



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

August 27th, 2018

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board (by telephone), convened a telephonic meeting of the Board members on August 27, 2018, at 10:00 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 Oregon, member (by telephone); Ronald D. McCray of Texas, member (by telephone); David A. Jones of Connecticut, member (by telephone); William S. Jasien of Virginia, member (by telephone); Ravindra Deo, Executive Director; Megan G. Grumbine, General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer; Renée C. Wilder Guerin, Director, Office of Enterprise Planning; Kimberly A. Weaver, Director, External Affairs; Susan Crowder, Chief Financial Officer; Jay Ahuja, Chief Risk 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; Dorothy Deluz, Management and Program Analyst, Office of Enterprise Planning; and Ernest Witherspoon, Executive Advisor to the Executive Director.

1. Approval of the Minutes of the July 24, 2018 Board Member Meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the July 24, 2018 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 July 24, 2018 be approved.

2. Monthly Reports.

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

a. Participant Activity Report

Mr. Ramos reviewed the monthly participant activity report. See "Thrift Savings Fund Statistics" (attached). Mr. Ramos noted that post-separation withdrawals increased steadily throughout 2018 and were 12 percent higher than the previous year. The increase was consistent with an Office of Personnel Management

report indicating an increase of participants reaching retirement age. Mr. Ramos also noted that Contact Center service levels are being met in July with calls answered within 20 seconds and e-messages answered within two days, with 50 percent of e-messages answered within one day. The written response answer rate was 96.7 percent within one day and the abandonment rate was 0.6 percent.

b. Monthly Investment Report

Mr. McCaffrey reviewed the monthly investment performance report. See "July 2018 Performance Review – G, F, C, S, I, and L Funds" (attached). Mr. McCaffrey noted performance in the F Fund, the C Fund, and the I Fund were in line with benchmark performance for the month of July. Performance of the S Fund was ahead of the benchmark by 3 basis points for the month. Year-to-date performance of the F Fund was ahead by 9 basis points, primarily due to securities lending. Year-to-date performance for the C Fund was even with the Large Cap Index. Performance for the S Fund was ahead of the Small Mid Cap Index by 15 basis points, year-to-date, primarily due to securities lending. The I Fund was ahead of the International Index by 35 basis points for the year, primarily due to tax effect.

Mr. McCaffrey noted that talk of trade tariffs and rising interest rates were not enough to keep global equities from trending higher during July, as better labor markets, strong corporate earnings growth, and the growing economy, all contributed to investor appetite for stocks. The C Fund and the S Fund achieved gains in the U.S., while the I Fund rose on better international results. The F Fund had a small gain in spite of high treasury yields. All of the L Funds finished positive.

Through the close of markets on Friday, August 24th, U.S. equities were holding gains. The C Fund was ahead 2.25 percent and the S Fund was better by 3.64 percent. The I Fund, however, was down 2.18 percent, while the F Fund was ahead for the period 0.78 percent.

c. Legislative Report

Ms. Weaver reported that Senator Elizabeth Warren introduced the Anti-Corruption and Public Integrity Act, dealing with ethics restrictions for Members of Congress and White House staff. Ms. Weaver noted that one page of the lengthy bill affects the Agency. The bill prohibits Members of Congress and White House staff from owning individual stocks, which they must divest. The bill provides that the proceeds can be invested in special savings accounts with the TSP. The FRTIB is reviewing the bill in full and may provide more information at a later date.

Ms. Weaver noted that appropriations bills need to be completed by the end of September and that no appropriations bills were passed or sent to the President yet. The House will be in session for 10 days in September.

3. Quarterly Metrics Report.

Ms. Deluz of the Office of Enterprise Planning, provided an overview of the Agency's performance metrics for the 3rd quarter of fiscal year 2018. See "Performance Measurement Report: 3rd Quarter Fiscal Year 2018" (attached). Ms. Deluz stated that the report would be covered on an exception-only basis. For the participant account information availability metric, there was one day that participant account information was not updated by 8:00 a.m., due to a network configuration issue. The network issue was resolved and updates were completed by 12:19 p.m. that same day. The external audit high priority findings closure metric indicated three additional findings were closed in the 3rd quarter of 2018. Ms. Deluz noted that although the goal for closure of 14 high priority audit findings was not met, progress was made.

Under strategic goal D, useful BRS participant data was available for the first time in June, and showed the BRS full matching rate higher than the FERS rate. However, the FERS full matching rate continued to increase and was the highest achieved since the metric was tracked as a key performance indicator. Ms. Deluz closed by noting that overall participant behavior continued to show encouraging signs.

Chairman Kennedy asked for an explanation of metrics that were changed from red to green since the previous metrics report. Ms. Guerin responded the changes related to the number of days that the daily investment was performed by 2:00 p.m., and Call Center response time and abandonment rates.

Mr. Deo noted that after discussion with various agencies, the move from an automatic deferral rate of three percent to five percent would be implemented on October 1, 2020, to ensure that all agencies have appropriate time to be ready. Previously, at the May Board meeting, Mr. Deo indicated the rate would change on October 1, 2019.

4. 2018-2019 Board Calendar Review.

Mr. Deo provided the 2019 Calendar to the Board for review. See "2019 Board Meeting Calendar" (attached). Mr. Deo noted that the October meeting was moved to accommodate early meetings in September and November. Telephonic meetings were scheduled for August and December of 2019. Mr. Deo noted that the February 2019 meeting could also be telephonic and verified that the start time would be changed to 9:00 a.m. instead of 10:00 a.m. Board Member Bilyeu requested the

December 2018 Board meeting be moved to 11:00 a.m. to accommodate for time zone differences and the request was granted.

5. Adjourn.

On a vote taken by the Chairman, the members closed the meeting at 10:18 a.m. for executive session.

At 10:53 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 Chairman Kennedy adjourned the meeting at 10:53 a.m.

MOTION: That this meeting be adjourned.



Megan G. Grumbine
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. July 2018 Performance Review – G, F, C, S, I, and L Funds
3. Performance Measurement Report: 3rd Quarter Fiscal Year 2018
4. 2019 Board Meeting Calendar