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

THRIFT SAVINGS PLAN

MINUTES OF THE MEETING OF THE BOARD MEMBERS

February 22, 2005

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on February 22, 2005, at 9:00 a.m., Eastern Time. The meeting was open to the public at the Board's offices at 1250 H Street, NW, Washington, DC 2005. 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 L. Smith, Acting Deputy 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 was a representative of the Department of Labor.

1. Approval of the minutes of the January 19, 2005, Board member meeting.

Mr. Saul entertained a motion for approval of the minutes of the open portion of the January 19, 2005, Board member meeting. Mr. Whiting requested that the minutes be amended to add the correct information regarding the Plan's status among retirement plans holding real estate investment trusts. 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 January 19, 2005, be approved as amended.

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

a. 2005 Board member meeting calendar.

Mr. Amelio advised the Board members that the March Board meeting would include presentations from the Department of Labor regarding its FY 2004 and FY 2005 audits, and from

Mercer Investment Consulting, Inc., regarding its recommendations for the life cycle funds. The May Board meeting was scheduled to take place in Atlanta at Metropolitan Life and the June meeting was scheduled to take place in Pittsburgh at the back-up data center.

Mr. Saul asked whether, rather than the Board members traveling to Atlanta, Metropolitan Life could make its presentation at the May meeting in Washington. Mr. Amelio will look into this request.

b. Expenses.

Mr. Amelio advised the Board members that the final accounting for calendar year 2004 showed that the expenses for the Plan represented 5.83 basis points.

c. Lockbox.

Mr. Amelio reported that he and several staff members had inspected the US Bank facilities that will provide the Plan with lockbox services for loan repayment checks and that the services should begin in early March. Mr. Saul questioned how the participants would be notified of the change. Ms. Moran explained that her office was planning to mail the new information to all participants with an outstanding loan; to add the new mailing information to the website; to change all notices; to provide training for all participant services representatives; and to forward, either by the Post Office or the NFC, all checks that continue to be received by the National Finance Center to the new facility.

d. Legislation.

Thomas J. Trabucco, Director, External Affairs, advised the Board members that Congress's reorganization would affect the Plan. He explained that the House Committee would remain largely the same, although the subcommittee with jurisdiction would now be chaired by Tom Porter of Nevada. In the Senate, the addition of Homeland Security to the Governmental Affairs Committee has caused some reshuffling. The subcommittee in the Senate will now be Oversight of Government Management, the Federal Workforce, and the District of Columbia. It is chaired by George Voinivich of Ohio. Daniel Akaka of Hawaii has moved over from the old subcommittee and will serve as ranking member on the new one.

e. Automated systems report.

Lawrence Stiffler, Director, Automated Systems, advised the Board members that the Agency was currently in the process of mailing statements for the quarter ending December 31, 2004, to approximately 500,000 participants who had requested a mailed statement and 75,000 new employees.

Mr. Saul asked whether it was possible to produce the statements more quickly. Mr. Stiffler explained that participants who were receiving their statements on the web had access to their statements approximately three weeks ago; the only difficulty that had been encountered was in printing and mailing the remaining statements. However, since that problem had been overcome, Mr. Stiffler did not expect to see a similar delay in producing the April statements.

Mr. Stiffler also advised the Board members that the backup data center had been successfully backing up the mainframe data for two weeks and that the backup services provided by the National Finance Center from Philadelphia would no longer be needed after March. Mr. Saul acknowledged that this change was significant since, in the event of a disaster at the primary site, the system could be brought up within two hours, rather than in one to two weeks.

Mr. Fink asked what steps had been taken to protect the data that was stored in Philadelphia. Mr. Stiffler explained that no data had been stored at the Philadelphia backup site and that the reason for the one to two week delay under the old design was that data had to be transported from New Orleans and loaded onto the equipment in Philadelphia. With the new facility, data was being electronically transmitted to the backup site every hour.

f. Communications.

Mr. Amelio announced that the Office of Benefits Services was already producing new communications materials intended to educate the Plan's participants on both the end of open seasons and the new life cycle funds. Mr. Whiting questioned whether the Agency had access to email addresses for participants. Ms. Moran explained that the Agency did not, although some of the agencies did and used them to communicate with their employees.

g. Investment report.

Mr. Amelio reviewed with the Board members the Plan's investments as of the end of January 2005.

h. Public statements on Social Security changes.

At the January 19, 2005, Board meeting, the Board members and the Executive Director requested from the Office of General Counsel advice concerning their ability to make public statements in response to media and Congressional inquiries about the possibility of using TSP-type private accounts in the Social Security system. Mr. Amelio advised the Board members that he had received a legal memorandum on the subject that he would provide to the members. In general, Mr. Amelio explained that comments concerning TSP facts or a member's personal experience were acceptable.

Mr. Sanchez commented that he was pleased at the good coverage the TSP was receiving during the debate. Mr. Amelio responded that the Agency was in the best position to explain the TSP and that this was why he believed it was so important to receive advice on what the Board members and Executive Director could say publicly.

3. Closed session.

On a vote taken by the Secretary before the meeting, the members closed the meeting for a discussion of procurement matters. Present during the closed portion of the meeting were the Board members, Mr. Amelio, Ms. Woodruff, Ms. Smith, Robert Battersby, Contracting Officer, Mr. Stiffler, and Ms. Moran.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Mr. Saul adjourned the meeting at 11:00 a.m.

MOTION: That this meeting be adjourned.

Thomas K. Emmett for
Elizabeth S. Woodruff
Secretary

NOTE: Ace-Federal Reporters, Inc., made a verbatim transcript of this meeting.