



## MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 13, 2010

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on December 13, 2010, at 10:13 a.m., Eastern Time. The meeting was open to the public at the Board's offices at 1250 H Street, N.W., Washington, D.C. In attendance were Alejandro M. Sanchez of Florida, member, by telephone; Michael D. Kennedy of Georgia, member, by telephone; Dana K. Bilyeu of Nevada, member, by telephone; Gregory T. Long, Executive Director; Thomas K. Emswiler, Secretary and General Counsel; Pamela-Jeanne Moran, Director, Participant Services; Mark A. Hagerty, Chief Information Officer; James B. Petrick, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; Thomas J. Trabucco, Director, External Affairs; and Renée Wilder, Director, Research and Strategic Planning.

1. Approval of the minutes of the November 16, 2010 Board member meeting.

Chairman Saul entertained a motion for approval of the minutes of the November 16, 2010 Board member meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board member meeting that was held on November 16, 2010 be approved.

2. Thrift Savings Plan activity report by the Executive Director.
  - a. Monthly Participant Activity Report

Ms. Wilder discussed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). The total balance of the TSP Funds reached approximately \$271 billion in November. The FERS participation rate increased from 83.3% to 83.5%. Ms. Wilder explained that the continued growth in participation reflects the addition of participants through automatic enrollment.

Ms. Wilder clarified a misunderstanding regarding the chart entitled "Thrift Savings Plan Participation Decisions Since Automatic Enrollment." She explained that the figures in the chart represent cumulative totals since the initiation of automatic enrollment in August; not discrete figures for each month. For example, the cumulative number of participants who have been automatically enrolled since August 2010 is 33,663.

Chairman Saul and Mr. Sanchez expressed concern that the chart is difficult to interpret. The Board members asked the Agency staff to explore alternative ways to present automatic enrollment data to the Board.

b. Monthly Investment Performance Report

Ms. Ray reviewed the December 3, 2010 memorandum, entitled "November 2010 Performance Review" (attached). All of the funds have closely tracked their indices for the year. However, there is some tracking error in the F Fund and S Fund year-to-date due to the optimization process. There is also some tracking error in the I Fund because the indexes are reported with dividends after tax and the TSP does not pay tax on dividends.

The G Fund rate rose from 2.13 percent to 2.38 percent in December. Ms. Ray expects to see the G Fund rate rise further in January because, the 10 year T-note and 30 year T-bond rates have increased since the end of November.

The F Fund fell approximately half a percent in November because of rising interest rates. The I Fund fell 4.8 percent. All of the equity funds are up over 5% so far in December. The S Fund has been the strongest fund year-to-date.

Despite growth in the overall participation rate, the number of participants with L Fund balances dropped from 101,527 to 96,206 during November. Many participants are transferring money from the L 2010 Fund in anticipation of 2010 retirement at the end of the year.

c. Legislative Report

Mr. Trabucco had nothing new to report on TSP legislation. Mr. Kennedy asked Mr. Trabucco whether the new Speaker of the House will be a proponent of the Agency's legislation. Mr. Trabucco explained that the Agency's legislative proposals have historically been uncontroversial as policy matters. Opposition to the Agency's legislative proposals is more often cost-related rather than policy-related.

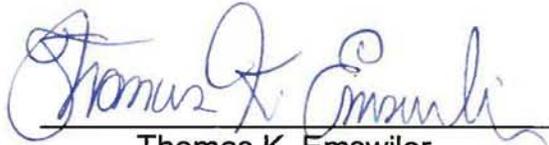
Mr. Sanchez suggested that the Board members meet with the chairs of the Congressional committees and subcommittees that have jurisdiction over the Agency's affairs. Chairman Saul concurred and suggested that the Board meet with Congressman Edolphus Towns and Congressman Darrell Issa who are on the House Committee on Oversight and Government Reform.

3. Board Meeting Agenda Updates.

Mr. Long briefly reviewed highlights of the Board's agenda for the upcoming months. At the January Board meeting, Ms. Moran will present a communications DVD. The Board is tentatively scheduled to meet with Phyllis Borzi, Assistant Secretary of Labor of the Employee Benefits Security Administration, immediately following the February Board meeting. The Board agreed that the March Board meeting should be telephonic as it normally is and that April is the ideal time for a joint meeting with ETAC. A decision on an appropriate time to try to schedule a meeting with Blake Grossman, CEO of BlackRock, remains pending.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Saul adjourned the meeting at 10:41 a.m.

MOTION: That this meeting be adjourned.

A handwritten signature in blue ink, appearing to read "Thomas K. Emswiler", written over a horizontal line.

Thomas K. Emswiler  
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. November 2010 Performance Review –G, F, C, S, I, and L Funds