

Director Election/Selection Policy

Revised June 19, 2015

Director Election/Selection Policy

Purpose

The election of three of the Board's Directors¹, as well as the selection of the 7th Director, is governed by the Tennessee Valley Authority Retirement System ("TVARS") Rules and Regulations (the "Rules and Regulations"). The intent of this Director Election/Selection Policy (the "Policy") is to provide supplemental guidance to the election/selection process of Directors described in the Rules and Regulations. The Board recognizes the importance of Director elections and the selection of the 7th Director and strives to ensure processes related to filling open Director positions are fair, efficient, and in the best interest of the Members, Retirees, and Beneficiaries.

Policy Objectives

The objectives of the Policy are to ensure that:

1. Director elections and selections are fair and governed by a judicious, well-documented process;
2. A well-qualified 7th Director (see Attachment B) is selected efficiently and in a reasonable and timely manner; and
3. Information regarding the requirements of the Board and serving as a Director will be widely distributed and readily available.

Policy Requirements:

This Policy should be read in conjunction with the Rules and Regulations and the Bylaws. In the event of a conflict between this Policy and the Rules and Regulations, the latter shall control. In the event of a conflict between this Policy and other policies, the more specific policy language, as determined by the Board, shall control. The Board has adopted the following guidelines regarding Director elections and the selection of the 7th Director:

A. General Guidelines

1. A position description and overview of Board and Director responsibilities shall ordinarily be made available to all potential candidates in order to provide a general understanding of the requirements to serve on the Board. The overview shall include the following: an overview of a Director's fiduciary duty and conduct, the principal duties of a Director, the estimated time requirement to serve on the Board, the rules regarding financial reporting and limitations on gifts, orientation and training requirements, and a copy of Candidate Information Form Guidelines. These materials will be available on the TVARS website.
2. The Board shall communicate on a periodic basis (typically annually) to all Directors' supervisors the nature of the important work the Director is called upon to perform, including the expected time commitment, the Board's work plan, a link to or copy of the Rules and Regulations, and an explanation of a Director's duties.

¹ Capitalized terms not otherwise defined herein shall generally have the meanings set forth in the Rules and Regulations of the TVA Retirement System.

3. If any Director takes his or her seat on the Board and fails to attend Board meetings for four quarterly or consecutive meetings, without being excused, the Board may request the Director to resign his or her position. An excused absence is one that has been agreed to by all Directors. If there is not unanimous consent to excuse an absence, a Board vote of at least four Directors will be required.

B. Election of Directors

1. The Board shall periodically evaluate ways in which election visibility and participation may be increased. The Board may call upon staff or an outside party to assist in this effort.
2. The Board and staff members shall endeavor to stay neutral in the election process. However, this does not prohibit a Director or staff from indicating to others who he or she will be voting for.
3. All interested parties shall be encouraged to run for election. Candidates are asked to discuss the expected time commitment with their TVA supervisor. The Board shall encourage candidates' supervisors to support interested employees' participation in the election process and, if elected, the Board's scheduled activities.
4. The Board shall distribute to candidates guidelines regarding campaign activities and the Candidate Information Form. Candidates' written Candidate Information Form will be published on the TVARS website and included in election materials. The Candidate Information Form must follow the Boards' published Candidate Information Form Guidelines, which are attached to this Policy for reference (see Attachment A). The Board may modify the Candidate Information Form Guidelines at its discretion.
5. Director elections shall be held in conformance with the process set forth in the Rules and Regulations. The Board shall review and approve a schedule of election events.
6. In conducting the election of the three elected Directors, the Board, through its Election Committee or its designee, is responsible for the following:
 - a. Confirming that candidates for the Board meet the nomination requirements
 - b. Providing election materials
 - c. Ensuring bios are included in election materials
 - d. Reviewing the proposed ballot to ensure accuracy and completeness
 - e. Ensuring phone, on-line, or other appropriate media (as determined by the Board) for voting by members will be available
7. Any current Director seeking re-election shall not serve on the Election Committee and shall recuse himself/herself from any of the Board's or the Election Committee's election activities.
8. The Board may, in its discretion, retain a qualified, independent third-party election contractor to conduct the elections of the three elected Directors.

C. Selection of the 7th Director

1. The Board shall make all reasonable efforts to select a qualified 7th Director. The Board may consider as a factor in such selection the appointment of a TVA Retiree together with such other factors as the Board deems appropriate at the time of the selection. The Board shall endeavor to select the 7th Director in a reasonable amount of time.
2. In its discretion, the Election Committee may appoint an advisory committee to assist in identifying candidates for the 7th Director position. An advisory committee, if established, may include individuals other than TVARS Directors.
3. When the 7th Director position becomes vacant, or in advance of a known vacancy, the Election Committee shall publicize the opening and make available the desired candidate profile and a position description to interested parties. The Board shall initiate the process to select a 7th Director as early as is reasonably practicable.
4. The Board may adjust the desired candidate profile for the 7th Director at any time in accordance with its preferences. The desired characteristics for the candidate will be determined by the Board and may include those characteristics set forth in Attachment B.

Policy Review

The TVARS Board will review this Policy periodically (normally every three years) to ensure it remains appropriate; provided, however, that the failure to review the Policy shall not invalidate the Policy. The Board may amend or terminate this Policy at any time. Notwithstanding the foregoing or any other terms of this Policy, this Policy does not confer any rights, benefits, or privileges upon the Executive Secretary, Members, retirees, beneficiaries, or any other third-parties.

Adopted _____

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Attachment A: Candidate Information Form Guidelines

All candidates running for election must submit a Candidate Information Form, which will be published on the TVARS website and included in election materials. The Candidates' Information Form may include any or all of the following:

1. The candidate's history of leadership
2. A description of the candidate's experience, both at TVA and other organizations
3. An overview of the candidate's educational background
4. A description of experiences, interests, and expertise related to the position
5. An overview of initiatives the candidate would advance if elected
6. A statement of what the Director would contribute to the Board if elected

The completed Candidate Information Form shall be truthful, shall not include any remarks or questions that are inherently misleading, shall not include rhetorical remarks, and shall not refer to individual Directors, candidates for Director, staff, members, retirees, beneficiaries, TVA directors, executives or employees. The Election Committee may request a candidate to verify the truthfulness of any statements made in the Candidate Information Form, and candidates shall provide timely response to such a verification request. The TVARS Board, in its sole discretion, will reject any statements that contain inappropriate language or that contain information that is not verified within a reasonable time period after verification request. If the Election Committee declines to distribute, display, or publish any portion of the Candidate Information Form for any reason articulated in this Policy, the Election Committee will provide the candidate with a brief explanation of its objection and the opportunity to submit a revised statement.

No Candidate Information Form for any candidate shall be distributed, displayed, or published until the Candidate Information Forms for all candidates have been finalized and approved.

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Attachment B: Desirable Characteristics for TVARS Directors

1. Understanding of TVARS Members' Needs
2. Capacity for Understanding Fiduciary Responsibility
3. Ability to Work/Get Things Done within a Board Structure
4. Knowledge of TVARS
5. Personal Commitment to the Position
6. Free of conflicts which could bias judgment or decision making.
7. Aptitude for Original Thinking
8. Investment Management Skill