

Meeting No. 450

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

July 14, 2014

(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, July 14, 2014, at 1:52 p.m., EDT, in the Hardy Room at the Chattanooga Hotel, 1201 Broad Street, Chattanooga, Tennessee.

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The following directors were present: Allen E. Stokes, Chair; Anthony L. Troyani, Vice-Chair; Brian M. Child; John M. Hoskins; James W. Hovious; Leonard J. Muzyn; and Tammy W. Wilson. Also present were Patrick D. Brackett, Executive Secretary; Pamela K. Ramsey, Assistant Secretary (via telephone); W. Colby Carter, Senior Counsel, Retirement Benefits & Compliance; Réal Lamarche, Mercer Human Resource Consulting (Actuary); and James S. Christie, Jr. and Anne Knox Averitt, Bradley Arant Boult Cummings (external Legal Counsel).

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450-1. Each director was notified in an email dated June 30, 2014, of the special called meeting to be held on July 14, 2014. A copy of the notice from the Executive Secretary is filed as Exhibit 450-1.

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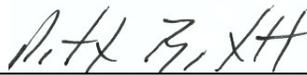
450-2. Mr. Christie briefed the Board on Frank Alford, the former seventh member and Chair of the System Board, the attorney fees he has incurred related to matters involving the current lawsuit against TVA and the System, and the Board's previous agreement involving Mr. Alford's contract with the law firm representing him. Following a discussion on these matters, a motion was made by Ms. Wilson to approve the payment by the System of Mr. Alford's legal fees related to the current lawsuit with the previously approved law firm up to \$5,000. The motion received a second from Mr. Stokes and was approved by a vote of 5 to 2. Directors Child, Hoskins, Stokes, Troyani and Wilson voted in favor of the motion, and Directors Hovious and Muzyn voted against the motion.

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450-3. Mr. Lamarche briefed the Board on the System's current long-term funding policy, which is based on the results of the Long Term Funding Policy Study for the System (Funding Study) performed last year by Mercer and which was approved in July 2013. The current long-term funding policy sets a funding target of 100% with an 80% confidence level over a 20-year time period. After a discussion among the Board members, a motion was made by Mr. Troyani to recommend to TVA a \$350 million contribution to the System for fiscal year 2015. This recommendation is based on the current long-term funding policy using a flat-rate contribution schedule over the 20-year time frame. The motion received a second from Mr. Muzyn and was approved by a vote of 4 to 3. Directors Hovious, Muzyn, Stokes, and Troyani voted in favor of the approval, and Directors Child, Hoskins, and Wilson voted against the approval. In accordance with the System's Rules and Regulations (Rules), this recommended contribution of \$350 million for fiscal year 2015, along with the required minimum contribution of \$215 million for fiscal year 2015 as calculated by Mercer under the Rules, will be presented to TVA for consideration. A copy of Mercer's Funding Study is filed as Exhibit 450-3.

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The meeting was adjourned at 2:01 p.m., EDT.



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Executive Secretary



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Chair