FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005

MINUTES OF THE MEETING OF THE BOARD MEMBERS

June 16, 2003

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on June 16, 2003, at 9:00 a.m., Eastern Daylight Time. The meeting was open to the public at the Board's offices at 1250 H Street, N.W., Washington, D.C. In attendance were Scott B. Lukins of Washington, member (by telephone); Thomas A. Fink of Alaska, member; Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member; Gary A. Amelio, Executive Director; and Elizabeth S. Woodruff, Secretary. Agency staff attending were Lawrence Stiffler, Director, Office of Automated Systems; Thomas J. Trabucco, Director, Office of External Affairs; James B. Petrick, Director, Office of Benefits and Investments; and David L. Black, Director, Office of Accounting. Attached is an agenda for the meeting.

1. Approval of the minutes of the May 12, 2003, Board member meeting.

Chairman Saul entertained a motion for approval of the minutes of the open portion of the May 12, 2003, Board member meeting.

The following motion was made, seconded, and adopted without objection:

> MOTION: That the minutes of the open portion of the Board member meeting held on May 12, 2003, be approved as amended.

2. Thrift Savings Plan activities report by the Executive Director.

a. Investment report and participation review.

By memorandum dated June 16, 2003 (attached), Mr. Amelio provided the Board members with a report on the performance of the G, F, C, S, and I Funds during May 2003. He asked that James Petrick, Director, Office of Benefits and Investments, review the data for the Board members. Mr. Petrick

noted that all five funds had positive performance in May for the second month in a row. Also, he explained that TSP data showed participants were moving their money back into the equity funds from the fixed income funds. Mr. Fink requested that the Board members receive a monthly report on TSP statistics that had been furnished to them in the past.

Mr. Petrick reviewed TSP participation and contribution rates for May 2003. He noted that participation rates continue to be around 87% for FERS employees. Mr. Whiting and Mr. Saul asked for data tracking whether participants are contributing the maximum amount they are permitted to contribute. Mr. Amelio stated that he plans to concentrate on participant communications and education to encourage people to participate and to become more aggressive investors.

b. Legislation.

Mr. Amelio reported that the Senate was expected to act on Terrence Duffy's nomination to serve as a member of the Federal Retirement Thrift Investment Board before its July 4th recess.

3. Status of audit recommendations.

By memorandum dated June 4, 2003, Mr. Amelio provided Board members with the status of audit recommendations. Mr. Amelio asked James Petrick to brief the Board members on the memorandum, which he did. Mr. Fink asked about the status of the Department of Labor's recommendation that the National Finance Center reach CMM Level II. Mr. Stiffler, Director, Automated Systems, explained that this requirement had been suspended until after implementation of the new system.

4. New system development.

The Director of Automated Systems, Lawrence Stiffler, discussed the status of the new record keeping system's development. Mr. Stiffler announced that MATCOM had completed the conversion to the new system, that it was currently in production, and that participant access via the Web would be turned on at noon, June 16th. All pending interfund transfers would be processed the evening of June 16th. Final participant statements closing out the old system would be mailed to participants by the end of July.

Mr. Saul and the other Board members thanked Mr. Stiffler and his team for the hard work they invested in the project and congratulated them on the "enormous feat" they had accomplished. Mr. Amelio commented that the features of the new record keeping system represented the largest single technical advance that can be made available to defined contribution plan participants.

Mr. Saul asked how the system would handle a surge in participant usage after implementation. Mr. Stiffler explained that we could not know what the actual traffic would be immediately after implementation but that he had added sufficient servers to handle an increase of 20 percent over the existing maximum capacity. Mr. Whiting asked whether there were any plans to train the agency TSP liaisons on the capabilities of the new system. Mr. Stiffler explained that the Agency has held one training session for agency TSP representatives and that there would be several more. He explained that the Agency had also published numerous bulletins explaining the new functions in detail and that these bulletins are also posted on the TSP Web site.

5. Litigation.

On a unanimous vote taken by the Secretary before the meeting, the members closed the meeting for a discussion of pending litigation. Present during this portion of the meeting were the Board members, Mr. Amelio, Mr. Black, Mr. Stiffler, Mr. Emswiler, and Ms. Woodruff.

6. Personnel matters.

Prior to the meeting, on a vote taken by the Secretary, the Board members voted unanimously to close the meeting for a discussion of personnel matters. Present during this portion of the meeting were the Board members and Ms. Woodruff.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection, and Chairman Saul adjourned the meeting at 12:23 p.m.

MOTION: That this meeting be adjourned.

Elizabeth S. Woodruff

Attachments

July 24, 2003

NOTE: BETA Reporting Services made a verbatim transcript of this meeting