

Meeting No. 444

MINUTES OF MEETING
OF THE BOARD OF DIRECTORS
RETIREMENT SYSTEM OF THE TENNESSEE VALLEY AUTHORITY

July 19, 2013

(Edited to remove personal information related to individual members and retirees and proprietary information.)

A special called meeting of the Board of Directors (Board) of the TVA Retirement System (System) was held on Friday, July 19, 2013, at 1:39 p.m., EDT, at the TVA Knoxville Office Complex, 400 West Summit Hill Drive, Knoxville, Tennessee.

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The following directors were present: Leslie P. Bays, Chair; Allen E. Stokes, Vice-Chair; Peyton T. Hairston, Jr.; John M. Hoskins; Leonard J. Muzyn; Anthony L. Troyani; and Tammy W. Wilson. Also present were Patrick D. Brackett, Executive Secretary; Pamela K. Ramsey, Assistant Secretary; Larry Keys and Réal Lamarche, Mercer Human Resource Consulting (Actuary); and James S. Christie, Jr., Bradley Arant Boulton Cummings, and John M. Scannapieco, Baker Donelson (external Legal Counsel).

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444-1. Each director was notified in an email dated July 9, 2013, of the special called meeting to be held on July 19, 2013. A copy of the notice from the Executive Secretary is filed as Exhibit 444-1.

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444-2 (A-6055). The Board approved the minutes of Meeting No. 443 held June 28, 2013. Director Hoskins abstained from the vote because he was not present at the meeting.

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444-3 (A-6056). After a presentation by Mercer of the results of the Long Term Funding Policy Study for the System (Funding Study), and a discussion among the Board members of the Funding Study, the Board voted 4-3 to approve a new funding target of 100% with an 80% confidence level over a 20-year time period, resulting in a contribution recommendation for fiscal year 2014 of \$285 million. Directors Bays, Hairston, Stokes, and Troyani voted in favor of the approval, and Directors Hoskins, Muzyn, and Wilson voted

against the approval. In accordance with the System's Rules and Regulations (Rules), this recommended contribution for fiscal year 2014, along with the required minimum contribution under the Rules, will be presented to TVA for consideration. A copy of Mercer's presentation of the Funding Study is filed as Exhibit 444-3.

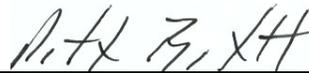
Board Member statements submitted regarding the vote

Mr. Muzyn's statement:

"I'm afraid I must vote no for the \$285 million contribution for 2014. I believe it is too low of a contribution given the current underfunded status of the pension, the level of benefits the System currently pays, and the many risks faced by TVARS and TVA."

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The meeting was adjourned at 1:43 p.m., EDT.



Executive Secretary



Chair