

## MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 14, 2015

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on December 14, 2015, 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 Oregon, 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; Kimberly A. Weaver, Director, External Affairs; Susan C. Crowder, Chief Financial Officer; Jay Ahuja, Chief Risk Officer; James Courtney, Director, Office of Communications and Education; Gisile Goethe, Director, Office of Resource Management; Scott Cragg, Chief Technology Officer; Ravindra Deo, Chief Investment Officer; Renée C. Wilder Guerin, Acting Director, Office of Participant Operations and Policy; Karen Vaughn Peck, Acting Director, Office of Enterprise Planning; and Ernest Witherspoon, Executive Advisor to the Executive Director.

1. Approval of the minutes of the November 19, 2015 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the November 19, 2015 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 19, 2015 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. He announced that Tom Emswiler will serve as Senior Advisor for Uniformed Services in light of the enactment of the National Defense Authorization Act, which will involve significant work. In addition, Mr. Long announced that the Public Safety Employees Exemption Project has been successfully implemented.

### a. Monthly Participant Activity Report

Ms. Wilder Guerin provided an overview of the Monthly Participant Activity Report. See "Thrift Savings Fund Statistics" (attached). Participation rates dropped to 88.3 percent due to participants hitting the elective deferral limit for 2015. This trend is fully expected to reverse itself in January or February 2016. Roll-ins to the

Plan were strong for November 2015 and the level of roll-ins for January through November 2015 is higher than the level received in all of 2014.

b. Monthly Investment Performance Report

Mr. Deo reviewed the fund performance memorandum, entitled "November 2015 Performance Review – G, F, C, S, I, and L Funds" (attached). Mr. Deo examined the tracking error of the BlackRock-managed funds versus their underlying indices, noting that, for November, the S Fund had a positive tracking error of 9 basis points due to securities lending and sampling and the I Fund had a positive tracking error of 71 basis points due to the reversal of the fair valuation pricing loss in October. For January through November 2015, the F Fund and S Fund had positive tracking errors of 36 basis points and 53 basis points, respectively, primarily due to securities lending, and the I Fund had a positive tracking error of 107 basis points primarily due to 2014 year-end fair value adjustments.

In December to date, the C Fund decreased by 3.2 percent, the S Fund decreased 5.3 percent, the F fund increased by 0.3 percent, and the I Fund decreased by 3.9 percent.

c. Legislative Report

Ms. Weaver reported that the funding bill for the Federal Government will expire. She noted that Congress is putting a package together and will likely need to pass another short-term extension.

3. Quarterly Metrics Report.

Ms. Toni Bush Neal of the Office of Enterprise Planning (OEP) provided an overview of the Agency's performance metrics for the fourth quarter of fiscal year 2015. See "FRTIB Performance Metrics: 4th Quarter Fiscal Year 2015" (attached). The 4th quarter Plan participation rate was 88.55 percent. The one-year FERS post-separation retention rate decreased from the previous quarter. The proportional participant balances allocated to the L Fund have decreased slightly from last quarter.

Ms. Bush Neal reported that participants' account information availability, investing and withdrawal processing timeliness, call center availability, response times, and participation correspondence rates are all on target.

The report indicates that 19 of the 20 scheduled audit findings were closed. The Agency's program office has provided the packages to demonstrate closure of 19 audit findings to the Office of Enterprise Risk Management (OERM) but OERM has not yet verified that all of the documents are sufficient to demonstrate closure to KPMG and the Department of Labor. Mr. Long indicated that more time will be built into the Agency's timeframe for audit schedules in the future to better account for this process and the language on the report will be updated for clarity.

Ms. Bush Neal reported that the Decision Intelligence Portfolio and the Enterprise Information Security and Risk Management Initiatives are progressing well and coming to a close.

4. Office of General Counsel Update.

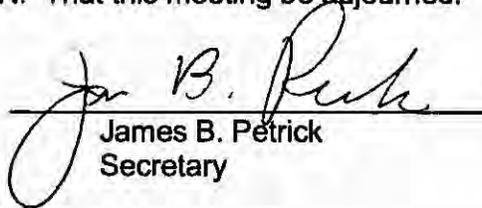
Mr. Petrick presented an update on the Office of General Counsel (OGC) (attached). He provided an overview of the organization of OGC. Mr. Petrick also reported on the OGC's fiscal year 2015 accomplishments and fiscal year 2016 initiatives with the help of Ms. Megan Grumbine, Deputy General Counsel, who spoke about the privacy-related accomplishments and initiatives.

5. Adjourn.

On a vote taken by the Chairman, the members closed the meeting at 10:50 a.m. for executive session.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Kennedy adjourned the meeting at 11:49 a.m.

MOTION: That this meeting be adjourned.

  
James B. Petrick  
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. November 2015 Performance Review – G, F, C, S, I, and L Funds
3. Quarterly Management and Performance Metric Report
4. Office of the General Counsel Update