



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

March 20, 2014

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on March 20, 2014, at 8:30 a.m., Eastern Time. Parts of the meeting were open to the public and parts of the meeting were closed at the Board's offices at 77 K Street, N.E. In attendance were Dana K. Bilyeu of Nevada, member; David A. Jones of Connecticut, member; Ronald D. McCray of Texas, member; William S. Jasien of Virginia, member; Greg Long, Executive Director; James B. Petrick, Secretary and General Counsel; Susan C. Crowder, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; Kimberly A. Weaver, Director, External Affairs; Mark E. Walther, Director, Office of Technology Services; James Courtney, Director, Office of Communications and Education; Gisile Goethe, Director, Office of Resource Management; Renee C. Wilder, Director, Office of Enterprise Planning; Thomas K. Emswiler, Director, Office of Participant Operations and Policy; Jay Ahuja, Chief Risk Officer; Megan G. Grumbine, Executive Advisor to the Executive Director.

1. Approval of the minutes of the February 24, 2014 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the February 24, 2014 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 February 24, 2014 be approved.

2. Thrift Savings Plan (TSP) activity report by the Executive Director.

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

a. Monthly Participant Activity Report

Ms. Wilder and Mr. Emswiler reviewed the monthly participant activity report. See "Thrift Savings Fund Statistics" (attached). Ms. Wilder announced that the TSP exceeded \$400 billion in assets for the first time. The participation rate increased to 87 percent. Ms. Wilder discussed a recent study that showed a market average automatic enrollment opt out rate of 9 percent. The TSP's opt out rate remains significantly lower at 3.8 percent. Ms. Wilder reported that the number of participants with Roth balances continues to grow, and has increased by an average of 5.5 percent over each of the last six months. The branches of the Uniformed Services account for

over 45 percent of approximately 300,000 participants with Roth balances. Mr. Emswiler remarked that in addition to the participation rate increasing, the number of roll-ins to the plan is increasing. Over \$70 million in funds is entering the plan each month through roll-ins.

Ms. Bilyeu asked about the roll-in process for participants. Mr. Emswiler explained that it's a form based transaction, but that the Agency is exploring options to assist participants in the roll-in process.

b. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "February 2014 Performance Review – G, F, C, S, I, and L Funds" (attached). Ms. Ray highlighted tracking differences with BlackRock managed funds due to securities lending and pricing methodology. The small to mid cap fund underperformed as a result of the optimization process. Year to date, the F fund is up 1.65 percent. The C Fund is up 1.2 percent, the I Fund is down 1.72 percent, and the S Fund is up 3.8 percent.

c. Legislative Report

Ms. Weaver reported that on March 11, Chairman Issa introduced legislation to change the default fund of the TSP from the G Fund to an age-appropriate L Fund. On the same day that it was marked up and approved for floor action, Senator Warren and Senator Portman introduced a bill in the Senate. Ms. Weaver also reported that she would be closely watching developments from the Military Compensation and Retirement Modernization Commission, who will be reporting to the President on their plans to modernize the pay, benefits, and retirement of the military. The proposals from the Committee could involve the TSP in their future planning.

3. L Fund Additional Investment Options

Mercer presented an analysis of additional asset classes for the L Funds (attached). Mercer's report outlined projected outcomes for proposed allocations for various scenarios, including adding emerging markets equity, international small cap funds, and commodities. The Board thanked them for the information, and proposed to further discuss the information in the future.

4. Office of Resource Management Report and Summary of Employee Viewpoint Survey

Ms. Goethe gave a presentation on the Office of Resource Management (attached). The Office of Resource Management serves as a strategic partner with leadership to develop and deliver innovative administrative services and human resource programs designed to support the employees and overall mission of the Agency. Ms. Goethe outlined the recent achievements of the office, including the creation of a Leadership Development Program and the start of implementing an

Enterprise Learning Management System. Ms. Goethe also announced that the Agency was ranked 5th best place to work among small federal Agencies.

5. Office of Technology Services Report

Mr. Walther gave a presentation on the Office of Technology Services, which ensures technology resources and solutions for the Agency and the TSP are secure, cost effective, and highly available. Mr. Walther outlined the divisions and responsibilities of his office and proposed initiatives for 2014-2015. Mr. Ramsey highlighted the recent achievements of the Information Assurance Division, which included hiring a Chief Information Security Officer, consolidating all IT security resources, implementing corrective actions associated with security related audit findings, and enhancing the security education training awareness program.

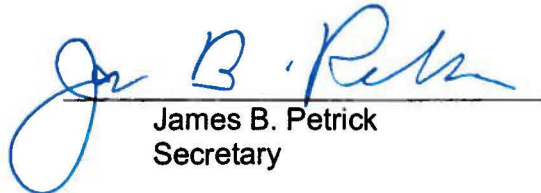
6. Adjournment

On a vote taken by the Chairman, the members closed the meeting at 10:50 a.m. for executive session.

At 12:30 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 Chairman Kennedy adjourned the meeting at 12:30 p.m.

MOTION: That this meeting be adjourned.



James B. Petrick
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. February 2014 Performance Review –G, F, C, S, I, and L Funds
3. Mercer Presentation: L Funds: Analysis of Additional Asset Classes
4. ORM Update
5. OTS Presentation