

Meeting No. 419

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

June 8, 2009

(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 Monday, June 8, 2009, at 9:15 a.m., EDT, via teleconference.

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The following directors were present: Frank E. Alford, Chairman; Leslie P. Bays; Janet C. Herrin; John M. Hoskins; Leonard J. Muzyn; Phillip L. Reynolds; and Anthony L. Troyani. Also present were Tammy W. Wilson, Executive Secretary; Patrick D. Brackett, Assistant Secretary; Pamela K. Ramsey, Treasurer; Nicholas P. Goschy, Legal Counsel; and W. Colby Carter, Legal Counsel.

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419-1. The Chairman called this special called meeting of the Board pursuant to Article II, Section 2 of the System Bylaws, and there were no objections by the Board members in attendance to the meeting.

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419-2. A motion was made to recommend that TVA make a contribution to the System of \$300 million for fiscal year 2010. The recommendation in the motion was made after consideration of the recommended contribution by the System's actuary, Mercer Human Resource Consulting, for the long-term funding of the System based on the System's current funding policy (see Minute Entry 413-17) revised on an interim basis to lengthen the funding policy period from 20 years to 30 years. The motion passed by a roll call vote of 4 to 3. Thereafter, the Board adopted the following resolution:

WHEREAS under sections 3(4) and 9B of the Rules and Regulations of the TVA Retirement System (Rules), its Board of Directors, after actuarial valuation and upon recommendation of the Actuary, determines the rate or amount that TVA should contribute to the Retirement System in order to maintain it on a sound actuarial basis; and

WHEREAS upon notification of the rate or amount so determined by the Retirement System Board, TVA is to decide no later than October 1, 2009, whether the contribution at the rate or amount so fixed, or any contribution, shall be made; and

WHEREAS the Retirement System Board has determined pursuant to section 9B of the Rules that TVA's minimum required contribution to the Retirement System for the twelve months beginning October 1, 2009, is approximately \$80 million; and

WHEREAS the Retirement System Board, after considering the options and actuarial valuations provided by the Actuary pursuant to the System's long-term funding policy, believes a recommendation to TVA of a \$350 million contribution to the Retirement System for fiscal year 2010 is appropriate, and absent any changes in plan provisions or actuarial assumptions or any differences between actual and expected experience, that this level of annual contribution will be necessary over the next 20 years;

WHEREAS the Retirement System Board recognizes that TVA is facing its own financial challenges this year, and, therefore, has decided to recommend to TVA a contribution to the Retirement System of \$300 million for fiscal year 2010 based on the adoption of an interim funding policy utilizing a longer amortization period.

BE IT RESOLVED, that the TVA Retirement System Board of Directors hereby recommends that a contribution of \$300 million be made by TVA to the Retirement System for fiscal year 2010;

RESOLVED FURTHER, that the Chairman or the Executive Secretary is directed to notify TVA of the required minimum contribution and the recommended contribution to the Retirement System for fiscal year 2010.

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The meeting was adjourned at 9:20 a.m., EDT.

original signed by Tammy W. Wilson

Executive Secretary

Approved:

original signed by Tammy W. Wilson for Frank Alford

Chairman