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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

March 31, 2003

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on March 31, 2003, at 9:05 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 Lukins of Washington, member (by telephone); Thomas A. Fink of Alaska, member; Gordon J. Whiting of New York, member; Alejandro Sanchez of Florida, member; James B. Petrick, Executive Director (Acting); and Elizabeth S. Woodruff, Secretary. Other agency representatives attending were Lawrence Stiffler, Director, Automated Systems; Thomas J. Trabucco, Director, External Affairs; David L. Black, Director, Accounting; Veda Charrow, Director, Communications; and David Hutner, Deputy Director, Benefits and Investments. Blake Grossman, Francis Enderle, Kathy Taylor, and Jennifer Barker of Barclays Global Investors also attended. An agenda for the meeting is attached.

1. Approval of the minutes of the February 20, 2003, Board member meeting.

Chairman Saul entertained a motion for the approval of the minutes of the open portion of the February 20, 2003, Board member meeting. The following motion was then made, seconded, and adopted without objection:

> MOTION: That the minutes of the open portion of the Board member meeting held on February 20, 2003, be approved.

2. Thrift Savings Plan activities report by the (Acting) Executive Director.

a. Legislation.

Mr. Petrick reported that the Congressional Budget Office had issued a report which included an option to cut the cost of government by reducing TSP benefits; however, he does not expect this option to be enacted.

Mr. Sanchez asked what efforts the TSP was making to help uniformed services participants during the current Iraqi conflict. Mr. Petrick explained participants' ability to make contributions from tax-exempt pay, the right under USERRA to make up missed contributions upon return to civilian duty, and the right provided by the Soldiers' and Sailors' Civil Relief Act to a reduction in interest on loans.

b. February 2003 TSP performance review.

Mr. Petrick reviewed key aspects of the February 2003 performance of the G, F, C, S, and I Funds (attached). Mr. Petrick also discussed TSP participation rates as of February 28, 2003. Mr. Saul requested that, at the April Board member meeting, Mr. Petrick give the members a comparison between the Plan's performance in the first quarter of 2002 and the first quarter of 2003.

c. Fiduciary insurance.

Mr. Petrick and the Board members continued the discussion that began in January concerning the advisability of requesting legislation from Congress which would permit the fiduciary insurance fund to self-insure. The Board members agreed to put off any further discussion until a new Executive Director was appointed.

d. Hardship withdrawal.

Mr. Petrick advised the Board members that the Agency was working to simplify a financial hardship withdrawal in the new record keeping system in order to maximize the use of the OmniPlus COTS software.

e. Emergency preparedness.

Mr. Petrick briefed the Board members on the Agency's emergency preparedness plans. He also reviewed the existing backup and recovery systems for both the NFC and the Board's offices.

3. Barclays Global Investors.

Representatives of Barclays Global Investors, the TSP's fund manager, made a presentation to the Board members. A written copy of the presentation is attached.

4. New system development.

The Board's Director of Automated Systems, Lawrence Stiffler, discussed the status of the new record keeping system's development. Mr. Stiffler advised the Board members that MATCOM has finished all work related to the five file-set split; testing had demonstrated that earlier throughput problems have been resolved. User acceptance testing began on March 17, a week ahead of schedule, and was progressing well. Training of NFC staff has begun and will continue through implementation.

Mr. Stiffler also advised the Board members that parallel testing is planned for April and May, and that it was possible the system could be ready for implementation in June. Mr. Saul asked if an implementation date could be confirmed at the next Board meeting and Mr. Stiffler said that he thought it could. Mr. Fink asked if the Agency's plan to convert only the last three years of transaction data would present a problem and Mr. Stiffler said that he did not anticipate a problem because the data will be retained and can be accessed, if needed.

5. Litigation.

The meeting was closed for a discussion of pending litigation, on a vote taken by the Secretary before the meeting. The Board members voted unanimously to close this portion of the meeting. Present during this portion of the meeting were the Board members, Mr. Petrick and Ms. Woodruff.

6. Personnel matters.

The meeting was also closed for a discussion of personnel matters, on a vote taken by the Secretary before the meeting. The Board members voted unanimously to close this portion of the meeting. Present were the Board members, Mr. Petrick and Ms. Woodruff. The Board members recessed at 12:45 p.m. and reconvened the following day, April 1 at 12:30 p.m., to complete this business.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection, and Chairman Saul adjourned the meeting at 12:50 p.m. on April 1, 2003:

MOTION: That this meeting be adjourned.

Elizabeth S. Woodruff

4/29/03

Attachments

NOTE: A verbatim transcript of this meeting was made by BETA reporting services.