

MINUTES OF THE MEETING OF THE BOARD MEMBERS

April 22, 2025

Michael Gerber, Chair of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on April 22, 2025, at 10:00 a.m., Eastern Daylight Time. The meeting was held at the Board's offices at 77 K Street, NE and was open to the public via teleconference. In attendance were Dana Bilyeu of Oregon, member (by telephone); Leona M. Bridges of California, member; Stacie Olivares of California, member; Ravindra Deo, Executive Director; Dharmesh Vashee, General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer and Deputy Executive Director; Gisile Goethe, Director, Office of Resource Management; Tanner Nohe, Acting Director, Office of Participant Experience; Sean McCaffrey, Chief Investment Officer; Vijay Desai, Chief Information Officer; Stephen Huber, Acting Chief Risk Officer; Trevor Williams, Chief Financial Officer; and James Kaplan, Director, Office of External Affairs.

Welcome and Introductions.

Chair Gerber called to order the monthly meeting of the Federal Retirement Thrift Investment Board (FRTIB or Agency) at 10:00 a.m. and welcomed everyone in attendance to the meeting.

1. Approval of the Minutes of the March 25, 2025, Board Meeting.

Chair Gerber entertained a motion for approval of the minutes of the March 25, 2025, Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting held on March 25, 2025, be approved.

Mr. Deo gave opening remarks and provided a summary of the agenda.

2. Monthly Reports.

a. Participant Activity Report

Mr. Nohe reviewed the monthly Participant Activity Report. See "Participant Activity Report April 2025" (attached). He reported that 30.49 percent of My Account logins are through the TSP mobile application; nearly double compared to the same time last year. Mr. Nohe shared that participants are now able to add an alternate address within My Account. The alternate address feature functions as a default mailing address for participants such as the uniformed services who frequently relocate. An advertisement for the alternate address feature was created in partnership with the American Forces Network (AFN) to inform uniformed service members. As of April 1,

this video has aired over 1,400 times across television and the AFN Now mobile application.

In response to a question from Chair Gerber, Mr. Nohe indicated he would look into how many participants have adopted the alternate address feature since the advertisement started airing.

b. Legislative Report

Mr. Kaplan provided the legislative update. He reported that the House of Representatives and Senate passed a concurrent budget resolution to begin the reconciliation process. The reconciliation process allows Congress to work on pending tax proposals and spending for Fiscal Year (FY) 2026. Mr. Kaplan indicated Congress is expected to pass the final legislation by this summer which should include an increase in the federal debt ceiling, allowing the Department of Treasury to cease the use of extraordinary measures. Mr. Kaplan added that Congress has also begun its work on FY 2026 appropriation bills.

3. Quarterly Reports.

a. Investment Report

Mr. McCaffrey reviewed the investment managers' monthly performance relative to benchmarks. See "March 2025 Investment Program Review" (attached). For the month of March, BlackRock's performance for the F and C Funds was in line with the Funds' respective indices. BlackRock's performance for the S Fund was ahead of the Small Mid-Cap Index by three basis points, primarily due to futures mistracking. The I Fund exceeded the International Index by 34 basis points, primarily due to fair value pricing. For State Street in March, performance for the F, C, and S Funds was in line with the Funds' respective indices. State Street's performance for the I Fund exceeded the International Index by 36 basis points, primarily due to fair value pricing.

Looking at the markets in March, the C and S Funds posted large losses, while the I Fund was mostly unchanged, thanks in part to a modestly weaker U.S. dollar and fair value pricing. The F Fund rose slightly and the L Funds experienced losses across the board.

BlackRock's year-to-date performance for the F, C and S Funds was in line with indices, and their I Fund performance was ahead of the International Index by 88 basis points, primarily due to fair value pricing. State Street's year-to-date performance for the F and C Funds was in line with the indices and the S Fund was ahead of the Small Mid-Cap Index by four basis points, primarily due to securities sampling. For the I Fund, State Street's performance was ahead of the International Index by 87 basis points, primarily due to fair value pricing.

As of market close on Monday, April 21, 2025, U.S. stock and bond returns are negative for the month to date. The C Fund has a loss of 8.02 percent; the S Fund is down 8.31 percent; the I Fund is down 0.31 percent; the F Fund has lost 1.32 percent; and the G Fund is ahead 0.25 percent.

Mr McCaffrey next reviewed interfund transfer (IFT) rates for March. For IFTs, there was substantial movement into both the G Fund and the I Fund on a net dollar basis, with 16 billion dollars and 6 billion dollars, respectively. The F Fund net flows were positive as well. U.S. stock funds, however, experienced very substantial net outflows of over 14 billion dollars for the C Fund and over seven billion dollars for the S Fund. L Fund flows were over 2 billion dollars net negative. Approximately 3.77 percent of accounts moved money between Funds in March. Although this is almost twice the long-run median of two percent, Mr. McCaffrey noted that 96.23 percent of accounts did not move money between Funds in March.

Mr. McCaffrey next provided quarterly updates, beginning with proxy voting for the fourth quarter of 2024. Audits of BlackRock's and State Street's proxy voting conducted by Institutional Shareholder Services (ISS) found no exceptions to either manager's established guidelines during the period.

Mr. McCaffrey then discussed class action settlements. BlackRock began the fourth quarter with 91 open claims. During the quarter, 33 new claims were opened and 15 claims were closed. Total proceeds for the quarter were about 1.18 million dollars including recent settlements of almost 939,000 dollars and total residual payments from previously closed claims netting about 245,000 dollars. At the end of the quarter, 109 claims remained open. The total of settled claims in 2024 was approximately 10.679 million dollars.

In class action settlements for State Street, they began the quarter with 32 open claims. Twenty-one new claims were opened and four claims were closed. Settled claims resulted in receipts of about 55,000 dollars. Forty-nine claims remained open at the end of the quarter, and total settled claims in 2024 was approximately 96,000 dollars.

b. Budget Review

Mr. Williams presented the quarterly budget update. See "FY2025 2nd Quarter Budget Review" (attached). He noted that the Board-approved budget for the 2025 fiscal year was 500.9 million dollars, and that the Agency has only spent 58 percent of that amount. The committed budget is 288.4 million dollars, and the largest expenditure is recordkeeping.

c. Audit Status

Mr. Williams reviewed the quarterly external audit and remediation status. See "Quarterly External Audit and Remediation Status April 2025" (attached). He stated

that there are twelve audits for FY 2025 with all twelve in progress. Of the twelve audits, the Department of Labor's (DOL) Employee Benefits Security Administration (EBSA) had nine, Sikich had one, the Government Accountability Office (GAO) had one, and Williams Adley had one. Mr. Williams shared historic audit recommendation numbers, showing a downward trend of open recommendations from 384 in 2020 to 90 at the start of FY 2025.

4. DOL Annual Audit Presentation.

Michael Auerbach, Chief Accountant at EBSA, began the annual presentation for their Fiduciary Oversight Audit Program of the TSP. See "U.S. Department of Labor Employee Benefits Security Administration Fiscal Year 2025 Thrift Savings Plan Fiduciary Oversight Program" (attached).

Mr. Auerbach remarked that during the 2023 and 2024 calendar year (CY) audit cycles, their focus was to address major functional areas of the Accenture Federal Services (AFS) Converge recordkeeping contract, given the switch to the new processing system. Mr. Auerbach acknowledged a decrease in both the number and severity of new recommendations with the switch to Converge. On the process side, there was an increase in the number of recommendations, an expected outcome given the new Converge process.

Mr. Auerbach introduced Heather Flanagan, Lead Engagement Partner with KPMG, who discussed audit activity for 2024 and the audit plan for 2025. Of the nine audits that EBSA has planned for 2025, four are related to Information Technology (IT): access and data security, detection and monitoring, information protection, and vendor risk management. There will be two special project audits, which EBSA views as non-routine audits: cash and investment management security controls, and status of prior year findings. Special project audits typically address controls or new risk areas. The three remaining performance audits address investment manager operations, TSP payroll service provider operations, and Board staff.

Ms. Flanagan next reviewed the seven completed 2024 audits. All seven audits had no instances of material noncompliance. In 2024, eleven recommendations were closed from the prior year findings, with the majority related to the IT environment. Twenty-five new recommendations were issued with most findings related to account maintenance and additional recommendations around mobile devices and decommissioning legacy systems.

Ms. Flanagan reviewed open recommendations issued prior to 2021. Of the twelve aged recommendations, four were IT recommendations and eight were categorized under process and other audit recommendations. Within the eight aged process recommendations, five are currently being reviewed as part of the Board staff

audit planned for 2025. Mr. Auerbach added that he spoke with Mr. Deo about their goal of addressing the aged IT recommendations.

For the 2025 audit cycle, Ms. Flanagan provided a brief update. Follow up on prior findings is happening within six of the nine planned audits. Thirty-three recommendations from audit cycles 2023 and prior are being reviewed: 17 IT-related and 16 process-related. Ms. Flanagan indicated EBSA's goal is to wrap up the nine planned audits by the end of July.

In response to a question from Member Olivares, Ms. Flanagan explained how process audits and IT audits are independently assessed. For process audits, auditors will look at specific application controls compared to IT audits which are general across the full IT environment.

Member Bilyeu acknowledged the collective efforts of EBSA auditors and Agency staff, which has resulted in a significant reduction of audit findings over the years. Chair Gerber also acknowledged the significant progress and indicated the Board will look into the remaining open findings.

5. Internal Audit Update.

Ms. Barbara Holmes, Chief Audit Executive, provided an internal audit update. See "Internal Audit Update" (attached). Ms. Holmes reported that the 2024 Internal Audit Plan has been completed. The Converge Loan Audit and Converge Non-Systematic Withdrawals and Check Reissues Audit had no Notices of Findings and Recommendations (NFR). Three NFRs were issued for the Converge Contractor Vetting Process Audit, two of which have been overcome by events and one which is currently in the process of remediation. This audit assessed whether contractor onboarding complied with the Office of Personnel Management (OPM) and National Institute of Standards & Technology (NIST) guidance.

Ms. Holmes next presented a draft of the 2025 Internal Audit Plan, which includes twelve audits, five of which are in progress. The 2025 Plan includes a Prior Year Audit Findings Audit, which will refresh the status of open and in-process findings. Additional audits currently in process include Zero Trust Architecture Review, Budgeting, Business Continuity, and Financial Systems Modernization (FSM): Oracle Financials. Ms. Holmes added that other completed internal audit activities include updating the Fraud, Waste and Abuse Hotline procedures and meeting with EBSA and KPMG to discuss audit plans.

Ms. Holmes briefly addressed the Annual Internal Audit Strategic Plan. She explained that performing internal audits benefit TSP participants and beneficiaries by systematically evaluating and improving the effectiveness of Agency operations. Ms.

Holmes added that commitment to evaluating auditing processes, procedures, and methodology, and seeking opportunities for innovation and best practices ensure the Agency's auditing objectives are met.

In response to a question from Member Olivares, Ms. Holmes explained that artificial intelligence (AI) for auditing is primarily used in sampling methodology, which is not necessarily applicable for the Agency's internal auditing. Ms. Holmes added that she is looking to incorporate AI in research and in seeking efficiencies. Addressing a separate question from Member Olivares, Ms. Holmes explained that an escalated issue specific to a staffing shortage within the Office of Participant Experience (OPE) was remediated. Mr. Nohe confirmed that OPE has sufficient resources. Ms. Holmes added that this note in the report was due to the broad audit scope period and it did not rise to an NFR. In response to a question from Member Bridges, Ms. Holmes indicated OPE addressed a Converge specific finding resulting in updates to their policies and procedures.

In response to a question from Chair Gerber, Ms. Holmes explained that the audit findings still in process from 2021 and 2022 pertain to contracting and onboarding/offboarding contractors. Progress has been made on the contracting finding, but it remains open, and the onboarding/offboarding contractors finding relates to a larger project that is still ongoing and has been slowed by changing IT providers.

6. Federal Employee Viewpoint Survey (FEVS) Update.

Ms. Goethe presented the results of the FEVS for 2024. See "2024 FRTIB Federal Employee Viewpoint Survey Results" (attached). OPM conducts the FEVS annually with the intent to gauge perceptions of employees government-wide on their organization, workplace, work unit, and leadership. In 2024, 75 percent of FRTIB employees responded and completed the survey, up slightly from the 74.4 percent response rate in 2023.

Ms. Goethe highlighted the profiles of Agency employees who took the FEVS. Of those who responded, 44 percent were female, 63 percent were career federal employees with more than ten years of tenure in the federal government, 29 percent indicated they served in the military, and 30 percent had six to ten years of service with the Agency.

Next, Ms. Goethe discussed the results relating to the four FEVS indicators: performance confidence; employee experience; employee engagement; and global satisfaction. The overall rating for the performance confidence index was 88 percent. This number has remained high over the last four years, although it dropped by five percentage points from 2023. For the remaining three FEVS indicators, the overall confidence rating for the employee experience index was 76 percent, the overall

employee engagement index was 77 percent positive, and the overall global satisfaction index had a 71 percent positive response rate. The questions specific to the global satisfaction category addressed employees' satisfaction with their job, the pay they receive, the Agency and whether the employee would recommend the Agency as a good place to work.

Ms. Goethe provided a more in-depth view of the employee engagement index, which is used to determine the Agency's rank as a great place to work based upon the Agency's size. There are three categories surveyed: leaders lead, supervisors, and intrinsic work experience. The positive responses for all three categories have largely remained consistent for the past three years. Ms. Goethe noted that there were minor decreases in three of the five questions relating to supervisors. However, positive response rates for supervisors continue to exceed those of the government-wide response rate.

Ms. Goethe next turned to the Agency-specific questions regarding FRTIB's core values, for which positive response rates were high. Although overall results were positive, some of the 2024 results saw a decrease from the previous year.

Ms. Goethe touched on actions taken since the FEVS was published, such as briefing Agency employees on the FEVS results and providing reports to the larger offices within the Agency. These reports aid office leadership in determining their challenge areas. Ms. Goethe added that OPM announced this year's FEVS survey will be delayed until the fall.

In response to a question from Member Bridges, Ms. Goethe provided that we have not assessed the reasons why core value metrics dropped compared to last year. She added that when comparing over a longer period of time, our core values scores reflect that we do things consistently well as a result of past changes implemented, such as increased and improved agency-wide communication. Ms. Tosini added that core value results have slight drops and gains over the years, but the overall numbers have been similar.

In response to questions from Chair Gerber, Ms. Goethe indicated she can follow up by providing historical data specific to core value results and the Agency can drill down into specific feedback to better understand employee perceptions. Ms. Tosini added that the Agency has done that historically, especially when individual offices go through significant change. Member Bridges commented that the high response rate is helpful to understand the ebbs and flows of the results.

In response to a question from Member Olivares, Ms. Tosini indicated that after the Agency shifted its business model under Converge, there was a dip in positive FEVS results. As people have adjusted to the new business model, employees feel

more engaged. Mr. Nohe and Ms. Holmes added that now that we are a couple of years removed from Converge go-live, employees have settled into their roles under the new business model and are performing well.

7. ORM Annual Office Update.

Ms. Goethe provided the Office of Resource Management (ORM) Annual Update. See “Office of Resource Management Update” (attached). She presented ORM’s organization structure and noted that the office currently has 29 employees.

Ms. Goethe explained that ORM’s overall function is to partner with Agency leadership by developing and delivering programs that support the Agency’s mission and its employees. The Human Resources Division is responsible for all human capital programs. The Personnel Vetting Division provides expertise on Agency personnel vetting, physical security, business continuity, and the Agency’s insider threat program. The Management Operations Division is responsible for internal administrative programs, including records management, travel, and ORM’s budget. Lastly, the Equal Employment Office, a separate component of ORM, manages Equal Employment Opportunity compliance and complaints processing.

Ms. Goethe then discussed some of ORM’s accomplishments in 2024, including completing a multi-year process in partnership with the National Archives and Records Administration (NARA) to modernize Agency records into electronic format. ORM also is nearly finished implementing the Trusted Workforce Continuous Vetting Program, which ensures that federal employees remain suitable for their position. All Agency employees will be enrolled in that process by September 30, 2025.

Ms. Goethe provided an update on ORM’s Human Capital Program. Currently, FRTIB has 234 employees on board with an authorized staffing level of 261. ORM manages training programs offered to Agency employees including the Executive Development Program, the Leadership Development Program, the Emerging Leaders Program, the Mentor Program, and individual coaching. Employees are afforded a wide variety of training options to work on certain skillsets and the feedback has been extremely positive. ORM measures development effectiveness with surveys, competency assessments, and individual development plans. In response to a question from Member Bridges, Ms. Goethe explained that individual coaching is provided in many of the development programs, focusing on results from the CliftonStrengths assessment.

Ms. Goethe concluded her presentation by reviewing the tools ORM utilizes to assess Agency culture and sentiment. She referred to the FEVS results and noted that the Agency adds eight questions to the FEVS to assess Agency core values. ORM also surveys employees on a variety of topics. Pulse surveys address employee

perceptions of their work environment, their contributions, their relationship to their team, and interactions with leadership. Supervisory 360 assessments allow supervisors to hear from employees and peers on how they are performing. New hire surveys provide onboarding feedback and exit interviews provide information from departing employees. Ms. Goethe added that survey results help give supervisors and leadership information to better themselves and the Agency as a whole. ORM also shares some survey results Agency-wide to ensure staff are well informed.

In response to questions from Chair Gerber, Ms. Goethe explained the planning and communication that went into Agency staff returning to the office full-time. Leadership made an effort to improve morale given the big impact returning to the office had on staff. Ms. Goethe added that, to date, returning to the office has not been a factor in employee turnover.

In response to a question from Member Olivares, Ms. Goethe explained that development surveys and participant feedback can be incorporated into other training options such as coaching, but that it is incumbent upon participants in the leadership development programs to make them impactful. She pointed out that 360 survey results are best utilized when shared with a direct supervisor. Supervisors have the choice to work with a coach on specific areas identified from their 360 survey results. In both cases, sharing those results is optional.

In response to a question from Member Bilyeu, Ms. Goethe shared that the goal is to provide all employees with as many training and leadership options as possible. She added that there is always an opportunity to assess whether the programs offered reflect current trends in leadership training and she participates in professional organizations to ensure she is up-to-date.

8. Adjourn.

On a vote taken by the Chair, the members closed the meeting at 11:40 a.m. for executive session.

At 2:19 p.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 Chair Gerber adjourned the meeting at 2:19 p.m.

MOTION: That this meeting be adjourned.

Attachments

1. [Participant Activity Report April 2025](#)
2. [March 2025 Investment Program Review](#)
3. [FY2025 2nd Quarter Budget Review](#)
4. [Quarterly External Audit and Remediation Status April 2025](#)
5. [U.S. Department of Labor Employee Benefits Security Administration Fiscal Year \(FY\) 2025 Thrift Savings Plan Fiduciary Oversight Program](#)
6. [Internal Audit Update](#)
7. [2024 FRTIB Federal Employee Viewpoint Survey Results](#)
8. [Office of Resource Management Update](#)