



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

September 18, 2017

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on September 18, 2017, 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 Oregon, member; Ronald D. McCray of Texas, member (by telephone); David A. Jones of Connecticut, member; William S. Jasien of Virginia (by telephone), member; Ravindra Deo, Executive Director; Megan G. Grumbine, General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer, Deputy Executive Director, and Acting Chief Technology Officer; Kimberly A. Weaver, Director, External Affairs; 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 August 28, 2017 Board Member Meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the August 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 August 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 highlighted that the online password reset program went live and has been successful. He further noted that the TSP had a very rapid response to the IRS hardship withdrawal relief for Hurricanes Harvey and Irma.

#### **b. Monthly Investment Performance Report**

Mr. Deo reviewed the monthly investment performance report. See "August 2017 Performance Review – G, F, C, S, I, and L Funds" (attached). Mr. Deo noted that for the month of August, performance for the F, C, S, and I Funds was in line with indices.

For the year to date, the F and S Funds are ahead of the benchmark by 24 and 7 basis points, respectively, primarily due to securities lending, while the I Fund is ahead of the benchmark by 32 basis points, primarily due to tax advantage. Mr. Deo noted that the C Fund is largely in line with its benchmark.

For the month, bond yields fell by 17 basis points due to geopolitical concerns in the Middle East and the Korean peninsula, which pushed the F Fund up by 61 basis points. Mr. Deo noted that stocks were pulled in two directions, with geopolitical concerns on one side and improving corporate earnings on the other. The C Fund gained a little, while the S and the I Funds fell. The L Funds all gained for the month.

For the month of September through Friday's close, the F Fund is down 23 basis points as interest rates have rebounded. The C, S, and I Funds are up 1.25 percent, 1.44 percent, and 1.80 percent, respectively.

#### **c. Legislative Report**

Ms. Weaver reported that the debt ceiling has been extended to December 8, 2017 and the G Fund has been fully reinvested. In addition, Government funding was extended to December 8, 2017. Ms. Weaver concluded by stating that she is working with both the House and the Senate on moving the withdrawal bills forward.

#### **3. Calendar Review 2017-2018.**

Mr. Deo presented a draft 2018 meeting calendar to the Board. See "2018 Board Members' Meeting Calendar" (attached). Items of discussion included changing the February 2018 meeting from telephonic to in-person to discuss the Blended Retirement kickoff.

#### **4. Fiscal Year (FY) 2018 Budget Review and Approval.**

Ms. Crowder gave a presentation on the FY 2018 budget request and FY 2019 budget estimate. See "FRTIB Annual Budget Presentation" (attached). Ms. Crowder began with a review of FY 2017 accomplishments with respect to the Agency's five strategic initiatives—(1) steady state operations; (2) cybersecurity; (3) the Blended Retirement System; (4) improving controls and closure of audit findings; and (5) designing modernized plan operations.

For FY 2018, the Agency requested \$309.7 million. Ms. Crowder indicated that the Agency is committed to maintaining and providing secure services to TSP participants while enhancing infrastructure and maintaining a low cost structure. She noted that the FY 2018 budget request is mainly tied to securing the current legacy system in the infrastructure. Ms. Crowder reviewed the cost drivers of each office within the Agency, noting that the largest impact to the overall Agency budget is in the Office of Technology Services, which includes daily recordkeeping operations and maintenance.

Ms. Crowder reviewed the Agency's three strategic priorities for FY 2018. First and foremost is the Agency's emphasis on IT security and refresh with the ultimate goal of having an infrastructure that can support and enhance participant administration, Agency operations, and the evolution of a new participant experience. The second priority is ensuring a successful launch of the Blended Retirement System. The final strategic priority for FY 2018 is continued steady state operations improvements.

Mr. Deo closed out the budget presentation by highlighting that the Agency is requesting Board approval of a FY 2018 budget of \$309.7 million, which is a 20.4 percent increase from the FY 2017 budget. He indicated that the request is driven primarily by the Agency's need to spend money on IT security and infrastructure uplift while maintaining all the work related to bringing the Blended Retirement System from a planning stage to a steady state operations stage. Chairman Kennedy praised the Agency for its due diligence and thoughtful analysis in putting the budget together and indicated that the Board is comfortable that the requested budget is a realistic number. Chairman Kennedy entertained a motion for approval of the FY 2018 budget. The following motion was made, seconded and adopted without objection:

MOTION: That the FY 2018 budget be approved.

5. Quarterly Vendor Financial Assessment.

Mr. Brack Boone, Deputy Chief Risk Officer, provided an update on the operational and financial health of seven of FRTIB's key vendors. See "Quarterly Vendor Financial Assessment" (attached). He reported that there was no indication that any of these vendors would be unable to fulfill their contractual obligations to FRTIB.

6. Office of Participant Services Annual Report.

Mr. Ramos presented an overview of the Office of Participant Services (OPS). See "Office of Participant Services Annual Report" (attached). He began by highlighting the OPS mission statement, which focuses on customer service. He reviewed the various divisions and the business unit within OPS.

The bulk of Mr. Ramos' presentation focused on the Contact Center, which is responsible for the management and oversight of all inbound and outbound

participant inquires. The Contact Center has three major services—phone calls, e-messages, and written correspondence. Mr. Ramos indicated that the Contact Center gets about 2.5 million phone calls, 60,000 e-messages, and between 80,000 and 90,000 pieces of written correspondence per year and is on track with those numbers for 2017. He noted that, through a combination of staffing and technology, the Agency is working on increasing the number of phone calls the Contact Center is able to answer.

Mr. Ramos reviewed how the Agency manages the Contact Center, highlighting the quality assurance, training, and reporting processes. He indicated that the Agency is working on increasing the number of "tiers" within the Contact Center such that certain tiers focus on specific issues, such as uniformed services, with the goal of increasing first contact resolution for participants. The Agency is also focused on making outbound calls to participants who are having trouble completing various TSP forms with the goal of reducing the number of form rejections. Finally, the Agency is focused on increasing staffing at the Contact Center to deal with the uptick in new participants as a result of Blended Retirement and to implement new services.

Mr. Ramos compared the quality assurance metrics collected with respect to the Contact Center to the customer satisfaction survey data and noted that both data points align. He noted that customer satisfaction has steadily increased over the years and that Contact Center satisfaction directly correlates with the overall satisfaction of the organization.

Mr. Ramos reviewed the statistics with respect to participant website usage prior to contacting the Contact Center. In 2013, 30 percent of people who called the Contact Center had not visited the website prior to calling. That number has decreased to 15 percent. In addition, a large number of people have visited the website at least five times. Member Jasien asked whether there is a sense of participant satisfaction with the website. Ms. Wilder Guerin indicated that the feedback from participants is good and she would be providing more details on the participant satisfaction survey at a later date. Chairman Kennedy asked whether we collect demographic information on younger participants and whether they are more inclined to access the website versus the Contact Center. Ms. Wilder Guerin indicated that we do have information where responses are broken down broadly by some demographic cuts.

Mr. Ramos concluded his report by reviewing the top five issues participants inquire about when they contact the Contact Center. He noted that "account maintenance" refers to online password reset and, because this program has now been implemented, he expects this item to fall off the list next year.

#### **7. 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 second round of testing with all of the Uniformed Services payroll offices is almost complete. He also highlighted the education efforts that have been made to prepare the services for blended retirement.

Tanner Nohe, Project Manager for the Blended Retirement Project, provided an update on the accomplishments, risks, and project status. Mr. Nohe indicated that the team is preparing to put Phase Five, which is for re-hires, into production. Phase Five, the final phase, will be deployed at the end of this month. Mr. Nohe noted that all testing on the capacity side has been completed and the team is working with the vendors to finish the final capacity report. He reported that the proposed regulations have been published in the Federal Register and the public comment period is open until mid-November. In addition, all printed communications will be sent to the printers by early November. Mr. Nohe highlighted that the project timeline was extended to February 1, 2018 because the first Blended Retirement payroll should appear then. This first payroll will likely include opt-ins only; those who are automatically enrolled will not be reflected on the payrolls until March or April 2018. Finally, Mr. Nohe noted that the hairpin fix for the Thriftline has been completed.

8. IT Update.

Ms. Tosini provided an update on IT initiatives. See "IT Update" (attached). Ms. Tosini reported there are twelve high-priority initiatives. The execution of these initiatives are progressing and tracking to their respective schedules, with no technical concerns. Ms. Tosini noted that the next set of IT initiatives will be identified over the next few months.

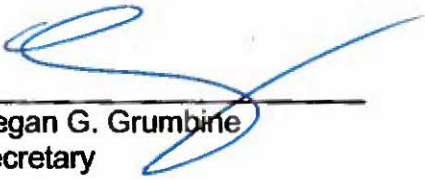
9. Adjourn.

On a vote taken by the Chairman, the members closed the meeting at 9:17 a.m. for executive session.

At 10:31 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 10:31 a.m.

MOTION: That this meeting be adjourned.



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Megan G. Grumbine  
Secretary

## **Attachments**

1. Thrift Savings Fund Statistics
2. August 2017 Performance Review – G, F, C, S, I, and L Funds
3. 2018 Board Members' Meeting Calendar
4. FRTIB Annual Budget Presentation
5. Quarterly Vendor Financial Assessment
6. Office of Participant Services Annual Report
7. FRTIB Blended Retirement
8. IT Update