



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 17, 2021

David A. Jones, Acting Chairperson of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on December 17, 2021, at 10:00 a.m., Eastern Standard 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 South Carolina, member; Ravindra Deo, Executive Director; Dharmesh Vashee, General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer and Deputy Executive Director; Kimberly A. Weaver, Director, Office of External Affairs, and Acting Chief Risk Officer; 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.

Welcome and Introductions.

Acting Chairperson Jones called to order the monthly meeting of the Federal Retirement Thrift Investment Board (FRTIB or Agency) at 10:00 a.m. and welcomed everyone present to the meeting.

1. Approval of the Minutes of the November 19, 2021 Board Meeting.

Acting Chairperson Jones entertained a motion for approval of the minutes of the November 19, 2021 Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting held on November 19, 2021 be approved.

2. Monthly Reports.

Mr. Deo gave opening remarks, including a brief summary of the agenda for the meeting. He also said that due to the ongoing pandemic, the January 2022 Board meeting will also be virtual.

a. Participant Activity Report

Mr. Ramos reviewed the monthly Participant Activity Report. See "Thrift

Savings Fund Statistics November 2021” (attached). Mr. Ramos highlighted that for the month of November, the participation rate for active-duty uniformed service members was at 78.2 percent, a new plan high. FERS participation remained at 94.5 percent.

Hardship withdrawals continue to trend upwards while the number of loans issued in 2021 is on track to be lower than 2020 numbers.

In response to a question from Member Jasien, Mr. Ramos explained cost of living increases and the end of the CARES Act withdrawal provisions are likely contributing to the upward trend in hardship withdrawals. Other than hardship withdrawals, other participant activity is trending as usual.

b. Investment Performance Report

Mr. McCaffrey reviewed the monthly investment performance report. See “November 2021 Performance Review – G, F, C, S, I and L Funds” (attached). BlackRock’s performance for the F, C, S, and I Funds was in line with the Funds’ respective indices for the month. State Street Global Advisors’ performance for the F, C, and S Funds was in line with the Funds’ respective indices.

Mr. McCaffrey noted better than expected labor market numbers contributed to equities enthusiasm early in the month. By the end of the month, fears that a new coronavirus strain would impede economic growth sparked a sell-off. The three equity Funds closed lower, with the S and I Funds experiencing greater losses than the C Fund. The F and G Funds held gains while all the L Funds had losses.

BlackRock’s year-to-date performance for the F Fund was ahead of the Fixed Income Index by 19 basis points, primarily due to securities lending. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, BlackRock’s performance exceeded the Small Mid Cap Index by ten basis points, primarily due to securities lending. Its performance for the I Fund was ahead of the International Index by 24 basis points, primarily due to tax advantage.

For the current month through December 16, bonds are modestly lower and US stocks are mixed, with US Large Cap outperforming Small Mid Cap. For Fixed Income, the F Fund is down 0.18 percent while the G Fund is ahead by 0.06 percent. In Equities, the C Fund has gained 2.30 percent while the S Fund is down 3.22 percent. For International markets, the I Fund is ahead by 3.46 percent.

c. Legislative Report

Ms. Weaver reported the debt ceiling has been raised through early 2023 and the G Fund has been fully reinvested and that TSP participants had not been affected. Additionally, the National Defense Authorization bill is headed for the President’s signature with no impact to the TSP. The House of Representatives is on recess until January 10 while the Senate will be out through January 3 once they work through 24 nominations of judges and ambassadors.

In response to a question from Member Jasien, Ms. Weaver stated that Board nominees are not currently on the Senate's list and there is no update to when their hearing will occur.

3. Quarterly Reports

a. Vendor Risk Management Update

Ms. Weaver, as Acting Chief Risk Officer, provided the Office of Planning and Risk (OPR) synopsis of the risk assessment of 11 key vendors that are critical to operating the TSP. See "Quarterly Vendor Risk Assessment Q3 2021" (attached). Ms. Weaver reported that based on OPR's analysis, all vendors will be able to fulfil their contractual obligations to FRTIB.

4. Internal Audit Update

Ms. Barbara Holmes, Chief Audit Executive, provided the internal audit update. See "Internal Audit Update" (attached). The 2021 Internal Audit Plan is almost complete. The final report for the insider threat audit was recently submitted and the record retention audits have begun. Originally, five audits were planned. Due to available time and resources, the Agency was able to add an additional audit.

Ms. Holmes provided a summary of the insider threat audit. The objective was to test the design of internal controls around the insider threat program. One Notification of Findings and Recommendations (NFR) was identified and remediated before issuance of the final report. The Report provided that FRTIB has adequately designed controls over the insider threat program.

Ms. Holmes provided the 2022 internal audit plan and 2023 tentative audit plan. Acting Chairperson Jones entertained a motion for approval of the audit plans. The following motion was made, seconded, and adopted without objection:

MOTION: That the 2022 internal audit plan and 2023 tentative audit plan be approved.

Ms. Holmes provided a status for internal audit findings. Out of 108 audit findings from 2015 through 2021, 92 percent have been remediated and closed. In 2021, twelve internal audit findings were closed with five open audit findings currently in the process of being remediated.

For other audit activities, Ms. Holmes explained she is continuing to build out the scope and objectives for the 2022 Internal Audit Plan. The contract for internal audit services has been awarded with services set to start in January 2022.

5. Adjourn.

On a vote taken by the Acting Chairperson, the members closed the meeting at 10:14 a.m. for executive session.

At 11:47 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 Acting Chairperson Jones adjourned the meeting at 11:47 a.m.

MOTION: That this meeting be adjourned.

Dharmesh Vashee
General Counsel and Secretary

Attachments

1. Thrift Savings Fund Statistics November 2021
2. November 2021 Performance Review – G, F, C, S, I and L Funds
3. Quarterly Vendor Risk Assessment Q3 2021
4. Internal Audit Update