



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

October 28, 2013

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board (Agency), convened a meeting of the Board members on October 28, 2013, at 9:00 a.m., Eastern Time. Parts of the meeting were open to the public at the Board's offices at 77 K Street, N.E. and parts 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; William 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, Office of Enterprise Risk Management; James Courtney, Director, Office of Communications and Education; Gisele Goethe, Director, Office of Resource Management; Robin Conner, Deputy Director, Office of Participant Operations and Policy; Megan G. Grumbine, Executive Advisor to the Executive Director; Veronica Mance, Policy Research Officer.

1. Approval of the minutes of the September 23, 2013 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the September 23, 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 September 23, 2013 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. Monthly Participant Activity Report

Ms. Mance reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). The Plan participation rate declined slightly in September, the Plan continued to experience an increase in the number of participants who retain their accounts after separating from service. Ms. Mance reported that while the Government was closed in October, the Plan experienced an increase in the number of participant calls, as well as an increase in the number of hardship withdrawal requests

and the number of inter-fund transfers. Ms. Mance stated that the Agency extended the response time for the annual participant survey until November 8, 2013.

b. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "September 2013 Performance Review – G, F, C, S, I, and L Funds" (attached). Ms. Ray reported on the class action settlements for the Plan and also noted that an audit of BlackRock's proxy voting for the Plan did not find any exceptions. Lastly, Ms. Ray stated that it was necessary that the Board review, and if appropriate, reaffirm the investment policies.

Chairman Kennedy entertained a motion to reaffirm the investment policies of the Government Securities Investment Fund, the Fixed Income Index Investment Fund, the Common Stock Index Investment Fund, the Small Capitalization Stock Investment Fund, and the International Stock Index Investment Fund. The following motion was made, seconded, and adopted without objection:

MOTION: That the investment policies for the Government Securities Investment Fund, the Fixed Income Index Investment Fund, the Common Stock Index Investment Fund, the Small Capitalization Stock Investment Fund, and the International Stock Index Investment Fund be reaffirmed.

c. Legislative Report

Ms. Weaver reported that the debt ceiling was raised in October. As part of that process, the G Fund was made whole and TSP participants did not experience any problems as a result of the recent extraordinary measures. Ms. Weaver noted that the Treasury Department may have to move to extraordinary measures again in February or March of 2014.

3. Mid-Year Financial Audit.

Mr. Long introduced the Plan's external auditors from CliftonLarsonAllen to report on the Plan's mid-year financial audit.

CliftonLarsonAllen reviewed the CLA presentation (attached), including the Audit Plan for calendar year 2013. CLA then stated that the review of the Plan's financial statements was conducted in accordance with standards established by the American Institute for Certified Public Accountants. The review did not identify any material issues or noncompliance matters.

Mr. Ahuja reported that the Agency has recently closed 31 open audit recommendations and CLA as well as other external auditors will review those closed recommendations during the next audit. Mr. Ahuja reported that the Agency continues to work diligently to close other outstanding audit recommendations.

4. Capital Markets and the L Funds.

Mr. Long reported that the Plan recently completed its annual review of capital markets assumptions and the L Funds. As part of that process, the Plan engaged Mercer Inc. to assist in the analysis. Mr. Long introduced the individuals from Mercer to present the findings of the annual review.

Mercer reviewed the stochastic model as well as demographic and market assumptions, and then proceeded to review how the model and assumptions comport with the current Lifecycle Funds. Next, Mercer reviewed the current L Fund allocations as well as possible future allocations based on their analysis of the Funds in the context of their modeling and assumptions. Mercer concluded the presentation by providing their findings and offering several future options for the five L Funds, including a recommendation that the Plan increase the G fund allocation relative to all fixed income within the L Funds and that the equity allocation be increased by 5% across all of the Funds.

5. Human Capital Review and Office of Resource Management Report.

Mr. Long introduced Ms. Goethe, the Director of the Office of Resource Management. Ms. Goethe presented the ORM Update (attached). This included reviewing the ORM mission statement and the Office's ongoing initiatives. Ms. Goethe then reported on the Office's accomplishments, including the recent publication of the Human Capital Plan which provides a long-term roadmap for the hiring and recruitment of highly skilled individuals to carry out the Agency's mission. Ms. Goethe also reported on improved training and development programs within the Agency as well as ongoing projects to improve the Agency's facilities and resources.

6. Quarterly Vendor Financial Report.

Mr. Ahuja reviewed the "Quarterly Vendor Financial Assessment" (attached). Mr. Ahuja stated that Blackrock's assessment of their key servicers includes State Street that provides custodian services to the Plan. The Agency will continue to rely on Blackrock's representation regarding the financial health of State Street.

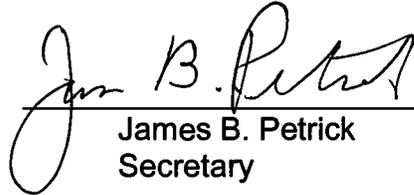
7. Closed Session.

On a vote taken by the Chairman, the members closed the meeting at 11:51 a.m. for executive session.

At 1:21 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 1:21 p.m.

MOTION: That this meeting be adjourned.



---

James B. Petrick  
Secretary

**Attachments**

1. Thrift Savings Fund Statistics
2. September 2013 Performance Review – G, F, C, S, I, and L Funds
3. CLA Audit Presentation
4. Office of Resource Management Update
5. Quarterly Vendor Financial Assessment