



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 19, 2011

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on December 19, 2011, at 11:14 a.m., Eastern Time. The meeting was at the Board's offices at 1250 H Street, N.W., Washington, D.C. Parts of the meeting were open to the public and parts were closed to the public. In attendance were Dana K. Bilyeu of Nevada, member (by telephone); Ronald D. McCray of Texas, member; David A. Jones of Connecticut, member; Gregory T. Long, Executive Director; Thomas K. Emswiler, Secretary and General Counsel; Mark A. Hagerty, Senior Advisor; Pamela-Jeanne Moran, Director, Participant Services; James B. Petrick, Chief Financial Officer; William H. Jacobson, Acting Chief Investment Officer; Thomas J. Trabucco, Director, External Affairs; Mark Walther, Chief Information Officer; and Renee Wilder, Director, Research and Strategic Planning.

1. Approval of the minutes of the November 30, 2011 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the November 30, 2011 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 30, 2011 be approved.

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

Ms. Wilder reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). Ms. Wilder noted that at this time, the plan has almost \$292 billion in assets, and has gross contributions near \$2.2 billion, which falls in the normal range.

Ms. Wilder explained that the decrease in participation rates she noted last month has continued, and research into the matter has revealed three factors that are contributing to that trend. As the end of the year approaches, participants are reaching the contribution limit and are unable to make contributions for the rest of the year, and not receiving matching agency dollars as a result. The number of Federal employees separating from service is the second factor impacting participation rates. And third, the number of hardship withdrawals has increased. This means those

participants are not contributing for a six month suspension period. Participation rates will continue to be monitored, but Ms. Wilder expects the number to increase in January as participants who maxed out begin contributing again.

b. Monthly Investment Performance Report

Mr. Long introduced Mr. Jacobson, who is serving as acting Chief Investment Officer in Ms. Ray's absence. Mr. Jacobson reviewed the December 9, 2011 memorandum, entitled "November 2011 Performance Review – G, F, C, S, I, and L Funds" (attached). The Fixed Income Fund had a larger tracking difference than usual in November because State Street, BlackRock's custodian, used an alternative pricing source for several sectors. This tracking error has since been reversed.

The Small Mid Cap Fund outperformed due to the optimization process. For the third month in a row there was a fair value adjustment in the International Fund, which resulted in a tracking difference against the Index which should reverse next month if there is no fair value adjustment at year end. The trading costs for all Funds were typical, with the I Fund experiencing significant trading costs, primarily from the effect of time zones.

The G Fund rate remains at one and three-quarters percent. As of the night of December 16, 2011, the C Fund was down approximately 1.1 percent, the S Fund was down 5.95 percent, and the I Fund was down 14.5 percent for the year-to-date.

c. Legislative Report

Mr. Trabucco reported that Congress is dealing with end of year issues, and nothing involving the TSP is under review.

d. Review of the draft 2012 calendar

Mr. Long discussed upcoming events for the members of the Board, including a possible visit to see at least one of the two call centers and a meeting with the Department of Labor. Mr. Long discussed a meeting in May to talk about budget review, and a meeting in August for final budget discussion and approval.

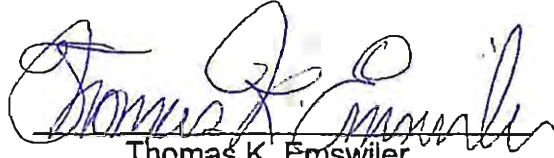
3. Closed Session.

On a vote taken by the Chairman, the members closed the meeting at 11:33 a.m. for executive session.

At 1:05 p.m., upon completion of the executive session, the members reconvened the open portion of the meeting.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Kennedy adjourned the meeting at 1:05 p.m.

MOTION: That this meeting be adjourned.

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

Thomas K. Emswiler
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. November 2011 Performance Review –G, F, C, S, I, and L Funds