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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

September 20, 2004

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on September 20, 2004, at 8:25 a.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 Thomas A. Fink of Alaska, member; Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member; Gary A. Amelio, Executive Director; Elizabeth S. Woodruff, Secretary and General Counsel; David L. Black, Director, Accounting; Susan Smith, Acting Director, Administration; Lawrence E. Stiffler, Director, Automated Systems; Pamela-Jeanne Moran, Director, Benefits Services; Thomas J. Trabucco, Director, External Affairs; and James B. Petrick, Director, Investments. Also in attendance were representatives of the Department of Labor and the Government Accountability Office.

1. Approval of the minutes of the August 23, 2004, Board member meeting.

Mr. Saul entertained a motion for approval of the minutes of the open portion of the August 23, 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 August 23, 2004, be approved.

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

a. Accounting report.

David L. Black, Director, Accounting, advised the Board members that he was working with SI International to determine the OmniPlus requirements for implementation of the Department of Treasury's lock box program. The program is scheduled to go into effect in February 2005. At Mr. Whiting's inquiry, Mr. Black confirmed that the program is provided by the

Treasury at no cost to the Agency if the TSP uses only the standard services. The cost of the program is paid for by the banks, which make their profit on use of the money before it must be deposited to an account.

b. Administration report.

Susan Smith, Acting Director, Administration, advised the Board members that the October Board meeting would be held in Cumberland, MD, at Spherix's call center. Also, fiduciary training is scheduled to follow the Board meeting on November 15th.

c. Automated Systems report.

Lawrence E. Stiffler, Director, Automated Systems, introduced Mark Hagerty, recently hired by the Agency as Deputy Director, Automated Systems.

Mr. Stiffler discussed the Agency's handling of the shut down and recovery operations recently required as a result of Hurricane Ivan's impact on the New Orleans area. He explained that the Agency intended to use the closure of the National Finance Center as an opportunity to bring up the new Reston data center; however, the Center reopened within 72 hours and it was not necessary to do so. The new data center will therefore be put into production the weekend of September 25th and will be fully operational on Monday, September 27th. Mr. Stiffler also advised the Board members that the Agency was currently making plans for a disaster recovery site for the new data center.

d. Benefits Services report.

Mr. Saul congratulated Pamela-Jeanne Moran on her selection as the Director of the Agency's new Office of Benefits Services.

Ms. Moran reviewed for the Board members the Agency's web and telephone response to the recent closure of the NFC during the hurricane. Mr. Amelio observed that the parallel call center had operated during the closure as had been intended. Ms. Moran shared with the Board members the communications materials that the TSP will provide to participants during the next open season. She also discussed the new mailer that will be sent to participants who are approaching the mandatory withdrawal deadline and explained how the accounts are declared

abandoned if the participant does not contact the TSP with a withdrawal option after the notice is received. Mr. Sanchez urged the Agency to make a special effort to reach participants before their accounts are declared abandoned.

e. External Affairs report.

Thomas J. Trabucco, Director, External Affairs, advised the Board members that he expected that one of the bills before the Congress eliminating TSP open seasons would be passed this session. He explained that none had yet been approved because there exists a major difference between the House and Senate versions in that the House version provides for immediate employer contributions and, thus, has a greater cost impact.

f. Investments report.

James B. Petrick, Director, Investments, reviewed for the Board members the Thrift Savings Fund performance during August 2004. Mr. Petrick also discussed the status of the lifecycle fund procurement.

3. Review of FY 2004 budget and projected expenditures, approval of FY 2005 budget, and review of FY 2006 estimates.

The Board members and Mr. Amelio discussed the expenditures for fiscal year 2004 and the proposed budget for fiscal year 2005, which Mr. Amelio forwarded to the members by memorandum dated September 9, 2004. In particular, Mr. Amelio noted that the projection for the fiscal year ending September 30, 2004, indicates $6 million less in expenditures than was approved for the fiscal year. Initial estimates suggest a further decrease in fiscal year 2005, over that in fiscal year 2004, of an additional $6 million. Mr. Amelio believes that costs to participants in fiscal year 2005 may be as low as 5 basis points.

Budget estimates for fiscal year 2006 were also presented and discussed, as they are required to be submitted to the Office of Management and Budget for inclusion in the Fiscal Year 2005 Budget of the Unites States Government.

After the discussion, the following motion was made, seconded, and adopted by unanimous vote:

MOTION: That the Board members approve the budget for fiscal year 2005 as proposed in

the Executive Director's memorandum dated September 9, 2004, which is to be made a part of these minutes and attached hereto, and such budget, together with the fiscal year 2006 budget estimates, to be submitted to the Office of Management and Budget for inclusion in the Fiscal Year 2005 Budget of the United States Government.

3. Closed session.

On a vote taken by the Secretary before the meeting, the members closed the meeting for discussions of internal personnel matters. 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 11:15 a.m.

MOTION: That this meeting be adjourned.

Elizabeth S. Woodruff
Secretary

Oct. 20, 2004

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