



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

February 25, 2013

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on February 25, 2013, at 9:00 a.m., Eastern Time. The meeting was held at the Board's offices at 77 K Street, N.E., Washington D.C. 20002. Parts of the meeting were open to the public and parts of the meeting were closed to the public. In attendance were Dana K. Bilyeu of Nevada, Member; Ronald D. McCray of Texas, Member; David A. Jones of Connecticut, Member; 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; Mark Walther, Chief Technology Officer; Renee C. Wilder, Director, Office of Enterprise Planning; Jay Ahuja, Chief Risk Officer; Robin Conner, Deputy Director, Office of Benefits; Sophie T. Dmuchowski, Acting Director, Office of Communications and Education; Gisile Goethe, Acting Director, Resource Management; Toni Bush-Neal, Executive Advisor to the Executive Director.

1. Approval of the minutes of the January 28, 2013 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the January 28, 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 January 28, 2013 be approved.

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

Mr. Long gave opening remarks, introduced a few of the Agency's recently hired employees, and updated the Board members on the Plan's success in assisting participants affected by Hurricane Sandy.

a. Monthly Participant Activity Report

Ms. Wilder reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). The Plan's participation rate increased in January in part due to auto enrollment and in part due to the continued increase in Uniformed Service Roth participation rates. Assets under management at the end of January were approximately \$336 billion.

b. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "January 2013 Performance Review – G, F, C, S, I, and L Funds" (attached). Ms. Ray explained that during the month of January the F Fund experienced a tracking error of 14 basis points largely due to a change in pricing services, while the I Fund experienced a tracking error of 83 basis points due to a fair value adjustment. At the same time, the S Fund experienced a significant increase in assets due to interfund transfers, which mirrors an overall market trend of increasing equity investments.

Ms. Ray also introduced the upcoming Investment Structure Review Project which will review the Plan's custodial relationships, securities lending and investment management functions.

Lastly, Ms. Ray introduced representatives from Hewitt EnnisKnupp (HEK) who assisted the Agency with the 2013 "Investment Options Review" (attached). The HEK representatives presented the Review which analyzed the Plan's current investment options and weighed whether the Plan should consider adding additional investment options. In its analysis, HEK examined the Plan's current investment options and compared them with other possible asset classes. HEK also examined the investment options offered by other retirement plans. After conducting a thorough comparison, and evaluating other factors, HEK did not recommend that the Plan offer any new investment options.

c. Legislative Report

Ms. Weaver reported that the G Fund was made whole following the legislation that resolved the debt ceiling. Ms. Weaver also reported that the Agency issued guidance to participants who may be furloughed as a result of the upcoming sequestration. The Agency's guidance included facts regarding plan loans and the effect of participants being placed in non-pay status.

Member McCray asked whether the Agency was prepared for an increase in participant loan or withdrawal requests. Mr. Long stated that the Agency, including the Operations Team, is fully prepared.

Ms. Weaver then presented an in-depth review of the "Office of External Affairs" (attached). Ms. Weaver's review explained the Congressional committees and entities with oversight over the Agency. Ms. Weaver's review also explained trends in past proposed legislation that focused on federal pay and retirement benefits and explained that similar legislation may be introduced in the future. Ms. Weaver stated that although the Agency does not have a current legislative proposal, the Agency closely tracks any pension and tax-related legislation introduced in Congress.

d. Strategic Performance Metrics Report

Ms. Wilder reviewed the Agency's "Strategic Performance Metrics" Report (attached). Ms. Wilder explained that the Report outlines the Agency's strategic goals and the performance metrics the Agency establishes and tracks in order to meet each strategic goal. The Report also reflects the budget status for current strategic goals.

Ms. Wilder also updated the Board on the Agency's annual strategic planning retreat where senior Agency leaders met to discuss the direction and future goals of the Agency, including continually improving participant services and resource management.

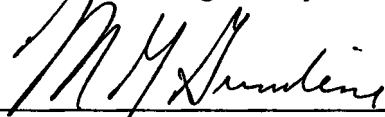
3. Closed Session

On a vote taken by the Chairman, the members closed the meeting at 11:16 a.m. for executive session.

At 11:37 a.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 11:37 a.m..

MOTION: That this meeting be adjourned.



Megan G. Grumbine
Acting Secretary

Attachments

1. Thrift Savings Fund Statistics
2. January 2013 Performance Review – G, F, C, S, I, and L Funds
3. Investment Operations Review Report
4. Office of External Affairs Overview
5. Strategic Performance Metrics – February 2013