



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77 K Street, NE Washington, DC 20002

MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 16, 2013

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on December 16, 2013, at 9:00 a.m., Eastern Time. The meeting was open to the public at the Board's offices at 77 K Street, N.E. In attendance were Dana K. Bilyeu of Nevada, member; Ronald D. McCray of Texas, member; David A. Jones of Connecticut, member; William S. Jasien of Virginia, member; Greg T. Long, Executive Director; James B. Petrick, Secretary and General Counsel; Susan C. Crowder, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; Kimberly A. Weaver, Director, External Affairs; Mark E. Walther, Chief Technology Officer; Jay Ahuja, Chief Risk Officer; James Courtney, Director, Office of Communications and Education; Gisile Goethe, Director, Office of Resource Management; Renee C. Wilder, Director, Office of Enterprise Planning; Thomas K. Emswiler, Director, Office of Participant Operations and Policy; Megan G. Grumbine, Executive Advisor to the Executive Director.

1. Approval of the minutes of the November Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the November 25, 2013 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 25, 2013 be approved.

2. Thrift Savings Plan (TSP) activity report by the Executive Director.

Mr. Long gave opening remarks, including a brief summary of the agenda for the meeting. Mr. Long informed the Board that the TSP recently joined twitter, @TSP4GOV.

a. Monthly Participant Activity Report

Ms. Wilder reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). Ms. Wilder reported a decrease in FERS participation rate, showing a decline from 86.3 percent in October to 86.1 percent in November. Ms. Wilder also reported that the number of hardship withdrawals decreased in November. Mr. Jasien asked for a monthly report on net cash flow in order to be able to closely monitor its performance.

b. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "November 2013 Performance Review – G, F, C, S, I, and L Funds" (attached). Ms. Ray reported that trading costs remain low for the year, and that there is some year-to-date tracking error for the Fixed Income Fund, Small to Mid-Cap Fund, and International Fund. For December, the F Fund is down .35 percent, the C Fund down 1.59 percent, the S Fund down 1.66 percent, and the I Fund down 3.68 percent. Year-to-date the C Fund is up 27 percent, the S Fund up 32 percent, and the I Fund up 16 percent. The F Fund continues to decline. Almost 900,000 participants are currently participating in the L Funds.

c. **Legislative Report**

Ms. Weaver provided an update on a Postal Reform bill that would allow the Postal Service to bargain with its unions over the TSP benefit. Ms. Weaver informed the Board that staff had met with the committee staff and offered technical corrections, and that Mr. Long would be drafting a letter to formally voice concern over the potential legislation.

Ms. Weaver reported that the House passed the budget bill, and that there is currently a three-tier contribution system for federal employees. If hired before January 2013, an employee pays .08 percent for their defined benefit. If hired between January 1st 2013 and December 31st 2013, an employee pays 3.1 percent, and an employee hired after January 1st 2014 pays 4.4 percent for their Federal Employees' Retirement System defined benefit. At this point there is no data on how this may impact employee TSP participation and contribution.

3. **L Fund Default**

Ms. Wilder updated the Board on the Agency's meeting with the Employee Thrift Advisory Council (ETAC) who agreed the Agency should pursue having the age appropriate L Fund as the default option for automatically enrolled participants. Mr. Long recommended that this option be pursued through legislation (memorandum attached). The following motion was made, seconded, and adopted without objection:

The Executive Director shall pursue legislation to make an age-appropriate L Fund the default option for Thrift Saving Plan contributions by FERS participants.

4. **OPOP Report**

Mr. Emswiler gave a presentation on the Office of Participant Operations and Policy (attached). Mr. Emswiler explained his office's mission of customer service, which includes responding to over 140,000 participant requests a month and encompasses topics such as court orders, loans, withdrawals, death

benefits, and general questions about accounts. Mr. Emswiler presented an overview of his office's responsibilities and significant achievements.

5. Financial Auditor Contract

Mr. Ahuja presented a memorandum on the Financial Auditor Re-compete (attached). Market analysis was completed in April 2013 that determined there would be sufficient competition for the procurement of Financial Auditor services. Mr. Long's memorandum outlined the criteria necessary for the financial auditor, and sought Board approval to move forward with the procurement. The following motion was made, seconded, and adopted:

The minimum criteria and evaluation criteria for competitive selection of the Agency's financial auditor, as set forth in the Executive Director's memorandum of December 6, 2013, are hereby approved.

6. OGC Report

Mr. Petrick gave a presentation on the Office of the General Counsel (attached). He explained his office's mission to represent the interests of the participants and beneficiaries of the TSP by providing advice to the Executive Director, Board Members, and staff of the FRTIB concerning their legal duties and responsibilities. Mr. Petrick presented an overview of his office's duties, responsibilities, and significant achievements, as well as goals for the upcoming year.

7. Calendar

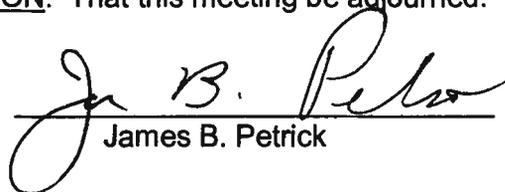
The Board discussed upcoming meetings for the 2014 year, including the 2014 meeting start times of 8:30 am.

On a vote taken by the Chairman, the members closed the meeting at 11:01 a.m. for executive session.

At 12:10 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 12:10 p.m.

MOTION: That this meeting be adjourned.


James B. Petrick

Secretary

Attachments

1. Thrift Savings Fund Statistics
2. November 2013 Performance Review –G, F, C, S, I, and L Funds
3. L Fund Default Investment Option
4. Office of Participant Operations and Policy Presentation
5. Agency Financial Auditor Re-compete
6. Office of General Counsel Presentation