



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 15, 2014

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on December 15, 2014, at 10:00 a.m., Eastern Time. Parts of the meeting were open to the public and parts of the meeting were closed at the Board's offices at 77 K Street, N.E. In attendance were Dana K. Bilyeu of Nevada, member (by telephone); Ronald D. McCray of Texas, member (by telephone); David A. Jones of Connecticut, member (by telephone); William S. Jasien of Virginia, member (by telephone); Greg Long, Executive Director; James B. Petrick, Secretary and General Counsel; Mark E. Walther, Chief Operating Officer; Tracey A. Ray, Chief Investment Officer; Renée C. Wilder, Director, Office of Enterprise Planning; Kimberly A. Weaver, Director, External Affairs; Thomas K. Emswiler, Director, Office of Participant Operations and Policy; Susan C. Crowder, Chief Financial Officer; Jay Ahuja, Chief Risk Officer; Gisile Goethe, Director, Office of Resource Management; James Courtney, Director, Office of Communications and Education; David Heimann, Acting Director, Office of Technology Services; and Charles Bradshaw, Executive Advisor to the Executive Director.

1. Approval of the minutes of the November 17, 2014 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the November 17, 2014 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 17, 2014 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.

- a. Monthly Participant Activity Report

Mr. Emswiler provided information regarding cost savings associated with the new service that allows participants to reset their TSP account passwords over the phone with the assistance of a call center representative. The cost of generating and mailing a password is approximately 53 cents. The call center is averaging approximately 1,500 password resets per day (or 30,000 per month or 360,000 per year), which results in an annual cost savings of approximately 191,000 dollars.

Mr. Emswiler also provided an overview of the Monthly Participant Activity Report. See "Thrift Savings Fund Statistics" (attached). Participation rates dropped slightly from 87.4 percent to 87.2 percent due to participants hitting the elective deferral limit for 2014. The active duty participation rate rose to 42.2 percent for the first time and Roth balances increased to over 2 billion dollars, with 459,651 Roth accounts. Uniformed services participants continue to be the biggest contributor to Roth accounts and hold 49.5 percent of the Plan's Roth accounts.

b. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "November 2014 Performance Review – G, F, C, S, I, and L Funds" (attached). Ms. Ray examined the tracking error of the BlackRock-managed funds versus their underlying indices, noting that the International Fund had a negative tracking error of 85 basis points due to the prior fair valuation adjustment and the Fixed Income Fund had a positive tracking error due primarily to securities lending income.

In December to date, the C Fund decreased by 3.07 percent, the S Fund decreased 2.94 percent, and the I Fund decreased by 4.59 percent.

c. Legislative Report

Ms. Weaver provided an update on the L Fund default bill. Ms. Weaver reported that the Senate passed the House L Fund default bill, H.R. 4193 on December 10th, 2014, and that it is on its way to the President for signature. The bill has a nine-month implementation window so the L Fund default must be implemented around the beginning of October 2015 assuming the President signs the bill in short order. In addition, Ms. Weaver reported that a bill amending Dodd-Frank was passed permitting insurance companies to use the capitalization rules applicable to life insurance companies as opposed to banking companies. She noted that this does not change the significantly important designation that MetLife has received.

3. Office of the General Counsel Update.

Mr. Petrick presented an update on the Office of the General Counsel (attached). He provided an overview of the organization of the Office of the General Counsel, including the addition of a new compliance group. Mr. Petrick also reported on the Office of the General Counsel's fiscal year 2014 accomplishments and fiscal year 2015 initiatives.

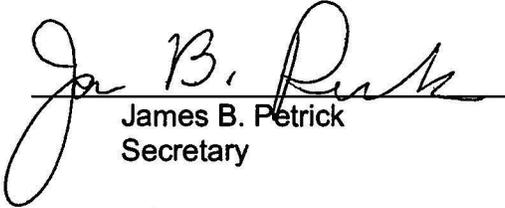
4. Adjourn.

On a vote taken by the Chairman, the members closed the meeting at 10:26 a.m. for executive session.

At 10:31 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 10:33 a.m.

MOTION: That this meeting be adjourned.


James B. Petrick
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. November 2014 Performance Review – G, F, C, S, I, and L Funds
3. Office of the General Counsel Update