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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

June 7, 2004

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on June 7, 2004, at 2:30 p.m., Eastern Daylight Time. The meeting was open to the public at the Board's offices at 1250 H Street, NW, Washington, D.C. In attendance were Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member; Gary A. Amelio, Executive Director; and Elizabeth S. Woodruff, Secretary. Also in attendance for the open portion of the meeting was a representative of the Department of Labor.

1. Approval of the minutes of the May 17, 2004, Board member meeting.

Mr. Saul entertained a motion for approval of the minutes of the open portion of the May 17, 2004, 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 17, 2004, be approved.

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

a. TSP statistics.

Mr. Amelio briefed the Board members on the returns for the five investment funds for the last month, current expense ratio, and participation rates. Mr. Amelio explained that the TSP had seen some recent movement from the F Fund into the G Fund, which he attributed to asset reallocation rather than market timing. Mr. Whiting noted that the participation rate for the Navy was much higher than the rates for the other services and questioned whether Mr. Amelio had investigated this difference in success. Mr. Amelio described his contacts with the Pentagon and stated that he believed the Navy management was simply more solidly supportive of the TSP than the other services.

b. National Finance Center.

Mr. Amelio explained that he had scheduled a meeting for July 8, 2004, with Tom Dorr, Patricia Healy, and Jerry Lohfink to discuss communication between the agencies. The Board members expressed particular interest in the Center's plan to hire a director for the Thrift Savings Plan Division because that position has been vacant since January 1, 2004.

c. Parallel call center.

Mr. Amelio advised the Board members that he had toured the parallel call center in Cumberland, Maryland, recently and was very impressed with the facility, the personnel, and the management. The participant service representatives are currently undergoing training and are expected to answer calls beginning July 1st. In addition, a toll-free phone number should be available for participants beginning on July 1st.

d. Mainframe.

Mr. Amelio advised the Board members that the new mainframe has been relocated to a state-of-the-art facility in Herndon and that he expected testing to begin this month. The new computer should be on-line later this summer.

e. Website.

The Board members expressed their satisfaction with the changes that have been made to upgrade the TSP web site. Mr. Amelio assured the Board members that there were more changes in progress. Mr. Saul requested that Mr. Amelio express the Board members' appreciation to all of the FRTIB staff that have worked on the changes.

f. Legislation.

Mr. Amelio reviewed with the Board members the status of the House and Senate bills that would eliminate TSP open seasons. He expressed his conviction that one of the bills would be passed this session and that the President would sign it.

3. Wilshire 4500 Index.

In a memorandum dated May 28, 2004, Mr. Amelio explained to the Board members the changes that were being made to

the Wilshire 4500 Index based upon an agreement between Wilshire Associates, Inc., and Dow Jones Indexes to jointly maintain the small capitalization index. The companies are eliminating the index as it is currently known and creating two indexes in its place: the Dow Jones Wilshire 4500 Completion Index, which will be a free-float adjusted index, and an "historical" index, which will have no adjustment for market capitalization. Because FERSA requires the Board members to select the indexes that the various TSP funds track, the Board was required to select which of the two new indexes the S Fund would follow.

After Mr. Amelio briefed the members on this report, the following resolution was made, seconded, and adopted by unanimous vote:

RESOLUTION

> The Thrift Savings Plan Small Capitalization Stock Index Investment Fund (S Fund) will use as its benchmark the free-float adjusted Dow Jones Wilshire 4500 Completion Index.

4. Closed session.

On a vote taken by the Secretary before the meeting, the members closed the meeting for discussions of procurement activities, internal personnel matters, and pending litigation. Present during the closed meeting were the Board members, Mr. Amelio, 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 4:10 p.m.

MOTION: That this meeting be adjourned.

Elizabeth S. Woodruff
Secretary

July 19, 2004

NOTE: Beta Court Reporting made a verbatim transcript of this meeting.