

Meeting No. 457

MINUTES OF MEETING  
OF THE BOARD OF DIRECTORS  
RETIREMENT SYSTEM OF THE TENNESSEE VALLEY AUTHORITY  
July 30, 2015

A special-called meeting of the Board of Directors (Board) of the TVA Retirement System (System) was held on Thursday, July 30, 2015, at 10:21 a.m., EDT, via teleconference.

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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; and Tammy W. Wilson. Also present were Patrick D. Brackett, Executive Secretary; Pamela K. Ramsey, Assistant Secretary; and W. Colby Carter, Senior Counsel, Retirement Benefits & Compliance. Director Leonard J. Muzyn was not present.

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457-1. Each director was notified in an email dated July 29, 2015, of the special-called meeting to be held on July 30, 2015. A copy of the notice from the Executive Secretary is filed as Exhibit 457-1.

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457-2. At its previous special-called meeting on July 24, 2015, the Board disapproved granting a conflicts waiver to Bradley Arant Boult Cummings (“Bradley Arant”), the firm whose Partner, Chris Christie, serves as the Board’s legal counsel in the current lawsuit *Evans v. TVA and TVARS* and its outside fiduciary counsel, in order for Kevin Newsom, another Partner at the

firm, to provide legal services to TVA for court-certified questions referred to the Alabama Supreme Court related to asbestos-exposure claims in *Melissa Ann Bobo and Shannon Jean Cox, as Co-Personal Representatives of the Estate of Barbara Bobo, deceased v. Tennessee Valley Authority* before the United States District Court for the Northern District of Alabama (see Minute Entry 456-6). After the previous special-called meeting, Mr. Stokes, as Chair, received questions from Mr. Troyani on the matter and a request for additional information on these types of waivers. Based on this request, Mr. Stokes called this special meeting to discuss the matter further and reconsider the previous vote.

Prior to the meeting, the Board discussed with the Executive Secretary and the Senior Counsel the following: (i) the reason why TVA requested legal services from Mr. Newsom at Bradley Arant related to the *Bobo* case, (ii) legal ethical rules on conflicts waivers and how “ethical walls” within law firms work after waivers are granted, (iii) whether these type of conflicts waivers are common, (iv) the limited scope of this request, and (v) concerns over granting the waiver. After further discussion, the Board voted 5 to 1 to approve granting a conflicts waiver for Mr. Newsom at Bradley Arant to provide legal services to TVA related to the *Bobo* case. Directors Child, Hoskins, Stokes, Troyani, and Wilson voted to approve the conflicts waiver, and Director Hovious voted to disapprove the conflicts waiver. Director Muzyn was not present at the meeting for the vote. A copy of the letter from Chris Christie at Bradley Arant to the Board requesting the conflicts waiver is filed as Exhibit 457-2.

#### Director statements submitted regarding the vote

##### *Statement of Director Troyani:*

As a board, we were approached by Bradley Arant (who represents TVARS in the current lawsuit) of TVA’s desire to utilize one of their many attorneys in an unrelated case concerning an Asbestos claim. I had missed a previous meeting where there was much discussion pertaining to this, and when I initially voted on this last week, did not fully consider all the aspects of this

conflict waiver. After the meeting last week, I had lengthy discussions with staff and legal to better understand the issue.

During these discussions, it became apparent these conflict waivers are very common in the industry. Also, this is a limited engagement and an “ethical wall” would be established within Bradley Arant, so there would be no conflict of interest. Therefore, after hearing a recommendation from staff and our legal department and having worked with Chris Christie over the past 5+ years and being confident of his professionalism and ethics, I voted to grant this waiver for a limited engagement.

*Statement of Director Hovious:*

TVARS has paid Bradley Arant over \$1 million in legal fees over the last several years. Now TVA is wanting to come in and hire a Bradley Arant lawyer in another case, and it seems improper. It seems like it’s a conflict of interest. It seems like it’s an attempt by TVA to buy the influence of Bradley Arant, and I am staunchly opposed to this.

*Statement of Director Muzyn:*

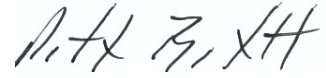
I was very surprised when I discovered that this meeting was held which changed the outcome of the board’s vote the previous week. I was not in attendance at this meeting because I was unaware of it until after it occurred. I voted “no” when the board first voted on this waiver at the July 24, 2015 meeting. My vote was in the majority. My reasons for voting “no” appear in the minutes of the July 24, 2015 meeting.

I believe this meeting to vote a second time gives the appearance that the TVARS Board is not thorough and lacks confidence in its decision making. I believe it gives the appearance that some members of the board are very susceptible to outside influences, even to the point of overturning previous decisions. I believe it sets a precedent of allowing second-guessing of TVARS Board decisions by both TVARS Board members and those wishing to influence TVARS Board decisions.

This is why I would have voted “no” again at this meeting, even though my vote this second time would have been in the minority instead of the majority.

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The meeting was adjourned at 10:25 a.m., EDT.



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Executive Secretary



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Chair