David A. Jones, Acting Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on November 16, 2020, at 10:00 a.m. Eastern Time. The meeting was held telephonically and open to the public. In attendance were Dana K. Bilyeu of Oregon, member; Ronald D. McCray of Texas, member; William S. Jasien of Virginia, member; Ravindra Deo, Executive Director; Dharmesh Vashee, Acting General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer and Deputy Executive Director; Renée C. Wilder Guerin, Director, Office of Enterprise Planning; Kimberly A. Weaver, Director, External Affairs; Susan Crowder, Chief Financial Officer; Gisile Goethe, Director, Office of Resource Management; James Courtney, Director, Office of Communications and Education; Tee Ramos, Director, Office of Participant Services; Sean McCaffrey, Chief Investment Officer; Vijay Desai, Chief Technology Officer; and Ernest Witherspoon, Executive Advisor to the Executive Director.

1. Approval of the Minutes of the October 19, 2020 Board Member Meeting.

Acting Chairman Jones entertained a motion for approval of the minutes of the October 19, 2020 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 October 19, 2020 be approved.

2. Monthly Reports.

Mr. Deo gave opening remarks, including a brief summary of the agenda for the meeting.

a. Investment Performance Report

Mr. McCaffrey reviewed the monthly investment performance report. [See “October 2020 Performance Review – G, F, C, S, I, and L Funds” (attached).] Mr. McCaffrey indicated that in October, BlackRock’s performance for the F Fund exceeded the Fixed Income Index returns by 3 basis points, primarily due to securities sampling and securities lending. BlackRock’s performance for the C Fund was in line with the Large Cap Index for October. The S Fund outperformed the Small Mid Cap Index by 5 basis points primarily due to securities sampling and securities lending. I Fund performance for October was in line with the International Index returns.
Mr. McCaffrey noted that many of the initial third quarter corporate earnings reports exceeded expectations and U.S. gross domestic product rebounded in the third quarter. However, equity markets were down due to the expanding COVID-19 pandemic and the continued stalemate over additional fiscal stimulus. The C and I Funds fell but small capitalization stocks resisted the pullback, leading to a gain for the S Fund. Higher interest rates helped push the F Fund to a loss and all the L Funds finished lower.

BlackRock’s performance for the F and C Funds was in line with the Funds’ respective indices for the year to date, but performance for the S Fund lagged the Small Mid Cap Index by 16 basis points, primarily due to securities sampling and futures mis-tracking. BlackRock’s performance for the I Fund exceeded the International Index by 33 basis points, primarily due to tax advantage and futures mis-tracking.

Mr. McCaffrey reported that equity markets posted gains for the month of November through Friday, November 13th. As a result, the C Fund is ahead by 9.74 percent, the S Fund is up 10.66 percent, and the I Fund has gained 12.95 percent. In fixed income the F Fund is ahead by 0.35 percent and the G Fund is ahead by 0.03 percent.

Participation in the L Funds continued to increase, with growth in both new participants investing in at least one L Fund, as well as the number of participants who invest their entire TSP account in L Funds. There was an uptick in interfund transfers as some TSP participants moved their investments from the C, S, and L Funds into the G Fund.

b. Legislative Report

Ms. Weaver reported that the Senate and the House were in session until at least December 11th. The current priorities for this session are the omnibus government spending bill for Fiscal Year 2021 and the annual Department of Defense authorization bill.

c. Quarterly Metrics Report

Ms. De Luz provided a report on the fourth quarter key performance indicator results. See “Updated FY20Q4 Board Metrics Report” (attached). Under Goal A, participant account information was updated late one day during the fourth quarter, primarily due to an unusually large electronic payroll batch from the U.S. Postal Service. Participant account information was posted 1 hour and 21 minutes after the 8:00 a.m. target time. Ms. De Luz noted that this was the first time in almost a year and a half that the target for this metric was not met. In response to a request for clarification from Member Jasien, Ms. De Luz explained that the payroll file from the U.S Postal Service
was unusually large due to a significant number of back pay files that were included following completion of a contract renegotiation.

In Goal C, the external audit findings rate failed to meet the target of 40 closed findings. However, the Agency met the metric threshold and closed 35 findings internally. Overall, the Agency surpassed the annual threshold by 3 closed findings and closed 128 external audit findings in fiscal year 2020.

In Goal D, one metric missed the target. The FERS Full Matching Contribution rate fell short of the 80 percent target. Ms. De Luz added that the matching contribution rate remained stable and there was no significant impact in connection with the on-going pandemic. The Thrift Savings Plan participation rate increased during the fourth quarter, continuing a trend from prior quarters. Ms. De Luz explained that participant education efforts related to the consequences of hitting the deferral rates too early were likely influential. In addition, the Additional Withdrawals Project removed the contribution suspensions following hardship withdrawals. Finally, there was a decline in new participants opting out.

3. Multi-Asset Manager Project.

Mr. McCaffrey provided an update on the Multi-Asset Manager project, which was initiated at the direction of the Board. [See “Multi Asset Manager Award and Implementation Update” (attached).] The Agency engaged Aon Investments to examine the key risks related to the investment management structure of Thrift Savings Plan investment funds. An outcome of the risk assessment was that Aon identified that there is organizational concentration risk associated with having only one manager in place for 100 percent of the outsourced Thrift Savings Plan investment options. Aon recommended that the Agency consider a two-manager structure in order to mitigate organizational concentration risk. The Board unanimously agreed to adopt the Aon recommendation at a Board meeting dated October 27, 2015.

Mr. McCaffrey announced that one contract was awarded to BlackRock on February 1, 2020 and a second contract was awarded to State Street Global Advisors Trust Company on October 21, 2020. Each respective contract provides for a 2-year base period, accompanied by 4 additional 2-year renewal option periods. Once the agreements are fully implemented, Manager A, BlackRock, will manage 80 percent of the F, S, and I Funds and 90 percent of the C Fund. State Street will manage the remaining Fund assets.

Mr. McCaffrey explained that the Agency intends to start moving assets to State Street beginning in January 2021. The Agency plans to start with the S&P 500 holdings of the C Fund, followed by S Fund assets, and then assets in the F Fund. Aon Investments will assist the Agency as a transition consultant to help to coordinate the proposed transfers. Mr. McCaffrey noted that, out of an abundance of caution, the Agency will focus on the transition of one fund per month, to ensure that the transition goes smoothly and the risk of operational errors is limited.
4. **Plan Services and Record Keeping Services Acquisition.**

Mr. Ramos provided a brief update on Thrift Savings Plan operations. On October 31st, the Agency changed the MyAccount login and identity verification process to improve participant account security by eliminating the use of e-mail as part of the two-step authentication process. In addition, the Agency removed the ability to use a Thrift Savings Plan account number as a user ID. Participants and beneficiaries must now use a custom user identification. In order to assist participants and beneficiaries, the Agency also added the ability to reset, recover, or create a user identification online.

As a result of these changes, contact centers have experienced a 25 percent increase over projected call volumes. The length of calls to the contact centers have also exceeded forecasts. These increases temporarily affected the ability of the contact centers to meet service level goals in recent weeks. However, Mr. Ramos reported that contact centers are returning to normal call volumes and the issue appears to have been resolved.

Mr. Ramos also provided an update on the on-going Record Keeping Services Acquisition project. On Friday, November 13th, Mr. Deo signed a contract with Accenture Federal Services to handle record keeping services on behalf of the Thrift Savings Plan. Accenture Federal Services will partner with Alight Solutions to provide recordkeeping services to the Thrift Savings Plan. Accenture and Alight will provide a number of new services to TSP participants and beneficiaries, including a mutual fund window, electronic signature capability, and a mobile phone application. Mr. Ramos indicated that new features are intended to be available to TSP participants and beneficiaries in 2022.

5. **Adjourn.**

There being no further business, the following motion was made, seconded, and adopted without objection and Acting Chairman Jones adjourned the meeting at 10:27 a.m.

**MOTION:** That this meeting be adjourned.

_Dharmesh Vashee_  
Acting Secretary

Attachments
2. Multi Asset Manager Award and Implementation Update
3. Updated FY20 Q4 Board Metrics Report