



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

June 23, 2014

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on June 23, 2014, 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. 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 (by telephone); 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; Dave Heimann, Acting Director, Office of Technology Services; 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; and Megan G. Grumbine, Executive Advisor to the Executive Director.

1. Approval of the minutes of the May 19, 2014 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the May 19, 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 May 19, 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 and Ms. Wilder reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). Mr. Emswiler reported that the total plan balance exceeded 412 billion dollars in May. The participation rate climbed to 87.4 percent. Mr. Emswiler explained that post-separation withdrawals have increased, which is a trend that the Agency continues to monitor. Mr. Emswiler stated that rollovers into the Plan are 8 million dollars over the 2013 monthly average, which is a positive trend. Mr. McCray asked Mr. Emswiler for the reason behind post-separation

withdrawals and whether we should offer an electronic exit interview. Mr. Emswiler responded that because of the aging workforce, the Plan is processing more retirements, thus more post-separation withdrawals. Mr. Emswiler's answer to the second question was that the Agency will conduct surveys to ask why participants removed their money from the Plan. Mr. Emswiler expressed hope that the paper survey will be ready by October. Lastly, Ms. Wilder added that the Agency is not only concerned with post-separation withdrawals but age-based withdrawals as well, since the Plan has processed a fairly significant amount.

b. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "May 2014 Performance Review – G, F, C, S, I, and L Funds" (attached). The first page compared BlackRock Funds' performance against their underlying indices both for the month of May and year-to-date. Ms. Ray pointed out that there was some tracking error in the Fixed Income Fund as a result of Securities Lending Income, and as a result of using a different pricing service for the Mortgage-Backed Securities than the Index itself uses. Ms. Ray reported that so far in June, the F Fund is down 0.45 percent for the month, the C Fund is up 2.2 percent for the month, the S Fund is up 3.9 percent, and the I Fund is up 1.5 percent.

c. Legislative Report

Ms. Weaver reported that the L Fund bill in the Senate, S. 2117, was scheduled for markup on Wednesday, June 25, 2014. Ms. Weaver also stated that the House is attempting to get floor time to move the House bill forward.

3. Office of External Affairs Presentation.

Ms. Weaver gave a presentation on the Office of External Affairs (attached). Ms. Weaver discussed some of the efforts to change the TSP since its inception. Ms. Weaver stated that since the beginning, legislation has been aimed at either mandating that the Plan disinvest from various sources on moral or political grounds, or to add new funds. Ms. Weaver presented several reasons why the proposals were not supported by the FRTIB: they did not fit with the TSP policy or structure; the Agency viewed them as using the TSP for social purposes, or adding funds that the Board believed did not benefit the participants and beneficiaries. Ms. Weaver predicted that interest in the TSP would persist because the TSP is managing 412 billion dollars and continuing to grow. However, Ms. Weaver made it clear that the evaluation criteria will continue to be what is in the best interests of the participants and beneficiaries. At the conclusion of Ms. Weaver's report, Chairman Kennedy inquired about whether Ms. Weaver noticed a surge in interest in the TSP from Members of Congress who expressed concern from five or six years ago and whether adding different investment options to the TSP is becoming more political. Ms. Weaver responded that although there has always been interest, the bills have not gotten substantial support.

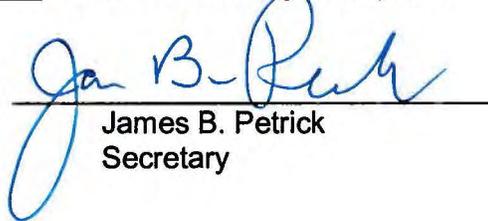
4. Miscellaneous.

Chairman Kennedy asked Mr. Long to go over the schedule for the next three months. Mr. Long stated that next month's meeting will take place in Frostburg at the call center facility. Mr. Long and the Board members discussed the schedule for the rest of 2014.

5. Adjournment.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Kennedy adjourned the meeting at 10:22 a.m.

MOTION: That this meeting be adjourned.


James B. Petrick
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. May 2013 Performance Review – G, F, C, S, I, and L Funds
3. Office of External Affairs Presentation