



## MINUTES OF THE MEETING OF THE BOARD MEMBERS

March 23, 2021

David A. Jones, Acting Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on March 23, 2021, 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 Acting Director, Office of Enterprise Risk Management; 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 February 23, 2021 Board Meeting Minutes.

Acting Chairman Jones entertained a motion for approval of the minutes of the February 23, 2021 Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting that was held on February 23, 2021 be approved.

2. Monthly Reports.

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

a. Participation Activity Report

Mr. Ramos reviewed the monthly participant activity report. See "Thrift Savings Fund Statistics" (attached). Mr. Ramos announced that active duty uniformed services participation rates climbed to 77.1 percent. The five percent auto-enrollment has started showing a positive impact with the Blended Retirement Services population, with 68.5 percent receiving the full matching contribution, an increase from 66.2 percent this time last year. February also showed a high volume of roll-ins with about 3,300 transactions totaling 140 million dollars.

Contact center service levels improved in March to an average answer time of one second. This was a reduction from February when the average answer time was one minute and ten seconds.

#### b. Investment Performance

Mr. McCaffrey reviewed the monthly investment performance report. See “February 2021 Performance Review – G, F, C, S, I and L Funds” (attached). Mr. McCaffrey noted that for the month of February, BlackRock’s performance for the F, C, S, and I Funds was in line with the funds’ respective indices. Mr. McCaffrey reported that equities benefited from better than anticipated corporate earnings, expectations from the stimulus package, and the continued rollout of COVID-19 vaccinations, while the Federal Reserve continues an accommodative monetary policy. Later in the month, fears of future inflation caused concern among investors about rising rates, likely limiting gains.

The C, S, and I Funds all posted gains. The F Fund had a loss due to higher Treasury yields pushing asset prices lower. All L Funds had gains.

For the year to date, Mr. McCaffrey reported BlackRock’s performance for the F, C, and I Funds were in line with their respective benchmarks. BlackRock’s performance for the S Fund exceeded the Small Mid-Cap benchmark by four basis points due to securities lending and futures mistracking.

For the current month through Monday, March 22, equity fund performance was positive. The C Fund was ahead 3.50 percent. The S Fund was up 1.51 percent and the I Fund gained 3.09 percent. The fixed income market was down due to higher Treasury yields. As a result, the F Fund was down 1.23 percent. Additionally, the G Fund was ahead 8 basis points.

Mr. McCaffrey noted that participation in the L Funds continues to increase, largely due to the automatic enrollment of new participants. Interfund transfers have also contributed, with a recent increase potentially attributable to the distribution of 2020 annual statements that included information about the addition of new L Funds in five-year increments. With respect to interfund transfers, some participants chose to move assets from the G Fund to L Funds in February. Some participants also moved assets from the G and C Funds to the S Fund, likely due to the significant appreciation of small and mid-cap stocks in recent weeks. Mr. McCaffrey noted that the vast majority of participants do not execute an interfund transfer in a given month, and February was no exception.

#### c. Legislative Report

Ms. Weaver reported that Marty Walsh was confirmed as the Secretary of Labor on March 22, 2021, and all of President Biden’s cabinet secretaries have now been seated.

Ms. Weaver also reported that Senator Jeff Merkley and Representatives Emanuel Cleaver and Rashida Tlaib had introduced the Restructuring Environmentally Sound Pensions in Order to Negate Disaster (RESPOND) Act, which would require the FRTIB to establish a nine-member advisory panel to review the financial risks of climate change and implement low-carbon investment strategies consistent with FRTIB's fiduciary responsibilities. If FRTIB were to determine that low-carbon investment strategies are inconsistent with its fiduciary duties, the Board must create a TSP Climate Choice Stock Index Fund and exclude any investments in fossil fuel entities. FRTIB will be engaging with the members or their staff to notify them of concerns with the legislation and the impact it would have on the TSP. Member Jasien noted that participants would have access to these types of investment strategies through self-directed brokerage options, also known as the mutual fund window, in the summer of 2022.

Ms. Weaver additionally noted that the House of Representatives was in a three-week recess while continuing to hold hearings. The Senate was in session the week of March 22 and would be out of session the following week.

Member McCray inquired about the infrastructure bill and whether Ms. Weaver has concerns. Ms. Weaver stated that the bill appears to be comprehensive and that she will be monitoring the bill closely.

3. Quarterly Reports.

a. Vendor Risk Management Update

Ms. Tosini reported that on a quarterly basis, the Office of Enterprise Risk Management provides the Executive Director and Board members with a synopsis of its Vendor Risk Assessment for key vendors. See "Vendor Risk Assessment" (attached). She reported that there is no indication that the vendors will not be able to fulfill their contractual obligations to FRTIB.

4. Multi-Asset Manager Update.

Mr. McCaffrey provided the update for the Multi-Asset Manager project. See "Multi-Asset Manager Update" (attached). FRTIB and State Street Global Advisors (SSGA) have continued to work to set up and test the network over which investment instructions and earnings reports will flow daily. Mr. McCaffrey stated that the process is on schedule and the C Fund will be first to experience the transfer in April.

5. Federal Employee Viewpoint Survey (FEVS) Update.

Ms. Goethe provided an update on the Federal Employee Viewpoint Survey (FEVS). See "FEVS Results 2020" (attached). The Office of Personnel Management (OPM) conducts this survey annually. Due to the pandemic, OPM

included more telework-related questions this year. FRTIB employees gave positive responses for the three key indicators: intrinsic work experience, global satisfaction, and employee engagement. FRTIB employees had a very positive response rate regarding leadership's response to the pandemic.

Member Bilyeu stated she was interested to learn how the Agency would use lessons learned from the pandemic to create a more flexible approach to telework and whether that could improve employee engagement.

Member McCray encouraged management to think about learnings and improvements they can take from the past year. Mr. Deo stated that management is considering ways in which FRTIB can be more flexible in terms of structure, vendor structure, and requirements.

Member Jasien asked how the FRTIB can incrementally improve and sustain these results. Mr. Deo stated that the successful results were a function of a single-minded focus on the mission of the FRTIB. He added that management will communicate clearly, transparently, and frequently and continue to focus on the Agency mission.

6. Enterprise Risk Management Update.

Ms. Tosini provided the enterprise risk management update. See "Enterprise Risk Management (ERM) Update" (attached). Ms. Tosini reported that the number and severity of risks is decreasing. This year, the Agency identified 13 risks that the Agency is tracking, which include seven medium-high, six medium, and zero high risks. Ms. Tosini highlighted work done relating to insider threat, information security, disaster recovery and business continuity, human capital management, data privacy, fraud detection, acquisition planning, and RKSA-Converge. RKSA-Converge is a new risk, as the acquisition has been awarded and is now transitioning to become a program. Ms. Tosini discussed the work on the Agency's next five-year strategic plan and ensuring that risk treatment plans align with those strategic goals.

7. Adjourn.

On a vote taken by the Acting Chairman, the members closed the meeting at 11:04 a.m. and reconvened for an information session.

MOTION: That this meeting be adjourned.

---

Dharmesh Vashee  
Acting Secretary

## Attachments

1. Thrift Savings Fund Statistics
2. February 2021 Performance Review – G, F, C, S, I, and L Funds
3. Quarterly Vendor Risk Assessment
4. Multi-Asset Manager Update
5. FEVS Results 2020
6. Enterprise Risk Management Update