



MINUTES OF THE MEETING OF THE BOARD MEMBERS

June 21, 2010

Thomas A. Fink, Acting Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on June 21, 2010, at 10:05 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 in person or by telephone were Alejandro M. Sanchez of Florida, member; Gordon J. Whiting of New York, member; Gregory T. Long, Executive Director; Megan G. Grumbine, Acting Secretary and Assistant General Counsel; Mark A. Hagerty, Chief Information Officer; Pamela-Jeanne Moran, Director, Participant Services; James B. Petrick, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; and Thomas J. Trabucco, Director, External Affairs.

1. Approval of the minutes of the May 17, 2010 Board member meeting.

Acting Chairman Fink entertained a motion for approval of the minutes of the May 17, 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 May 17, 2010, be approved.

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

a. Web Site Update

Mr. Long informed the Board that the launch of the new web site has been delayed by problems discovered during load testing. He anticipates having those problems resolved within the next several weeks.

b. Monthly Participant Activity Report

Ms. Wilder reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). She informed the Board that the TSP has 4.3 million participants and an 82.6% participation rate.

The number of active military TSP participants continues to grow. It is approaching 40%. Ms. Wilder predicted that the Roth feature will produce a meaningful increase in uniformed services participation.

c. Monthly Investment Performance Report

Ms. Ray reviewed the June 8, 2010 memorandum, entitled "May 2010 Performance Review" (attached). BlackRock Funds closely tracked their underlying indices for the month and the year-to-date, except the International Fund which was subject to fair valuation.

As a result of volatility in the international markets, the trading costs for the I Fund reached 54.6 basis points in the month of May. Fortunately, the total year-to-date dollar amount traded was only \$3.5 billion. This is because the total volume of trading decreased after the Agency implemented interfund transfer restrictions a couple of years ago.

The G Fund rate for June decreased to 2.88% because the 10 year T-note and 30 year T-bond came down 30 to 40 basis points.

May total returns are negative 8% for the C Fund, negative 7.5% for the S Fund, and negative 11% for the I Fund. These returns reflect uncertainty in Europe and globally. May was also the month in which U.S. markets experienced a "Flash Crash." Liquidity evaporated in the U.S. markets and some stocks prices fell from \$40 to a penny. The U.S. Securities Exchange Commission is addressing the "Flash Crash" with curbs on individual stock trading.

The markets have improved in June. So far, the C Fund is up 2.69%, which makes it positive again for the year-to-date. The S Fund has returned 1.5% in June and the I Fund has returned 4.6%.

Because the 2040 L Fund has the most equity exposure, it performs the worst in a weak market relative to the other L Funds. However, all of the L Funds still show positive returns for the year-to-date.

Participants made over 165,000 interfund transfers in May. That is the largest volume of interfund transfers since October 2008. Participants transferred approximately \$3 billion into the G Fund and \$.5 billion into the F Fund.

d. Legislative Report

Mr. Trabucco informed the Board that he and Mr. Long have scheduled a meeting with the Employee Thrift Advisory Council to discuss the report from the Congressional Budget Office on terminal annual leave legislation and the Department of Justice's opinion regarding tax levies against TSP accounts. Mr. Fink asked Mr. Trabucco if he still expects the Senate to confirm the new Board members before July 4th. Mr. Trabucco said that it is impossible to predict. He explained, however, that there is a proposal pending in the Senate that would eliminate anonymous holds on confirmations.

3. Closing discussions.

Mr. Long informed the Board members that he intends to schedule a phone call with them to discuss the lease of 1250 H Street, NW.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Acting Chairman Fink adjourned the meeting at 10:24 a.m.

MOTION: That this meeting be adjourned.



Megan G. Grumbine
Acting Secretary

Attachments

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