



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 18, 2017

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board (by telephone), convened a meeting of the Board members on December 18, 2017, 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 (by telephone), member; Ravindra Deo, Executive Director; Megan G. Grumbine, General Counsel and Secretary; Kimberly A. Weaver, Director, External Affairs (by telephone); Susan C. Crowder, Chief Financial Officer; Jay Ahuja, Chief Risk Officer; James Courtney, Director, Office of Communications and Education; Gisile Goethe, Director, Office of Resource Management; Tee Ramos, Director, Office of Participant Services; Renée C. Wilder Guerin, Director, Office of Enterprise Planning; and Ernest Witherspoon, Executive Advisor to the Executive Director.

1. Approval of the Minutes of the November 28, 2017 Board Member Meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the November 28, 2017 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 November 28, 2017 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 FERS participation rate fell one-tenth of a percent, and loans increased seven percent, which were consistent with seasonal trends. He further noted that year-to-date rollover contributions are now at around 1.22 billion, which is already over our yearly totals from last year of 1.19 billion. Lastly, Mr. Ramos highlighted the November disaster relief activity. Approximately 692 withdrawals were processed for Hurricane Harvey, 802 for Hurricane Irma, 133 for Hurricane Maria, and 11 for the California wildfire.

**b. Monthly Investment Performance Report**

Mr. Deo reviewed the monthly investment performance report. See "November 2017 Performance Review – G, F, C, S, I, and L Funds" (attached). Mr. Deo reported that for the month of November, performance for the F, C, and I Funds was in line with the benchmark. Blackrock outperformed the S fund benchmark by 5 basis points due to securities lending and securities sampling.

For the year to date, the F and S Funds are ahead of benchmarks by 29 and 19 basis points, respectively, primarily due to securities lending, while the I Fund is ahead of the benchmark by 42 basis points, primarily due to tax reclaims. The C Fund is largely in line with its benchmark. Mr. Deo noted prospects of U.S. tax reform helped the C and S Funds, while weakness in the U.S. dollar led to modest gains in the I fund. A rise in interest rates led to a small loss in the F Fund in November.

For the month of December through Friday the 15th, the F Fund is up by 57 basis points. The C Fund gained 1.14 percent, while the S and the I Funds fell by 35 and 59 basis points respectively.

**c. Legislative Report**

Ms. Weaver reported that Congress has reached a deal on the tax bill. Next, Congress will have to turn its attention to passing a continuing resolution to extend the current funding bill, which ends December 22nd. Ms. Weaver surmised Congress would pass another short-term funding bill through mid to late-January. Ms. Weaver concluded by stating on that the debt limit was reached on December 8th and the Department of Treasury had begun using its "extraordinary measures" which include disinvesting the G Fund. However, she emphasized that individual TSP participants would not be affected and that the G Fund will be made whole once the debt limit issue is resolved.

**3. Office of General Counsel's Annual Update.**

Ms. Grumbine gave an annual update of the Office of General Counsel (OGC), including a presentation from the OGC Compliance Program to the Board. See "OGC Annual Update" (attached). Ms. Grumbine provided an overview of the OGC functional statement, which was updated to include OGC's role in administering programs, such as Privacy and support to client offices. Ms. Grumbine also provided an overview of the OGC organizational structure. This includes four major divisions: Agency Operations, consisting of contracting, FOIA, and ethics; Privacy; Compliance;

and TSP Operations, which supports administration of the Plan. OGC is the Agency's third smallest office, which consists of 14 attorneys, and three support personnel.

Ms. Grumbine next discussed OGC FY17 accomplishments, which included issuing over 100 ethics opinions, supporting OCFO with over 150 contracting actions, conducting numerous rule-based privacy trainings, and a clean program review from the Office of Government Ethics. Ms. Grumbine noted the outlook for FY18 will continue steady-state work, while being a critical contributor to key projects, such as the recordkeeping acquisition and additional withdrawal projects. Next, Ms. Grumbine introduced the OGC Compliance Program, which was created in 2016, to give a presentation on their efforts within the Agency.

Ms. Kim Hall, Senior Compliance Counsel, and Mariam Gillis, Attorney-Advisor Compliance, highlighted OGC Compliance's role, which is to make a determination of whether a statute, regulation, Executive Order, or other law, applies to the work of respective client program offices. Ms. Hall noted her team works collaboratively with program offices to help them arrive at conclusions of whether or not that office must adhere to a particular guidance. Ms. Hall explained the Agency has a unique role as a fiduciary to the participants and beneficiaries, which leads to instances where certain laws are inapplicable, if they contradict the Federal Employee Retirement System Act (FERSA).

Ms. Gillis noted, that since January, the Compliance group completed over 120 analyses, while having to interpret 240 White House issued publications from the federal register. These issuances include Executive Orders, presidential memoranda, notices, and proclamations. In conclusion, Ms. Gillis stated the Compliance group hopes to expand their business presence going forward, and would like to create a realistic collection of laws, regulations, and guidance for each program office.

#### 4. Blended Retirement Update.

Thomas Emswiler, Senior Advisor for the Uniformed Services, provided a report on the Blended Retirement project. See "FRTIB Blended Retirement" (attached). He noted that the services will be ready to go live in 14 days. He also highlighted all services have tested successfully.

Tanner Nohe, Project Manager for the Blended Retirement Project, provided an update on the accomplishments, risks, and project status. Mr. Nohe indicated that all of the IT coding is in place, and will be activated as of the last weekend of the year. There are eight applications what will be deployed over that weekend. Mr. Nohe stated the regulations will be published December 19th, and will take effect January 1, 2018. All communication deliverables will go live at midnight on January 1, 2018, including an update of 29 web pages. Mr. Nohe noted that the Army, Navy, and Air Force, active and reserve, will put their coding in place and be ready go live the week of December 18th. They will be fully operational for Blended come December

20th. Mr. Nohe noted that the first Blended payroll will be expected February 1, 2019, which will consist of mainly reserve components, and the first large payroll will be in March 2019. Finally, Mr. Nohe noted only two risks remain, a low risk for payroll offices, which will be removed once the final code goes in, and a moderate risk for Thriftline, which includes a few items that are expected to be fully operational by January.

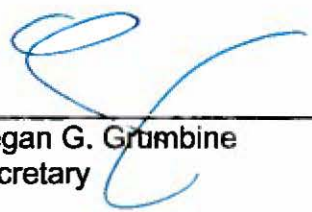
Chairman Kennedy asked for the Blended Retirement team to communicate to the Board after January 1, 2018, whether the launch has been successful, to which Mr. Nohe agreed. Board Member Jasien added a congratulations on getting to this very important point, while Mr. Deo thanked the Blended team for having done a great job.

5. Adjourn.

On a vote taken by the Chairman, the members closed the meeting at 10:23 a.m.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Kennedy adjourned the meeting at 10:23 a.m.

MOTION: That this meeting be adjourned.



---

Megan G. Grumbine  
Secretary

Attachments

1. Thrift Savings Fund Statistics
2. November 2017 Performance Review – G, F, C, S, I, and L Funds
3. OGC Annual Update
4. FRTIB Blended Retirement