



MINUTES OF THE MEETING OF THE BOARD MEMBERS

August 16, 2010

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on August 16, 2010, at 10:02 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; Michael Kennedy of Georgia, member; Dana K. Bilyeu of Nevada, member; Gregory T. Long, Executive Director; Thomas K. Emswiler, Secretary and General Counsel; 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 July 19, 2010 Board member meeting.

Chairman Saul entertained a motion for approval of the minutes of the July 19, 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 July 19, 2010, be approved.

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

a. Monthly Participant Activity Report

Ms. Wilder reminded the Board that automatic enrollment started on August 1st and informed them that the Agency will track the rate at which individuals opt out of automatic enrollment. The Agency's staff expects the TSP's automatic enrollment opt-out rate to be similar to the opt-out rate experienced by private sector plans that have automatic enrollment features.

Chairman Saul requested confirmation of his understanding that participants will receive a dollar for dollar matching contribution on the three percent of their salary that will be automatically contributed. Ms. Wilder confirmed Chairman Saul's understanding and explained that participants will also receive a one percent agency contribution.

Ms. Wilder further explained that participants who wish to opt out of automatic enrollment will have 90 days to request a refund of the contributions that were automatically withheld from their pay. Chairman Saul noted that participants who request a refund will forfeit the matching contributions that were

associated with the refunded automatic contributions. Ms. Wilder stated that the one percent agency contribution will not be forfeited.

Ms. Wilder next reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). The TSP participation rate is still holding constant between 82% and 83%. The active duty uniformed services participation rate remains approximately 38%.

Mr. Sanchez asked whether there is a pattern in the fluctuation of the total uniformed services participation rate from month to month. Ms. Wilder explained that the fluctuation of the total uniformed services participation rate is caused, in part, by unpredictable fluctuations in the number of people in the Ready Reserve.

Mr. Kennedy asked Mr. Long and the senior staff to allocate some time in the future to explain the history of uniformed services participation in the TSP, as well as the Board's strategy to increase the uniformed services participation rate. Chairman Saul pointed out that uniformed services members have less incentive to participate because they do not receive matching contributions.

b. Monthly Investment Performance Report

Ms. Ray reviewed the August 6, 2010 memorandum, entitled "July 2010 Performance Review" (attached). The F Fund, the C Fund, and the S Fund closely tracked their underlying indices for the month. The I Fund outperformed by 131 basis points as a result of fair value adjustment that happened at the end of June.

For the year-to-date, the I Fund has a positive 21 basis point tracking error because the indexes are reported with dividends after tax and the TSP does not pay tax on dividends. The S Fund has a positive 24 basis point tracking error year-to-date as a result of the optimization program that BlackRock uses.

The I Fund has had another month of high trading costs, reaching 36 basis points. Ms. Ray explained that the I Fund is priced at the close of business on one day, but the trade is not executed until the following morning.

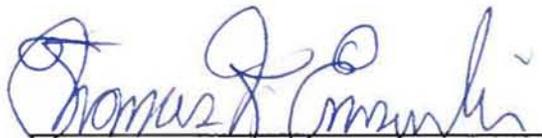
The G Fund rate fell from 2.63% to 2.5% in July. The equity markets had their best returns in a year, but the F Fund is still the best performer year-to-date.

c. Legislative Report

Mr. Trabucco informed the Board that Congress is in recess. Congress will return in mid-September and adjourn on October 6th.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Saul adjourned the meeting at 10:30 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. July 2010 Performance Review –G, F, C, S, I, and L Fund