



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

August 15, 2005

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on August 15, 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 20005. In attendance were Thomas A. Fink of Alaska, member; Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member; Terrence A. Duffy of Illinois, member; Gary A. Amelio, Executive Director; Elizabeth S. Woodruff, Secretary and General Counsel; Mark Hagerty, Chief Information Officer; Pamela-Jeanne Moran, Director, Benefits Services; and James B. Petrick, Chief Financial Officer. Also in attendance was a representative of the Department of Labor.

1. Approval of the minutes of the July 18, 2005, Board member meeting.

Mr. Saul entertained a motion for approval of the minutes of the open portion of the July 18, 2005, 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 July 18, 2005, be approved as amended.

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

a. Lifecycle Funds.

Mr. Amelio announced that the lifecycle funds had been available to participants since August 1. In the first 10 business days, 49,218 participants had moved more than \$2.1 billion into the funds with no record keeping, telephonic, or accounting problems. Based on goals set before the introduction of the lifecycle funds, the TSP has already reached 29% of its goal for the number of participants it hoped would use the L Funds and 25% of the amount of assets.

Mr. Amelio also said that the communications campaign that preceded the roll out of the lifecycle funds also appeared to be a success in that participants were investing in the L Funds in accordance with their demographics. The uniformed services and FERS participants are investing in the longer-term funds, while the CSRS participants are investing in the Current Income and 2010 Funds. In addition, the majority of participants that have moved monies into the L Funds are putting 100% of their accounts into one of the funds.

Mr. Amelio noted that, according to calls received at the call centers, this overwhelming success had been based primarily on information provided on the web site. Mr. Amelio said that he anticipated that he would approve a final version of the informational DVD this week and that production would begin shortly. The TSP will mail the DVDs incrementally, as they are produced, so as not to create technical problems as more participants learn about the availability of the L Funds. Copies will also be provided to members of Congress, the media, and the Employees' Thrift Advisory Council.

The Board members expressed their thanks to Penny Moran, who supervised the successful communications effort, and to the TSP staff who assisted her. Mr. Saul stated that he hoped this success would alleviate any remaining criticism that Congress had regarding the TSP's communications materials.

b. Legislation.

Mr. Amelio advised the Board members that Congress was currently in recess. He informed them that he had delivered their response to the letters from the chairman and ranking members of the Senate and House committees of jurisdiction requesting a study of TSP investments.

c. Monthly TSP performance report.

James B. Petrick, as Acting Director, Investments, discussed his memorandum to the Executive Director dated August 4, 2005, regarding the July 2005 investment performance of the G, F, C, S, and I Funds. Mr. Fink asked why the report showed different performance rates for the TSP funds managed by Barclays and Barclays' underlying funds; Mr. Petrick explained that the TSP funds did not follow the Barclays' funds exactly because Barclays assumed even balances throughout the period while the TSP has cash flow fluctuations.

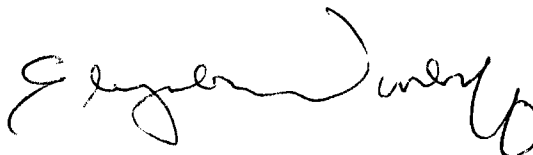
Mr. Amelio noted that for the first time one of the uniformed services, the Navy, had reached the 40% participation rate. He also noted that current expenses were at 3 basis points and that he expected to end the year at 5 basis points or below.

3. New business.

Mr. Fink had provided a motion regarding Board review of actions by the Executive Director. He requested, however, that the Board members discuss and vote on the motion at the September Board meeting.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Mr. Saul adjourned the meeting at 9:40 a.m.

MOTION: That this meeting be adjourned.



Elizabeth S. Woodruff
Secretary

9/19/05

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