, Terry Watson, Global Risk Director, and H. Michael Williams, Manager, Global Securities Lending, Global Index and Market Groups, from Barclays Global Investors provided an organizational update and business review of the company's work as investment manager of four of the TSP's investment funds. The majority of Barclays' presentation concerned the firm's securities lending practice,

and its risk management, including its fiduciary risk management. Mr. Saul pointed out that risk management is of particular interest to the Board not because of any concern over Barclays' practices but because of the amount of money the TSP entrusts to Barclays.

3. Presentation by Metropolitan Life Insurance Company, Inc.

Eric Linder, Client Management, Rich Magaldi, Director, Income Annuity Operations, and Lori McKeon, Manager, Customer Response Center, from Metropolitan Life Insurance Company presented to the Board members an overview of the company's annuity business, with an emphasis on its business as the TSP's annuity provider. In particular, the MetLife representatives discussed with the Board members the issues raised by Department of Labor auditors and how those issues had been resolved.

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

a. 2005 Board member meeting calendar.

Mr. Amelio advised the Board members that the trip to Pittsburgh to view the back-up data center, originally scheduled to coincide with the Board's June meeting, would be moved to September and the June meeting would take place in Washington, D.C. The July and August meetings will be telephonic.

b. Quarterly report on vendors' financial status.

In a memorandum to the Executive Director dated April 27, 2005, David L. Black, Director, Accounting, concluded that SI International was in good financial standing. However, Spherix had a net loss in 2004. Mr. Black recommended that the Agency closely monitor Spherix as it undergoes several changes, particularly as the company is split into two new companies and as the South Dakota communications operations are moved to Cumberland, MD. Mr. Sanchez questioned what structure the company planned as it split into two parts; Mr. Black advised that Spherix' Board had not yet determined this. Both Mr. Sanchez and Mr. Black agreed that this was an important matter to follow.

c. Legislation.

Thomas J. Trabucco, Director, External Affairs, discussed with the Board members recent testimony provided by the Agency to the House Subcommittee on Domestic and International Monetary Policy and the House Subcommittee on the Federal Workforce and Agency Organization [REIT hearing]. He explained that Mr. Amelio has also been invited to testify before the Senate Subcommittee on Securities and Investments, on an undetermined date. He also advised the Board members that legislation had been introduced that would establish a corporate responsibility fund within the TSP.

Mr. Trabucco also discussed the May 4, 2005, meeting of the Employee Thrift Advisory Council.

d. Monthly TSP performance report.

James B. Petrick, Director, Investments, discussed his memorandum to the Executive Director dated May 6, 2005, regarding the April 2005 investment performance of the G, F, C, S, and I Funds and TSP participation rates.

e. Automated systems report.

Lawrence E. Stiffler, Director, Automated Systems, advised the Board members that the disaster recovery center in Pittsburgh is operational except for hourly incremental back-ups of the scanned images from PowerImage (they are backed up to Pittsburgh each night).

f. Miscellaneous items.

Mr. Whiting asked about the status of the lockbox operations; Mr. Black assured him that it was operating as expected. Mr. Saul questioned whether the Agency had received an invoice for fiscal year 2005 work from the National Finance Center; Mr. Black explained that the parties did not yet have an interagency agreement in place for submission of such costs but that the Agency had requested the information necessary for an agreement from the Agriculture Department.

Mr. Fink asked for the resolution of two open items from the April meeting concerning the annual financial audit: (1) whether the footnote regarding the I Fund return was correct; and (2) whether administrative costs were, in fact, being reduced. Mr. Petrick advised that an answer would be forth-

coming regarding the I Fund return. Mr. Black explained the difference between budgeted expenses and accrued expenses, which contain different information with respect to expenditures for administrative expenses.

g. Lifecycle fund communications.

Pamela-Jeanne Moran, Director, Benefits Services, explained the communications schedule for the roll-out of the lifecycle funds in July or August 2005.

5. Closed session.

On a vote taken by the Secretary before the meeting, the members closed the meeting for a discussion of procurement matters. Present during the closed portion of the meeting were the Board members, Mr. Amelio, Ms. Woodruff, Mr. Stiffler, Mr. Petrick, and Robert Battersby, Contracting Officer.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Mr. Saul adjourned the meeting at 12:30 p.m.

MOTION: That this meeting be adjourned.

Elizabeth S. Woodruff
Secretary

NOTE: Ace-Federal Reporters, Inc., made a verbatim transcript of this meeting.