

BYLAWS OF THE
RETIREMENT SYSTEM OF THE
TENNESSEE VALLEY AUTHORITY

Adopted by Retirement System Board November 19, 1958

Article I. Officers

*Sec. 1. Number. The officers of the Retirement System shall be a Chairman and a Vice Chairman of the Board of Directors, an Executive Secretary, a Treasurer, an Assistant Secretary, and three Assistant Treasurers, and such other officers as the Board of Directors may from time to time determine. The Chairman and Vice Chairman shall be members of the Board of Directors. The Executive Secretary, Treasurer, Assistant Secretary, and Assistant Treasurers need not be members of the Board. The Assistant Secretary may also be designated as one of the Assistant Treasurers.

Sec. 2. Election and Term of Office.

(a) The Chairman and Vice Chairman shall be elected by ballot among the board members for three-year terms at the first meeting of the Board of Directors after October 31 of each election year. The first such election year following adoption of these bylaws shall be 1960, and each third year thereafter shall be an election year. Subject to the provisions of these bylaws with respect to the removal of officers, the Chairman and Vice Chairman shall serve from the time they are elected until their successors shall have been duly elected or until they cease to be members of the Board of Directors, whichever first occurs.

(b) The Executive Secretary, Treasurer, Assistant Secretary, and Assistant Treasurers shall serve at the pleasure of the Board and without definite terms of office.

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Sec. 3. Removal. Any officer may be removed by the Board whenever, in its judgment, the interests of the System will be served by such action.

Sec. 4. Vacancies. A vacancy in the office of Chairman or Vice Chairman shall be filled by the Board for the unexpired portion of the term.

Sec. 5. Chairman. The Chairman shall:

- (a) be the principal executive officer of the System and shall preside at all meetings of the Board;
- (b) designate, with the consent of the Board, the membership of all standing and special committees;
- * (c) constitute an ex-officio member of all committees and may attend and participate in committee meetings but shall have no vote in committee actions;
- (d) sign all contracts and other instruments authorized by the Board to be executed except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to another officer or agent;
- (e) in general perform all duties incident to the office of Chairman of the Board of Directors and such duties as may be prescribed by the Board from time to time.

*Sec. 6. Vice Chairman. In the absence of the Chairman or in the event of the Chairman's inability to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall also perform such other duties as may be specifically assigned by the Board.

Sec. 7. Executive Secretary. The Executive Secretary shall:

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(a) supervise the Retirement Services department which performs the administrative, accounting, and clerical services for the System;
- (b) arrange with the System's 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 the System;
- (c) procure such printing and binding, materials and other administrative services as are necessary in the System's business, provided that any purchase or contract in excess of \$5,000 shall be approved by the Board;
- (d) approve retirement of members who are clearly eligible under the Rules and Regulations and whose applications are filed in accordance therewith, referring to the Board any application for retirement which requires the exercise of judgment in determining the applicant's rights;
- (e) approve the monthly payroll for retirees and beneficiaries;
- (f) keep the records of the meetings of the Board of Directors;
- (g) issue notices of all Board meetings in accordance with these bylaws and the Board's directions;
- (h) prepare and submit to the Board members in advance of each meeting an agenda therefore;
- (i) have custody of the records of the Retirement System;

- (j) prepare annual reports of the System's operation in accordance with the Board's instructions and subject to its approval, for submission to the membership and to the TVA Board;
- (k) conduct for the Board under the direction of a special committee designated for that purpose the annual election of a Board member to represent the System membership;
- (l) assist any standing or special committee in the discharge of its duties when and as requested by the committee chairman;
- (m) submit a quarterly report of all retirements approved;
- *(n) in general perform all duties incident to the office of Executive Secretary and such other duties as may be specifically assigned by the Board.

*The Executive Secretary may delegate such of the foregoing duties to the Assistant Secretary or Assistant Treasurers as appropriate.

Sec. 8. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds of the System except those in the custody of the Trustee;
- (b) receive and give receipts for monies due and payable to the System from any source whatsoever and deposit all such monies in the name of the System in such bank or banks as the Board designates;
- (c) pay all benefits, debts and other obligations of the System as authorized by the Board, and issue and sign checks drawn against the System's funds for such purposes;
- (d) maintain proper accounts showing the fiscal transactions of the System;

(e) submit a quarterly report of such fiscal transactions to the Board;

*(f) in general perform all the duties incident to the office of Treasurer and such other duties as may be specifically assigned by the Board.

*The Treasurer may delegate such of the foregoing duties to the Assistant Treasurers as appropriate, except that the authority to sign checks on behalf of the System shall be delegated only with the Board's approval.

*Sec. 9. Assistant Secretary. The Assistant Secretary shall assist the Executive Secretary generally and shall perform such functions as the Executive Secretary may designate.

Article II. Meetings of the Board of Directors

Sec. 1. Regular Meetings. A regular meeting of the Board of Directors shall be held during each calendar quarter at such time and place as the Board may designate from time to time, provided that the Chairman, 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.

Sec. 2. Special Meetings. Special meetings of the Board may be called by the Chairman or any three members of the Board.

*Sec. 3. Notice. Notice of the time and place of each regular meeting or of any change in the time or place of such a meeting, shall be given at least three days prior to the meeting by a written statement delivered to each member's regular home or business address. Notice of the time, place, and purpose of any special meeting shall be given in a

similar manner except that only one day's advance notice is required. The attendance of a Board member at any meeting shall constitute a waiver of notice therefore, except in case a Board member shall attend 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.

Sec. 4. Quorum. Four directors shall 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 members 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.

*Sec. 5. Manner of Acting. Each director shall be entitled to one vote, and four concurring votes shall be necessary for every decision or action by the Board. Proxy voting shall not be permitted.

Article III. Committees

Sec. 1. Number. There shall be three standing committees, the Investment Committee, the Retirement Committee, and the Audit Committee, and such other special committees as the Board shall determine from time to time to be necessary or convenient in the transaction of its business. Such committees normally shall be comprised of members of the Board but the Board may in any case by special action provide for the designation of non-Board members to a committee except in the case of the Audit Committee which shall be comprised only of members of the Board.

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*Sec. 2. Designation and Term of Office. Each of the three standing committees shall consist of at least three persons designated for one-year terms by the Chairman with the consent of the Board not later than the first regular quarterly meeting of the Board after each October 31. Subject to the provisions of these bylaws with respect to the removal of committee members, the members of the standing committees shall serve from the time they are designated until their successors shall have been duly designated, or until they cease to be eligible for such service. Special committees shall be appointed by the Chairman with the Board's consent at such time and for such period and purpose as the business of the System reasonably requires. The Chairman of the Board shall designate the chairman of each committee at the time the Chairman designates the membership thereof or at any time a vacancy exists in the chairmanship of the committee.

Sec. 3. Removal. Any member of a committee may be removed by the Board whenever, in its judgment, the best interests of the System will be served thereby.

Sec. 4. Vacancies. A vacancy in any committee shall be filled by the Chairman with the consent of the Board for the unexpired portion of the term; provided that if such vacancy occurs between meetings of the Board, the Chairman may designate, without the Board's consent, a temporary replacement to serve until the next Board meeting.

Sec. 5. Meeting. A meeting of any committee may be called by the Chairman of the committee or two members thereof on not less than 24 hours notice. Such notice, which may be oral or written, shall state the time and place for the meeting.

Sec. 6. Investment Committee. The Investment Committee shall:

- (a) report quarterly to the Board on the current status of investments;
- (b) serve as the Board's point of contact with the Trustee or Trustees and the Investment Manager or Investment Managers in discussion of investment policy or handling any investment problem;
- (c) perform such other duties relating to the investment of the System's funds as the Board from time to time may designate.

Sec. 7 Retirement Committee. The Retirement Committee shall:

- (a) review all applications by members for a retirement allowance which are not approved by the Executive Secretary and make recommendations thereon to the Board;
- (b) review retirement policy and benefits from time to time and make recommendations to the Board for the improvement of the retirement plan;
- (c) perform such other duties relating to the retirement plan as the Board from time to time may designate.

*Sec. 8. Audit Committee. The Audit Committee shall:

- (a) review the adequacy of the organization's system of internal control; (internal audit reports issued to the Executive Secretary will be included as items on the Audit Committee Agenda each quarter);
- (b) review the activities, organizational structure and qualifications of the internal audit function;
- (c) review the independent auditors' proposed audit scope and approach;

- (d) conduct a postaudit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors; (the Audit Committee will meet with the independent auditor after the field work is complete and before formal reports are issued);
- (e) review the performance of the independent auditors;
- (f) review the independent auditors' fee arrangement;
- (g) recommend appointment of the independent auditors;
- (h) review management's monitoring of compliance with TVA codes of conduct by TVA employees who conduct business of the System and review conduct issues related to all members of the Board with respect to their System duties (the TVA code of conduct will be provided to each newly elected Board member upon their election, as well as to each Board member on an annual basis);
- (i) review, with the internal counsel, any legal matters that could have a significant impact on the System's financial statements;
- (j) review the findings of any examinations by regulatory agencies, such as the Internal Revenue Service;
- (k) if necessary, recommend special investigations to the full Board, and if appropriate recommend special counsel or experts to assist;
- (l) perform other oversight functions as requested by the full Board;
- (m) report to the full Board at each quarterly meeting and as necessary;
- (n) provide lines of communication quarterly with management, annually with the independent auditors, quarterly with the internal auditors, and as deemed necessary with any of these parties.

Article IV. Amendments

These bylaws or any part thereof may be amended or repealed by the Board of Directors at any regular or special meeting, provided that the notice or the agenda of such meeting shall show the substance of the proposed amendment or repeal.

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