FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77K Street, NE   Washington, DC 20002

MINUTES OF THE MEETING OF THE BOARD MEMBERS

July 28, 2026

Michael F. Gerber, Chair of the Federal Retirement Thrift Investment Board (by telephone), convened a meeting of the Board members on July 28, 2026, at 9:00 a.m., Pacific Daylight Time. The meeting was held at 345 Stockton Street, San Francisco, California, and was open to the public via teleconference. In attendance were Dana K. Bilyeu of Oregon, member; 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; James Courtney, Director, Office of Participant Experience (by telephone); Trevor Williams, Chief Financial Officer; James Kaplan, Director, Office of External Affairs; Jason Boyd, Chief Information Officer; Brittany Borg, Chief Risk Officer; and Michael Jerue, Chief Investment Officer.

Welcome and Introductions.

Chair Gerber called to order the monthly meeting of the Federal Retirement Thrift Investment Board (FRTIB or Agency) at 9:00 a.m. and welcomed everyone present to the meeting.

1. Approval of the Minutes of the June 23, 2026, Board Meeting.

Chair Gerber entertained a motion for approval of the minutes of the June 23, 2026 Board meeting. The following motion was made, seconded, and adopted without objection:

> MOTION: That the minutes of the Board meeting held on June 23, 2026 be approved.

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

2. Monthly Reports.

a. Participant Activity Report

Mr. Courtney reviewed the monthly Participant Activity Report. See "Participant Activity Report July 2026" (attached). He reported that quarterly statements were issued to all participants through My Account. He also reported that, in June, participants rolled more than 200 million dollars into the Thrift Savings Plan (TSP) from other qualified plans. For the first six months of 2026, rollovers into the TSP totaled nearly 1.2 billion dollars, an increase over the same period in 2025. More than 70 percent of participants used the concierge service for rollover transactions.

Mr. Courtney also provided an update on the implementation of Secure Act 2.0, Provision 603. At the May Board meeting, he reported that catch-up contributions would be contributed automatically as Roth contributions for most affected participants once the pre-tax limit was reached. The process will now be seamless for all eligible participants because the National Finance Center also plans to make those contributions automatically, without requiring participant action.

In response to a question from Member Bilyeu regarding whether the TSP's concierge service is consistent with industry practice, Mr. Courtney stated that the subcontractor supporting the TSP's recordkeeper provides the service for other plans as well, noting that the "better plans" include this service.

b. Legislative Report

Mr. Kaplan provided the legislative update. The House of Representatives adjourned for its district work period after passing a continuing resolution, the National Defense Authorization Act, a bill limiting stock trading by members of Congress, and a budget and reconciliation package. None of the bills included provisions directly related to the Agency or the TSP.

Mr. Kaplan stated that the Senate remained in session and was continuing to consider presidential nominations, as well as how to advance funding legislation and other pending legislation already approved by the House of Representatives. Following the August recess, each chamber is scheduled to meet for only a limited time before recessing again until after the November 3 election. While Congress remains primarily focused on major legislative initiatives and funding bills, the Office of External Affairs continues to review legislative proposals for actions that could directly affect the Agency, the TSP, participants, or beneficiaries.

3. Quarterly Reports.

a. Investment Review

Mr. Jerue reviewed the investment performance report. See "June 2026 Investment Program Review" (attached). For the month of June, BlackRock and State Street delivered returns in line with the benchmarks for the F, C, and S Funds. For the I Fund, both managers exceeded the International Index. BlackRock exceeded the International Index by 0.61 percent, primarily due to fair value pricing. Mr. Jerue noted that fair value pricing, which tends to reverse itself over time, caused BlackRock to trail the International Index in May. State Street exceeded the International Index by 0.06 percent, primarily due to futures mistracking and securities sampling.

Mr. Jerue reported that for the first time, more than three million accounts are invested 100 percent in the L Funds. Those accounts represent approximately 41 percent of all 7.3 million TSP accounts. Automatic enrollment of new participants and their assignment to an age-appropriate L Fund continues to drive growth in this portion of the TSP's investment lineup.

Mr. Jerue also provided quarterly updates on proxy voting and securities litigation, both covering the first quarter of 2026 due to reporting lags. He reported that Institutional Shareholder Services audits of proxy voting by BlackRock and State Street found no exceptions to the managers' policies during the first quarter.

Turning to securities litigation, Mr. Jerue reported that BlackRock opened nine claims and closed 23 claims during the first quarter, ending the quarter with 95 open claims. BlackRock's processing of claims yielded approximately 4.6 million dollars in proceeds for the TSP. State Street opened 10 claims and closed 16 claims, ending the quarter with 52 open claims. State Street's processing of claims yielded approximately 115,000 dollars in proceeds for the TSP. Mr. Jerue explained that the difference in proceeds between the two managers was attributable to BlackRock managing a larger share of the F, C, S, and I Funds and to the fact that securities litigation claims often take several years to adjudicate, meaning some claims predated State Street's time as a manager of TSP assets and apply only to BlackRock.

b. Budget Review

Mr. Williams presented the fiscal year 2026 third quarter budget update. See "FY2026 3rd Quarter Budget Review" (attached). The Board-approved budget for fiscal year 2026 is 490.3 million dollars. As of the third quarter, the Agency executed 415.5 million dollars, or 91 percent of its third quarter spend plan target, leaving 74.8 million dollars remaining for the rest of the fiscal year. Recordkeeping remained the Agency's largest expenditure.

c. Audit Status

Mr. Williams next presented the fiscal year 2026 third quarter audit update. See "Quarterly External Audit and Remediation Status July 2026" (attached). Of the 10 audits in fiscal year 2026, eight were in progress and two had been completed. The remaining audits will be completed by month end. The Employee Benefits Security Administration has the majority of the audits, Sikich has the financial statement audit, and Williams Adley has the Federal Information Security Modernization Act audit.

Mr. Williams reviewed historical audit recommendation numbers and reported that the Agency began fiscal year 2026 with 77 open recommendations, continuing a downward trend from 236 open recommendations in fiscal year 2021. The Agency began the quarter with 74 open recommendations, 50 of which had been implemented and 24 of which were in progress. He explained that implemented recommendations are those for which the Agency has taken corrective action and determined the recommendation closed, while awaiting auditor review. During the quarter, the auditors issued one new recommendation and closed nine, ending the quarter with 66 open recommendations.

In response to a request from Member Bilyeu, Mr. Deo stated that the

Agency would provide a 10-year history of audits with the next quarterly audit update. Mr. Williams stated that the Board would continue to see a steady decrease in open recommendations, while understanding that it will likely never reach zero.

4. Investment Manager Annual Service Overview - BlackRock.

Kim Klenk Howells, Senior Relationship Manager at BlackRock, introduced her colleagues Scott Dohemann, who leads client engagement for BlackRock's equity index business; Jay Mauro, who runs BlackRock's index fixed income platform; Gene Meshechek, who heads the client business for BlackRock's securities lending group; and Armando Senra, Senior Managing Director, member of BlackRock's Global Executive Committee, and Head of BlackRock's Americas Institutional Business.

Mr. Senra began by noting that 2026 marks the 40th anniversary of the Federal Employees' Retirement System Act. The Agency will soon mark the creation of the TSP and the launch of the C Fund in 1988, which is also when BlackRock's partnership with the TSP began. Mr. Senra stated that the TSP has likely supported a generation of participants from their entry into public service through retirement.

Mr. Senra praised the TSP for giving generations of Americans a simple, low-cost way to participate in capital markets and has balancing diversification without overwhelming complexity. He explained that, although indexing is sometimes referred to as passive, there is nothing passive about running index portfolios because of increasing market complexity. BlackRock's role is to deliver the benchmark as efficiently and consistently as possible. BlackRock manages investment assets on behalf of clients that it views as "units of trust," with a large portion of those assets representing retirement assets. Over the last 15 years, BlackRock has generated approximately three billion dollars in value over the indexes it manages for TSP participants. He concluded by stating that BlackRock values its nearly four-decade partnership with the TSP and looks forward to continuing to earn the TSP's trust.

Ms. Klenk Howells then introduced the performance review. She stated that equity and fixed income markets have delivered strong returns over the last three years and have been resilient despite significant drawdowns during the year. She noted that 2026 followed a similar pattern and that, despite a rocky start, the S&P 500 had delivered more than eight percent year to date.

Mr. Dohemann provided an overview of BlackRock's equity index platform and the C, S, and I Funds. See "Investment Manager Annual Service Review (BlackRock)" (attached). BlackRock's index business continues to grow and clients have entrusted BlackRock with approximately nine trillion dollars of index assets globally. BlackRock continues to see most flows into its iShares platform as exchange-traded funds continue to gain adoption among retail investors, institutional investors, and investment advisors. BlackRock has received approximately 300 billion dollars of new index assets globally year to date.

Mr. Dohemann reported that BlackRock's investment philosophy and process for managing index assets remain materially unchanged from the prior year. BlackRock continues to use a total performance management approach, balancing return, risk, and cost for each investment decision. BlackRock uses its Aladdin technology to support trading, portfolio construction, portfolio optimization, corporate action analysis, and index rebalances, allowing portfolio managers to focus on decisions that can affect performance. BlackRock's index investment process continues to rely on four disciplines: experienced index research, homegrown portfolio construction tools, a global trading platform supported by data-driven trading research, and independent oversight from the risk and quantitative analysis group.

Mr. Dohemann then reviewed performance and attribution for the C, S, and I Funds. Global equity markets had strong returns over the prior 12 months, driven by earnings growth related to artificial intelligence (AI) and semiconductor companies, broader earnings growth across the corporate landscape, and positive market sentiment that earnings growth would continue. The C Fund's benchmark, the S&P 500, is up 22.33 percent over the year, with semiconductor and technology hardware companies accounting for a significant portion of the return. Its performance is consistent with the index.

Mr. Dohemann reported that the S Fund's benchmark, the Dow Jones U.S. Completion Total Stock Market Index, is up 28.91 percent for the year. Returns were driven by AI infrastructure and innovation-linked companies, as well as earnings growth in the industrial and health care sectors. The S Fund outperformed its index by 29 basis points, driven by securities lending income and positive effects from portfolio optimization.

Mr. Dohemann concluded by reporting that the I Fund's benchmark is up 29.49 percent for the year. Taiwan and South Korea are the primary countries driving returns because companies in those markets play a significant role in the AI supply chain. The I Fund outperformed its benchmark by 67 basis points, primarily due to a dividend tax advantage relative to the index and fair value pricing.

Mr. Mauro provided the F Fund overview. During the year, the 10-year Treasury bond rose 25 basis points and traded in a broader range of approximately 70 basis points. The government bond portion of the Bloomberg U.S. Aggregate Bond Index returned approximately 2.7 percent, mortgage-backed securities returned approximately 5.2 percent, and corporate bonds returned approximately 4.3 percent, leading to an overall return of 3.79 percent for the index.

Mr. Mauro explained that, while headline volatility was relatively low and much of the return came from income or yield, there was a notable shift in market sentiment during the year. During the second half of 2025, the Federal Reserve and markets were focused on employment risks and expected rate cuts as inflation moderated. By early 2026, however, geopolitical tensions, higher oil prices, and rising inflation expectations shifted market attention back toward inflation, causing markets to reduce expectations for rate cuts and begin pricing in potential rate increases.

Mr. Mauro discussed BlackRock's approach to mortgage-backed securities, corporate bonds, and Treasury bonds. BlackRock focuses on sampling mortgage-backed securities with specified pools that provide call protection or prepayment risk protection for securities more likely to refinance. For corporate bonds, BlackRock maintains tight tolerances and the F Fund portfolio has more than 90 percent CUSIP-level replication across more than 8,000 securities. BlackRock participated in 92 percent of approximately 2,000 new CUSIPs entering the universe during the year.
BlackRock uses Treasury bond positioning to manage duration and yield curve risk.

Mr. Mauro reported that the F Fund returned 3.85 percent for the year, compared to 3.79 percent for the Bloomberg U.S. Aggregate Bond Index. He attributed the excess return roughly equally to two factors: (1) securities sampling, including participation in new issues, and (2) securities lending, on the other. In response to a question from Mr. Deo regarding whether the Federal Reserve would raise rates, Mr.
Mauro stated that the market was pricing in the possibility, but that the market remained focused on incoming data. He added that BlackRock would be well positioned for either rate increases or rate cuts.

Mr. Meshechek provided the securities lending overview. BlackRock recognizes that securities lending is where risk arises within the index platform and that BlackRock manages that risk carefully. BlackRock regularly informs TSP staff on how the securities lending market is evolving.

Mr. Meshechek discussed regulatory developments affecting securities lending. The Securities and Exchange Commission's Division of Trading and Markets approved a rule change that would allow U.S. bank borrowing counterparties to post U.S. equities as collateral in certain equity lending transactions. The TSP's securities lending book remains fully collateralized with cash, consistent with how BlackRock manages its U.S. lending program, and BlackRock does not anticipate a change to the TSP program over the next year.

In response to a question from Member Bridges regarding collateralization for equities, Mr. Meshechek explained that the change applies only to equity-versus-equity transactions, which are highly correlated, and that the Securities and Exchange Commission requires collateral of at least 102 percent at the time of trade. In response to a question from Mr. Deo about whether the regulatory change could increase banking system risk and indirectly affect markets, Mr. Meshechek stated that the securities lending market is more heavily regulated than ever before and that he did not believe the change would introduce new broad-market risks.

Mr. Meshechek next discussed lending opportunities related to the I Fund's emerging markets exposure. The addition of emerging markets to the I Fund has been advantageous from both an investment and securities lending perspective. Lending demand is increasing in markets where securities historically could not be lent. BlackRock recently began lending in Saudi Arabia, its first new lending market in 10 years. The industry is also evaluating markets such as Brazil, India, and the Philippines, depending on regulatory and legal developments and investor demand for liquidity.

Mr. Meshechek also discussed counterparty balance sheet optimization. Risk-weighted asset capacity constraints remain significant in securities financing and BlackRock is working with counterparties across its businesses to reduce the capital footprint of trades. BlackRock launched a new risk-weighted asset reduction structure specific to its U.S. securities lending book and the TSP began participating in that trading structure earlier in the year.

Mr. Meshechek concluded with a securities lending performance update for the period ending June 30. The second half of 2025 had limited demand, except for significant corporate action events in the U.S. equity market that created lending opportunities for arbitrage investors. In 2026, changes in the interest rate environment created a more attractive cash reinvestment opportunity for the Plan and increased activity, particularly in the C and F Funds. Taiwan and South Korea accounted for approximately 40 to 50 percent of the I Fund's lending activity, driven by AI-related investment trends and active investors taking positions against some companies.

5. Adjourn.

On a vote taken by the Chair, the members closed the meeting at 9:49 a.m. to enter into executive session.

At 10:21 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 Chair Gerber adjourned the meeting at 10:21 a.m.

MOTION: That this meeting be adjourned.

Digitally signed by DHARMESH VASHEE
Date: 2026.08.27 09:17:11 -04'00'

Dharmesh Vashee
General Counsel and Secretary

Attachments

1. Participant Activity Report July 2026
2. June 2026 Investment Program Review
3. FY2026 3rd Quarter Budget Review
4. Quarterly External Audit and Remediation Status July 2026
5. Investment Manager Annual Service Review (BlackRock)