



MINUTES OF THE MEETING OF THE BOARD MEMBERS

June 25, 2024

Michael F. Gerber, Chair of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on June 25, 2024, at 9:00 a.m., Eastern Daylight Time. The meeting was held at the Board's offices at 77 K Street, NE and was open to the public via teleconference. In attendance were Dana K. Bilyeu of Oregon, member; Leona M. Bridges of California, member; Stacie Olivares of California, member; Ravindra Deo, Executive Director; Stefanie George, Acting General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer and Deputy Executive Director; Kimberly Weaver, Director, Office of External Affairs; James Courtney, Director, Office of Participant Experience; Sean McCaffrey, Chief Investment Officer; Vijay Desai, Chief Information Officer; Thomas Brandt, Chief Risk Officer; and Trevor Williams, Chief Financial Officer.

Welcome and Introductions.

Chair Gerber called to order the monthly meeting of the Federal Retirement Thrift Investment Board (FRTIB or Agency) at 9:00 a.m.

1. Approval of the Minutes of the May 21, 2024, Board Meeting minutes.

Chair Gerber entertained a motion for approval of the minutes of the May 21, 2024, Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting held on May 21, 2024, be approved.

Mr. Deo then gave opening remarks and provided a brief summary of the agenda.

2. Monthly Reports.

a. Participant Activity Report

Mr. Courtney reviewed the monthly Participant Activity Report. See "Participant Activity Report May 2024" (attached). He shared that most participants continue to rate their interactions with the TSP favorably. Overall, participant satisfaction reached 93 percent in May, a new high for the TSP under its new recordkeeper. He also reported that preparations continue for the launch of the TSP's newest Lifecycle Fund, L 2070, for participants born after 2004; it is set to be active on July 26, 2024.

b. Investment Review

Mr. McCaffrey reviewed fund performance for the month of May. See "May

2024 Investment Program Review” (attached). Both BlackRock’s and State Street’s performance for the F, C, and S Funds were in line with the Funds’ respective benchmarks.

Mr. McCaffrey presented the I Fund’s monthly performance separately because it is in the process of transitioning to the MSCI ACWI IMI ex USA ex China ex Hong Kong Index. Both BlackRock’s and State Street’s performance for the I Fund was ahead of its applicable International Index by 118 basis points, primarily due to fair value pricing.

Mr. McCaffrey next provided market commentary for the month of May. Federal Reserve interest rate policy remained on hold amidst the continued inflation watch; however, there was enough optimism among investors to move stock and bond markets higher. The F Fund gained for the month; the C and S Funds advanced with the overall stock markets; the I Fund further benefited from rising markets and partly from a weaker U.S. dollar; and all L Funds finished higher.

Regarding year-to-date performance, BlackRock’s and State Street’s performance for the F Fund was ahead of the Fixed Income Index’s return by ten and eight basis points, respectively, primarily due to year-end pricing differences. Both managers’ C Fund returns matched the Large Cap Index. BlackRock’s performance for the S Fund was in line with the Small Mid-Cap Index, while State Street’s performance was ahead of the Small Mid-Cap Index by four basis points, primarily due to securities lending. BlackRock’s and State Street’s performance for the I Fund was ahead of their applicable International Index by 78 and 77 basis points, respectively, primarily due to fair value pricing.

Finally, Mr. McCaffrey reported that, as of the close of markets on June 24th, June’s month-to-date returns had the C Fund ahead 3.33 percent; the S Fund down 0.63 percent; the I Fund down 1.34 percent; the F Fund up 1.67 percent; and the G Fund ahead 0.31 percent.

c. Legislative Update

Ms. Weaver provided the legislative update. The House Armed Services Committee marked up its version of the FY25 National Defense Authorization Act (NDAA), and the Committee approved by voice vote an amendment presented by Representative Michael Waltz that would prohibit a service member from investing in a mutual fund through the TSP if that mutual fund invests in China. The amendment requires the service member to research SEC filings to determine the underlying assets of a mutual fund before investing; it includes no role for the FRTIB. Ms. Weaver noted that she has explained to Congressional staff members that there would be no reporting mechanism, because the TSP does not track individual participants’ mutual fund investments.

Representative Waltz offered a second amendment that would have prohibited the TSP from investing in a country or security of concern as defined by the

Director of National Intelligence in their annual threat assessment. The FRTIB opposed this amendment, and it was not offered on the House floor. The House approved their version of the NDAA on June 14th. The Senate Armed Services Committee marked up its version of the NDAA on June 14th, and it does not contain any language regarding the TSP.

Ms. Weaver also reported that Representative Chip Roy added language to the FY25 House Financial Services and General Government Appropriations bill that would prohibit mutual funds in the TSP's mutual fund window that make decisions based on environmental, social, or governance factors. This language was also included in last year's version of the House bill and was dropped before final enactment. Ms. Weaver also stated that the House is in session this week and out the following two weeks, and the Senate will not be in session until the week of July 8th.

In response to a question from Member Bilyeu, Ms. Weaver stated that if Representative Waltz's first amendment to the NDAA discussed above were to become law, it is unclear what would occur if a service member were to invest in a mutual fund that invests in China.

3. Quarterly Vendor Risk Management Report.

Mr. Brandt provided an overview of the Agency's Quarterly Vendor Risk Assessment for the 1st quarter of Calendar Year (CY) 2024. See "Quarterly Vendor Risk Assessment – 1st Quarter CY 2024" (attached). Mr. Brandt stated that having analyzed various sources of data and evaluated metrics to assess solvency, liquidity, and profitability for five critical vendors, that all vendors are able to fulfill their contractual obligations to the Agency. The Quarterly Vendor Risk Assessment memorandum to the Board members and the Executive Director provides more detail on the results of the analysis for the 1st quarter of CY 2024.

4. Annual Financial Audit.

Mr. Williams introduced Michele Chalmers from CliftonLarsonAllen (CLA) and Cassie Crist from Sikich. Ms. Crist presented the results of the 2023 annual financial statement audit. See "2023 Financial Statement Audit Results" (attached). Sikich issued an unmodified "clean" opinion on the financial statements and found no material weaknesses or significant deficiencies in internal controls. As a part of this audit, they evaluated Alight's qualified Service Organizational Control report. They also evaluated the resolution of prior year findings that were identified by CLA and determined that those had been closed this year.

Ms. Crist stated that Sikich did not identify any changes in the scope of timing or testing of audit procedures outlined during audit planning, nor did they identify any changes in accounting policies. Sikich did not need to consult with other accountants, and no significant disclosures were warranted this year that were not previously included in the Fund's financial statements.

Sikich will next conduct the six-month review of the Thrift Savings Fund's financial statements during July and August. They will issue their report in September and present it at the September 24, 2024, Board meeting. Chair Gerber thanked Sikich for their work and emphasized that they have an open line to the Board if they need to raise or address issues in the future.

5. Adjourn.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection, and Chair Gerber adjourned the meeting at 9:16 a.m.

MOTION: That this meeting be adjourned.

Stefanie George
Acting General Counsel and Secretary

Attachments

1. Participant Activity Report May 2024
2. May 2024 Investment Program Review
3. Quarterly Vendor Risk Assessment – 1st Quarter CY 2024
4. 2023 Financial Statement Audit Results