



MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 17, 2012

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on December 17, 2012, at 10:00 a.m., Eastern Time. The meeting was open to the public at the Board's offices at 77 K Street, N.E., Washington D.C. 20002. In attendance were Ronald D. McCray of Texas, member, by telephone; David A. Jones of Connecticut, member, by telephone; Gregory T. Long, Executive Director; Megan G. Grumbine, Acting Secretary; Susan C. Crowder, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; Kimberly A. Weaver, Director, External Affairs; Renee C. Wilder, Director, Office of Enterprise Planning; Thomas K. Emswiler, Director, Office of Benefits; Anne Beemer, Acting Director, Office of Enterprise Risk Management; Sophie T. Dmuchowski, Acting Director, Office of Communications and Education; Gisile Goethe, Acting Director, Resource Management; Mark Walther, Chief Technology Officer; Toni Bush-Neal, Executive Advisor to the Executive Director.

1. Approval of the minutes of the November 27, 2012 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the November 27, 2012 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 27, 2012 be approved.

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

Mr. Long gave opening remarks, including a brief summary of the agenda for the meeting.

- a. Office of Technology Update

Mr. Walther confirmed that the Technology and Enterprise Support Services ("TESS") draft Request for Proposal was sent out on December 7, 2012. Mr. Walther also confirmed that the Agency held a pre-solicitation conference for the Request for Proposal on December 14, 2012.

- b. Monthly Participant Activity Report

Ms. Wilder reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). With respect to Roth accounts, Ms. Wilder noted that the

participation rate continued to increase. With respect to the overall Plan, there was a slight decrease in the participation rate as many participants reached their annual contribution limit, although that rate is expected to turnaround starting in January.

c. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "November 2012 Performance Review – G, F, C, S, I, and L Funds" (attached). The first page compares BlackRock Funds' performance against their underlying indices both for the month of November and the 2012 calendar year to date. For 2012, the Small Mid Cap Fund and the International Fund outperformed their underlying indices by 49 percent and 33 percent respectively.

In November, the G Fund experienced an inflow of \$1.4 billion. In December, the pending fiscal cliff hindered domestic stocks as demonstrated by the C Fund's .06 percent decline and the S Fund's .25 percent increase.

In contrast, the I Fund was up 1.99 percent in the first half of December, making it the best performing Fund in 2012 to date with an overall increase of 16.3 percent. The L Funds also increased in value during 2012.

Member McCray asked whether the Plan advises participants to monitor their allocations, particularly related to allocations within the L Funds. Mr. Long stated that the Agency does advise participants to check-in and reassess their allocations with respect to every Fund.

d. Legislative Report

Ms. Weaver reported that Congress is working on developing a package resolving the fiscal cliff and that any package could address the IRS tax levy issue. Ms. Weaver also reported that 24,000 U.S. Postal Service employees accepted an early retirement package and that this activity could increase the level of post-separation withdrawals in January and February. Mr. Emswiler stated that the Office of Benefits was prepared for any increased activity.

Member McCray asked if the separated Postal employees – and separated employees in general – often withdraw their TSP funds and if the Agency advises separated employees of their options with respect to their TSP funds.

Mr. Long and Ms. Dmuchowski stated that the Plan educates participants through annual correspondence as well as the Plan's Highlights Newsletter. Ms. Dmuchowski stated that the next Highlights Newsletter will touch briefly on separated employees.

e. Enterprise Risk Management Update

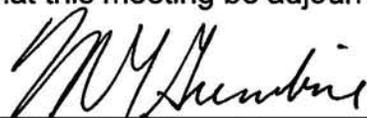
Ms. Beemer stated that she made a recommendation to the Executive Director to establish a formal internal audit program within the Agency. Ms. Beemer highlighted the differences between the proposed internal audit program and the Agency's current Department of Labor audit program. Specifically, Ms. Beemer highlighted the Agency's enhanced features and increasingly complex record keeping and stated that the internal audit program would benefit the Agency's future strategic management. Ms. Beemer stated that she also presented the Executive Director with a recommendation to augment internal audit resources with external audit support until the internal program could be established.

Member McCray applauded the recommendations and also inquired about the independence of the proposed audit program. Mr. Long responded that the proposed audit program could possibly report to the Executive Director and the Board. Mr. Long stated that the Department of Labor was pleased with the recommendation and, with the approval of the Board, he would take the initial steps to implement the program.

Chairman Kennedy concurred with Mr. Long's proposal and also applauded the recommendation for an internal audit program. Member Jones concurred with Member McCray and Chairman Kennedy.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Kennedy adjourned the meeting.

MOTION: That this meeting be adjourned.



Megan G. Grumbine
Acting Secretary

Attachments

1. Thrift Savings Fund Statistics
2. November 2012 Performance Review – G, F, C, S, I, and L Funds