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**TENNESSEE VALLEY AUTHORITY
RETIREMENT SYSTEM
BY-LAWS**

Adopted by the TVARS Board June 15, 2017

Article I. Administration

Section 1. Authority

In 1939, the Tennessee Valley Authority (TVA) established the Tennessee Valley Authority Retirement System (TVARS) and approved the TVARS Rules and Regulations (Rules), which constitute the legal charter under which TVARS operates. TVARS is a separate legal entity from TVA governed by its own Board of Directors (the TVARS Board). Federal courts have held TVARS to be a Federal agency and the Rules to have the force and effect of Federal law. The Rules grant the TVARS Board with sole and exclusive authority and control over the management and administration of TVARS, in accordance with the Rules.

Section 2. Purpose

The purpose of these By-Laws is to provide structure, guidelines and clarification regarding the governance of TVARS, consistent with the Rules.

Section 3. Management

- a) The Rules (Section 3, paragraph 3) require the Board to appoint an Executive Secretary and arrange for administrative, clerical, legal, financial, and medical advisor services, as it may require in carrying out the provisions of TVARS. The Board delegates authority to the Executive Secretary for the day-to-day administration of TVARS.

- b) In furtherance of its broad authority and fiduciary responsibility with respect to matters related to the investment of TVARS assets, the administration of TVARS, and the fulfillment of its responsibilities in accordance with the Rules, the Board may engage the services of outside advisors and service providers, including trustees and custodians, investment managers, legal counsel, investment consultants, actuaries, and auditors. Notwithstanding, the Board's selection of trustees and investment managers is subject to prior approval by TVA.

Section 4. Determination of Benefits/Interpretation of Rules

The Board has sole and exclusive responsibility for determining under the Rules what benefits are payable by TVARS and to whom they shall be paid, and the Board's interpretation and application of the Rules in these and all other matters pertaining to TVARS' operations and its determination of the facts in making any such application will be final and conclusive to all parties (Rules Section 3, paragraph 7.)

Section 5. Resolution of Conflicting Provisions

- a) The provisions of these By-Laws are intended to conform to the Rules, and any Policy or Charter adopted by the Board. If there is a conflict among such documents, the Rules shall prevail, then these By-Laws, and then any policies and procedures adopted by the Board.
- b) In the event any provision of these By-Laws is deemed to be invalid, as a result of its conflict with a provision of the Rules, it shall not invalidate the entirety of the By-Laws, but the remaining provisions of the By-Laws shall continue in full force and effect.

Article II. TVARS Board of Directors and Officers

Section 1. Board Composition and Terms

The Board will consist of seven Directors, three of whom are elected by and from the membership of the System, three of whom are appointed by TVA, and a seventh member, who shall be a retiree, selected by a majority vote of the other six. The term of each Director position shall be three years.

Section 2. Board Election, Appointment, and Selection

The Director positions on the Board, and any vacancy of a Director position, will be filled by election, appointment, or selection, as the case may be. The election and appointment of the Directors of the Board, as well as the selection of the seventh Director, is governed by the Rules, as supplemented by the Director Election/Selection Policy adopted by the Board.

Section 3. Officers

The Board will have the following officers who will be elected from among the Directors of the Board: (1) a Chair and (2) a Vice-Chair. TVARS will also have the following officers that will not be Directors and as such have no voting rights: (1) an Executive Secretary, (2) an Assistant Secretary, (3) a Treasurer, (4) Assistant Treasurers, and (5) such other officers as the Board may from time to time determine. The Assistant Secretary may also be designated as one of the Assistant Treasurers.

Section 4. Officer Elections/Selections and Terms

- a) Chair and Vice-Chair. The Chair and Vice-Chair will be elected by ballot, from among the Directors, for three-year terms. Officer elections will occur at the December quarterly meeting of the Board of each election year. The first election year following the adoption of the original By-Laws was 1960, and each third year

thereafter will be an election year. Accordingly, upcoming election years are as follows: 2017, 2020, 2023, 2026, and so on.

The Chair and Vice-Chair will serve from the time they are elected until their successors have been elected or until they cease to be members of the Board, whichever first occurs. A vacancy in the office of Chair or Vice-Chair will be filled by the Board for the unexpired portion of the term.

b) Executive Secretary.

(i) The Board will appoint the Executive Secretary of TVARS, who will serve in the position without a definite term of office.

(ii) The Board may elect to appoint, hire, or contract with any person, firm or corporation to provide the services of the Executive Secretary.

(iii) A succession process to guide the Board in the appointment of the Executive Secretary is set forth in the TVARS Succession Planning Policy adopted by the Board.

c) Other Officers. The Assistant Secretary, Treasurer, and Assistant Treasurers will be appointed by and serve at the pleasure of the Executive Secretary and serve in the positions without definite terms of office.

Section 5. Director Responsibilities

a) **Attendance.** While it is acknowledged that attendance is not always possible, all Directors are expected to attend all Board and applicable committee meetings. To achieve this goal, Directors should, once the annual calendar for a year is set, immediately flag any scheduling conflicts and thereafter manage their schedules to avoid creating additional conflicts. Absences for medical or other substantial reasons will be deemed excused absences in the discretion of the Board. [*See the TVARS Governance Policy adopted by the Board for further clarification.*]

b) **Committee service.** Each Director is expected to serve on at least one standing committee or special committee.

- c) **Preparation.** Directors should come to Board meetings having read the materials prepared and circulated by TVARS staff.
- d) **Education.** Directors should identify areas where they might benefit from additional education and work with TVARS staff to find educational opportunities. The Executive Secretary will maintain a list of educational conferences appropriate for Directors. [*See the TVARS Education Policy adopted by the Board for further clarification.*]
- e) **Representation.** At times, Directors may be called on to represent or speak regarding TVARS matters to various constituencies. During any such representation, the Director will ensure that Confidential Information is protected and is being handled carefully, consistently, and appropriately. [*See the TVARS Confidentiality Policy adopted by the Board for further clarification.*]
- f) **Collegiality.** Directors will make every effort to engage in collegial deliberations, and to maintain an atmosphere where Directors can speak freely, explore ideas before becoming committed to positions, and seek information from TVARS staff and other Directors. To the extent possible, Directors are encouraged to come to meetings without having fixed or committed their positions in advance. [*See the Ethics and Code of Conduct Policy adopted by the Board for further clarification.*]
- g) **Independence.** Directors will discharge their fiduciary duties with respect to TVARS for the sole and exclusive benefit of employees, retirees and beneficiaries.

Section 6. Director Disciplinary Action and Director Removal

As authorized by the Rules (Section 3, paragraph 2d), the Board may initiate and enforce disciplinary actions against a Director for violation of written policies formally adopted by the Board. Disciplinary actions may include action, up to and including, removal of the Director from his or her position as a Director on the Board. Five votes are required for the removal of a Director from the Board.

Section 7. Officer Removal

The Chair, Vice-Chair, or Executive Secretary may be removed by five votes of the Board whenever, in its judgment, the interests of the System will be served by such action.

**Article III. Duties of the Chairs, the Executive Secretary,
Assistant Secretary, and Treasurer**

Section 1. Duties of the Chair

The Chair of the Board will:

- a) Endeavor to confirm that the Board is operating in a manner that is consistent with the Rules, these By-Laws, and the policies and procedures that the Board has adopted;
- b) Preside over all meetings of the Board and govern its proceedings;
- c) Exercise such control over meetings as the Chair deems reasonable and necessary;
- d) Appoint chairs, vice-chairs and members to all standing and special committees of the Board, subject to acceptance by individual Directors and members;
- e) Serve as an ex-officio member of all Board committees, and may attend and participate in any committee meeting, but may not vote in committee actions of any committee of which the Chair is not a regular member;
- f) Supervise the Executive Secretary;
- g) Review and approve the agenda for all Board meetings prepared by the Executive Secretary;
- h) When required, certify any actions approved by the Board; and
- i) Perform such additional duties as are provided for herein and in the Rules, all duties incident to the office of the Chair, or all duties as may be set by resolution of the Board from time to time.

Section 2. Duties of the Vice-Chair

- a) In the absence of the Chair, or in the event of the Chair's inability to act, the Vice-Chair will assume all responsibilities and authority of the Chair. When so acting, the Vice-Chair will have all the powers of and be subject to all the restrictions upon the Chair.
- b) The Vice-Chair will also perform such other duties as may be specifically assigned by the Board or the Chair.

Section 3. Duties of the Executive Secretary

- a) Subject to any duties and responsibilities specifically retained by the Board, or other limitations imposed by the Rules or the policies it has adopted, the Board delegates to the Executive Secretary the responsibilities for the day-to-day administration of the System.
- b) The Executive Secretary is responsible for the supervision of the non-Director Board officers, all other TVARS staff, and for all the day-to-day investment management, administrative, accounting, and clerical services for all TVARS functions.
- c) The Executive Secretary may delegate, as he or she deems prudent and appropriate, any of the duties identified in subsection (c) of this Article III, Section 3, to the Assistant Secretary, Treasurer, Assistant Treasurers, or other appropriate TVARS staff.
- d) The duties of the Executive Secretary will include, but are not limited to, the following:
 - i. Keeping the records of the meetings of the Board;
 - ii. Issuing notices of all Board meetings in accordance with these By-Laws and the Chair's directions;

- iii. Preparing and submitting to the Directors in advance of each meeting an agenda as approved by the Chair;
- iv. Having custody of the records of TVARS;
- v. Procuring administrative services as are necessary for TVARS business, provided that any purchase or contract in excess of \$50,000 will be subject to prior approval by the Board;
- vi. Approving the retirement of TVARS members who are eligible under the Rules and whose applications are filled in accordance therewith, referring to the Board any application for retirement which requires the exercise of judgment in determining the applicant's rights;
- vii. Submitting a quarterly report of all retirements approved during the prior quarter;
- viii. Approving the monthly payroll for retirees and beneficiaries;
- ix. Preparing annual reports of TVARS finances and operations in accordance with the Board's instructions and subject to its approval, for submission to the membership, retirees and beneficiaries, and TVA;
- x. Conducting on behalf of the Board, under the direction of the Board's Election Committee, the election of Directors to represent the TVARS membership [*See also the TVARS Director Election/Selection Policy for further clarification*];
- xi. Arranging with the TVARS' medical board and actuary, in accordance with their respective contracts, for such medical and actuarial services as are required in carrying out the business of TVARS pursuant to the Rules;
- xii. Assisting any standing or special committee in the discharge of its duties when and as requested by the Chair;
- xiii. Signing and executing all contracts and other instruments approved and/or authorized by the Board to be executed or entered into; and

- xiv. Communicating on behalf of TVARS and the Board to outside entities interested in TVARS.

Section 4. Duties of the Assistant Secretary

The Assistant Secretary will assist the Executive Secretary generally and will perform such duties and functions as the Executive Secretary may designate.

Section 5. Duties of the Treasurer/Assistant Treasurers

- a) The duties of the Treasurer will include, but are not limited to, the following:
 - i. Having charge and custody of and responsibility for all funds of TVARS except those in the custody of the Trustee;
 - ii. Receiving and giving receipts for monies due and payable to TVARS from any source whatsoever and depositing all such monies in the name of TVARS in such bank or banks as the Board or Executive Secretary designates;
 - iii. Paying all benefits, debts and other obligations of TVARS as authorized by the Board, and issuing and signing checks drawn against TVARS' funds for such purposes; and
 - iv. Performing all the duties in general incident to the treasurer of a retirement system and such other duties as may be specifically assigned by the Executive Secretary or Board.
- b) The Treasurer may delegate any of the duties in Subsection (a) above, of this Article III, Section 4, to the Assistant Treasurer(s) as appropriate, and subject to the approval of the Executive Secretary.

Article IV. Meetings of the Board of Directors

Section 1. Meeting Frequency

- a) A regular meeting of the Board of Directors will be held during each calendar quarter at such time and place as the Board may designate from time to time.
- b) The Chair, with the concurrence of three members of the Board, may change the scheduled date of a meeting to another date during the quarter and likewise may designate a different place for a meeting.
- c) Special meetings of the Board may be called by the Chair or any three members of the Board.

Section 2. Notice of Meeting

- a) Notice of the time and place of each regular meeting, or any change in the time or place of such a meeting, will be given at least three days prior to the meeting by a written or electronic statement delivered to each member's regular home or business address. Directors will notify the Executive Secretary, or designee, of their address of record to receive notifications.
- b) The Executive Secretary is expected to use best, reasonable efforts to ensure that all Directors receive meetings notifications
- c) Notice of the time, place, and purpose or any special meeting will be given in a similar manner except that only one day's advance notice is required.
- d) The attendance of a Director at any meeting will constitute a waiver of notice with the exception of a Director who attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not properly called or convened.
- e) A schedule of meetings for the upcoming year will be prepared at the end of each year.

Section 3. Quorum

- a) The attendance of four directors will constitute a quorum of the Board for the transaction of business in any meeting of the Board, provided that if less than four Directors are present at a meeting, a majority of the Directors present may adjourn the meeting to another time and, in that event, they shall notify the other Directors orally or in writing of the adjourned meeting time.
- b) If, during the course of a meeting, it comes to the attention of the Chair that a Director is temporarily absent from the meeting, and/or the quorum is lost, the Chair may in his or her own discretion and without benefit of a motion, cause the meeting to be recessed until the Director returns and/or the quorum is reestablished.

Section 4. Manner of Voting

Each Director will be entitled to one vote, and unless otherwise indicated, four concurring votes will be necessary for every decision or action by the Board. Voting by proxy will not be permitted. Voting by teleconference is permitted. The Board may use a consent agenda for routine matters. *[See the TVARS Governance Policy adopted by the Board for additional clarification.]*

Section 5. Minutes

The Board will maintain minutes that reflect, at a minimum, a summary of the discussions of the Board and its committees, the decisions reached, and the actions taken. Meetings of the Board shall be recorded in order to produce a transcript of the meetings. The transcript will be made available to TVARS members and retirees upon request. *[See the TVARS Governance Policy adopted by the Board for additional clarification]*

Section 6. Meeting Decorum

- a) No Director will engage in private discourse or commit any other act tending to distract the attention of the Board from the business before it.
- b) Directors will confine their remarks to the questions under discussion or debate, and will avoid personal remarks.
- c) A Director wishing to speak (in order to give notice, to make a motion, to submit a report, or to accomplish any other purpose) may not proceed until the Director has been recognized by the Chair, after which the Director may address the Board.
- d) No Director will be permitted to speak more than once on any subject until every Director desiring to be heard on the subject has been allowed to speak.

Section 7. Length of Meetings

Every Board meeting (except meetings with investment managers, the investment consultant, actuary, or auditor), may be adjourned by the Chair, without motion, four (4) hours after the meeting has been called to order; provided, however, that upon motion, duly seconded, and approved by a majority of Directors present, a Board meeting may continue for a period longer than four (4) hours.

Article V. Committees of the Board and Committee Meetings

Section 1. Standing Committees

- a) There will be four standing committees of the Board: the Audit Committee, the Election Committee, the Investment Committee, and the Retirement Committee.
- b) Each standing committee will consist of at least three persons designated for one-year terms by the Chair. Committee members will be designated by the Chair at the December quarterly meeting of the Board. The members of each standing committee will serve from the time they are designated until their successors have been designated, until they cease to be eligible for such service, (e.g. conclusion of

employment, removal, etc.), or until they are removed by the Chair, or by a majority vote of the Board.

Section 2. Special Committees

- a) The Board may from time to time, as it deems necessary and appropriate for the purpose of transacting its business, establish a special committee.
- b) Special committees will be appointed by the Chair at such time and for such period and purpose as the business of TVARS reasonably requires.

Section 3. Committee Composition

- a) Committees will normally be comprised of Directors of the Board; however, the Board may, as it deems appropriate, by majority vote, appoint non-Directors to a committee, such as the audit committee.
- b) As set forth in the Rules, the Board will select as non-voting members of and advisers to the Investment Committee one or more independent investment professionals or financial experts.
- c) The Chair will designate the chair of each committee at the time the Chair designates the membership of such committee or at any time a vacancy exists in the chair position of a committee.

Section 4. Committee Meetings

A meeting of any committee may be called by the chair of the committee or two members thereof on not less than 24-hour notice. Such notice, which may be oral, written, or electronic means, will state the time and place for the meeting. The Executive Secretary will use best, reasonable efforts to ensure that all members receive notification.

Section 5. Vacancies

A vacancy in any committee will be filled by the Chair for the unexpired portion of the term.

Section 6. Removal from a Committee

Any member of a committee may be removed by the Chair, or 4 votes of the Board, whenever it is deemed appropriate and in the best interests of TVARS.

Section 7. Committee Charters

- a) Each standing committee of the Board will have a committee charter. The committee charter will, at a minimum, include the following: (i) the purpose of the committee, (ii) the scope of the committee's authority, (iii) the responsibilities of the committee, (iv) the committee's composition, (v) the expected meeting frequency, (vi) staffing of the committee, (vii) reporting requirements, (viii) how frequently the charter will be reviewed, (ix) when the charter was adopted, and (x) the date of any amendments.
- b) Charters for each committee will be included in an appendix to these By-Laws and are incorporated by reference herein.

Article VI. Amendments

These By-Laws, or any part thereof, may be amended or repealed by the Board at any regular or special meeting, provided that the notice or the agenda of such meeting shows the substance of the proposed amendment or repeal.

Article VII. BY-LAWS EFFECTIVE

These By-Laws are effective as of the date adopted by the Board and will supersede and replace any and all previous By-Laws of the Board, which govern the administrative procedure of the Board.