

TVA RETIREMENT SYSTEM
NOTICE OF AMENDMENT TO THE
RULES AND REGULATIONS OF THE TVA RETIREMENT SYSTEM (TVARS)

April 12, 2021

At its March 12, 2021, quarterly meeting, the TVA Retirement System Board of Directors (TVARS Board) approved by a 4 to 3 vote an amendment to Section 3(2) of the TVARS Rules and Regulations. This amendment adds a new subsection to Section 3(2) that would restrict any individual who is or was a participant in TVA's Supplemental Executive Retirement Plan (SERP) from being eligible to serve as a Director on the TVARS Board until it is determined by actuarial valuation that the Retirement System has reached 100% funded status under the actuarial rules applicable to TVA (ASC 715).

TVARS has presented notice of this amendment to TVA as of the date of this Notice. The amendment will become effective May 12, 2021, unless vetoed by TVA within 30 days of this Notice. A copy of the amendment as approved by the TVARS Board is attached.



Mark N. Meigs
Executive Secretary
TVA Retirement System

Section 3(2) of the TVA Retirement System Rules and Regulations regarding Board Directors and their terms is amended to add a new subsection as follows:

SECTION 3

3. Administration of the System

2. a. The board shall consist of seven members, three of whom shall be elected by and from the membership of the System, three of whom shall be appointed by TVA, and one of whom shall be a retiree selected by a majority vote of the other six. Except for the members of the initial board who were designated for staggered terms of one, two, and three years, respectively, the term of each director shall be three years. Each term shall be deemed to expire with the end of the day preceding the respective anniversary date of the establishment of the System, and all appointments and elections except those made to fill vacancies for unexpired terms shall be effective on such anniversary dates; provided however, in the event the three elected directors and the three appointed directors do not select a seventh director by the expiration of the seventh director's term, then the current sitting seventh director (i) shall continue to serve as a member of the board for an additional one (1) year or until such time as the six directors select the seventh director by a majority vote, if earlier, and (ii) during such continuation period, such seventh member shall be restricted from voting on amendments to these Rules and Regulations and the Deferral Plan Provisions, with the exception of any amendments required by IRS rules or related to the tax-qualified status of the System and Deferral Plan. Any vacancy on the board shall be filled by election or appointment, as the case may be, for only the unexpired portion of the predecessor's term.
- b. As the term of each of the three directors elected by the membership expires or when a vacancy among such directors occurs, a successor shall be elected from such nominees as may be put in nomination by a petition subscribed to by not less than twenty-five members. Such election shall be by a majority of votes cast and, if no nominee obtains a majority in the initial balloting, a second vote shall be taken between the two nominees receiving the greatest number of votes in the initial balloting; provided, however, that when there are more than two nominees for a directorship, the board may in its discretion prescribe a form of ballot in which the voting members indicate the order of their preference among the various nominees and, if none of the nominees obtains a majority of first-choice votes among those cast, such order of preference shall be used in determining which of the two nominees receiving the greatest numbers of first-choice votes is elected. Ballots shall be distributed and received in such manner as the board shall determine to assure the integrity of the election. In the event only one person is duly nominated for the directorship to be filled, the board may declare such nominee elected without the necessity of formal balloting by the membership.

- c. An individual is eligible to serve as a director of the board (either elected, appointed, or selected) no more than three full 3-year terms. Any partial term less than 3 years for which an individual has been elected, appointed, or selected under the provisions of this section 3(2) for the unexpired portion of a predecessor's term does not count toward this term limit of three full 3-year terms. Notwithstanding the above, any individual who has already served as a director for three full 3-year terms as of the effective date of this provision will be eligible to continue as a member of the board for the remainder of the director's current 3-year term.
- d. Notwithstanding the other provisions of this section 3(2), when a director, elected by and from the membership, ceases to be a member of the System, that individual also ceases to be a director and an election shall be held immediately to replace that director for the unexpired portion of that term except that elected directors whose membership in the System ceases during the last 9 months of their elected term or during the 9 months prior to March 4, 1994, shall remain members of the Board for the remainder of that term unless they withdraw their entire retirement allowance from the System, resign from the Board, or die.
- e. Notwithstanding the other provisions of this section 3(2), the board may initiate and enforce disciplinary actions against a director for violation of written policies formally adopted by the board, and such discipline may include action up to and including removal of the director from his or her position as a director on the board. A super-majority vote of the board (5 votes) is required for the removal of a director from the board pursuant to disciplinary actions under this subsection.
- f. Any individual who is or was a participant in TVA's Supplemental Executive Retirement Plan will be ineligible to serve as a director of the board (either elected, appointed, or selected) until it is determined by actuarial valuation that the Retirement System has reached 100% funded status under the actuarial rules applicable to TVA (ASC 715, as amended, updated or superseded) and remained at 100% funded status at the time of election, appointment, or selection.