

Meeting No. 508

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

June 12, 2025

[Edited to remove personal information of members and retirees and proprietary or other confidential information pursuant to TVARS Confidentiality Policy]

The regular quarterly meeting of the Board of Directors (Board) of the TVA Retirement System (TVARS or System) was held on Thursday, June 12, 2025, at 12:12 p.m., EST, at the TVA Chattanooga Office Complex, MR 1S 202, Chattanooga, Tennessee.

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The following directors were present: Eric J. Davis, Acting Chair; Thomas W. Barnett; Michael L. Belcher; Marilyn G. Brown; Micheal D. Clement; Scott Haulsee; and Lori E. Stenger. Also present were Mark N. Meigs, Executive Secretary; William B. Jenkins, Jr., Assistant Secretary; Brent B. Roberts, Senior Manager, Retirement Applications, Financial Reporting, and Investments; Hayley S. Huskey, Manager, Financial Reporting and Investments; Chris A. Stinnett, Senior Program Manager, Retirement Management; and W. Colby Carter, Managing Counsel (via Teams videoconferencing).

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508-1 Each director was notified in a memorandum dated May 28, 2025, of the regular quarterly meeting to be held on June 12, 2025. A copy of the notice from the Executive Secretary is filed as Exhibit 508-1.

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508-2 (A-7116). The Chair's report included the following:

- The Chair thanked the TVARS Board and staff for productive discussions and noted TVARS' focus on asset allocation work. He noted the volatility in the stock market in April and emphasized that the drawdown of the S&P 500 this quarter was 11% compared to the TVARS drawdown of 3%. The volatility of the equities in April averaged \$265 million per day, compared to TVARS at \$60 million, resulting in less than half the volatility of the equity market.
- The Chair noted that TVARS continues to maintain ample liquidity for benefit payments and the work on asset allocation will make the System more secure for the future.

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508-3 (A-7117). The Executive Secretary's report included the following:

- The Executive Secretary thanked the TVARS staff, specifically Sally Weber, Courtney Hammontree, and Katie Tucker as counselors meeting with employees, for all of their work supporting the TVA VRIF.
- The Executive Secretary informed the Board that TVARS was awarded PLANSPONSOR Magazine's Plan Sponsor of the Year award in the Government Defined Contribution Plan Category at the PLANSPONSOR annual conference in June in Chicago. This is a great honor, and the Executive Secretary thanked the Board and staff for their efforts and the work that goes into being one of the best 401(k) Plans in the country.
- Prior to the meeting, the Executive Secretary discussed with the Board organizational changes to the TVARS staff and the new TVARS organizational chart.

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508-4 (A-7118). The Legal Update included the following:

- Managing Counsel informed the Board that TVARS has notified TVA of the \$300 million minimum required contribution to TVARS for FY 2026, as required by Section 9B of the TVARS Rules and Regulations, and has also provided TVA with a copy of Mercer's valuation report and a copy of the 2024 TVARS annual report with audited financials of TVARS and the 401(k) Plan, which is also required by the TVARS Rules and Regulations on an annual basis.

A copy of the Legal Update is filed as Exhibit 508-4.

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508-5 (A-7119). The Board noted its previous notational action on March 31, 2025, approving the appeal and disability retirement application by [redacted], a current TVA employee, based on the evaluation by three physician reviewers with ForHealth Consulting, the System's disability retirement medical reviewer. The Board first reviewed [redacted]'s disability retirement appeal at the March 2025 meeting (see Minute Entry 507-10) and deferred determination on the appeal for clarification on the ForHealth provider evaluation reports. A copy of the notational request and approval is filed as Exhibit 508-5.

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508-6. As a part of the Consent Agenda, the Board approved the minutes for the meeting reported below in A-7120, and accepted the reports as of March 31, 2025, listed below in A-7121, A-7122, A-7123, and A-7124:

- A-7120 Meeting No. 507 held March 6, 2025
- A-7121 Treasurer's Report (filed as Exhibit 508-6(a))
- A-7122 Investment Performance Report prepared by Wilshire Advisors LLC (Wilshire) (filed as Exhibit 508-6(b))
- A-7123 Report of retirements approved (filed as Exhibit 508-6(c))
- A-7124 Quarterly fund analysis for the TVA Savings and Deferral Retirement Plan (401(k) Plan) prepared by Fidelity Investments (filed as Exhibit 508-6(d))

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508-7 (A-7125). The Audit Committee report consisted of the items reported below at A-7126, A-7127, and A-7128, and of the following items:

- Prior to the meeting, the Board met with Charlotte Vrba, Ann Zander, and AJ Quebbeman of Crowe LLP, the System's auditor, to discuss the results of the fiscal year 2024 financial statement audits of the System and the 401(k) Plan and Crowe's unqualified opinion letters on the clean audit. Following the meeting with Crowe, Brent Roberts and Hayley Huskey of the TVARS financial reporting staff reviewed with the Board the 2024 TVARS Annual Report. A copy of Crowe's TVARS Retirement Benefit Plans Audit Results presentation dated June 12, 2025, is filed as

Exhibit 508-7(a), and a copy of the 2024 TVARS Annual Report, including audited financial statements and opinion letters, which has been provided to the Board and posted to the TVARS website, is filed as Exhibit 508-7(b).

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508-8 (A-7126). Upon the recommendation of the Audit Committee, the Board voted to approve an engagement letter with Crowe to perform the fiscal year 2025 financial statement audits of the System and the 401(k) Plan. A copy of the engagement letter between Crowe and TVARS is filed as Exhibit 508-8.

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508-9 (A-7127). Prior to the meeting, the Board met via Teams videoconferencing with Kara Altenbaumer-Price of McGriff, the System's insurance broker, who reviewed the System's current fiduciary liability, crime, and cyber risk insurance program and provided information on fiduciary liability insurance, the current fiduciary liability market, 401(k) excessive fee litigation, and proposed renewal program. Following this review, upon the recommendation of the Audit Committee, the Board voted to delegate authority to the Executive Secretary to finalize and execute a 1-year renewal of the System's fiduciary liability insurance program with \$10 million in total coverage, subject to a \$500,000 general deductible and \$2.5 million class action deductible, using AIG for the first \$5 million in coverage and Encore for the second \$5 million in coverage, provided there are no issues with the coverage terms while working with McGriff on the final terms. A copy of McGriff's Fiduciary Liability Renewal Board Update presentation for TVARS is filed as Exhibit 508-9.

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508-10 (A-7128). After discussion, and upon the recommendation of the Audit Committee, the Board approved the following resolution to affirm officer appointments and to

authorize the officers and TVARS staff to sign on behalf of and to conduct certain business and transactions required in the operation and administration of TVARS, the Defined Benefit Plan, Fixed Benefit Fund, Variable Fund, and the 401(k) Plan:

WHEREAS the operation and administration of the TVARS Defined Benefit Plan, Fixed Benefit Fund, and Variable Fund require the approval and execution of various forms and documents on behalf of TVARS and the TVARS Board of Directors (Board);

BE IT RESOLVED, that the Board hereby affirms the appointment of each of the below named TVARS officers and authorizes each of them to approve, sign, attest, or authenticate on behalf of TVARS and the Board any form or document required in the operation and administration of the TVARS, the Defined Benefit Plan, Fixed Benefit Fund, and Variable Fund, and to approve financial transfers and sign checks on behalf of the System:

Mark N. Meigs, Executive Secretary
Sally R. Weber, Assistant Secretary
W. Colby Carter, Legal Counsel
Brentley B. Roberts, Treasurer
Hayley S. Huskey, Assistant Treasurer

BE IT RESOLVED, that the Board hereby authorizes the appointed officers above and the below named TVARS staff members to transact and approve the following in accordance with TVARS procedures and controls: (1) transfer of monies between TVARS and The Bank of New York Mellon, as master trustee of the System, (2) transfer of monies between and among TVARS and its investment managers and service providers, and (3) approval of transfer to and from the Fixed and Variable Funds:

Beth Underwood
Zachary Wallace
Reese Bays
Stephanie Cardwell
Jodi Parrish
Chris Stinnett

BE IT RESOLVED, that the Board hereby authorizes the appointed officers above and the below named TVARS staff members to transact and approve the following with regard to and as necessary in the operation and administration of the 401(k) Plan, including, but not be limited to, the following: (1) letters, documents, and agreements as required for the investment of the funds of the 401(k) Plan in the Plan's eligible investment funds, (2) orders for the purchase, sale, transfer, assignment, investment in, or withdrawal from such Plan or funds, and (3) instructions, requests, approvals, and agreements with the trustee and provider of recordkeeping services of the 401(k) Plan related to the administration of the Plan.

Jennifer Newsom
Zachary Wallace
Kristine Smith
Jodi Parrish
Chris Stinnett

RESOLVED further, that this resolution will be effective August 1, 2025, and will supersede and rescind any previous resolutions adopted by the Board to the extent inconsistent with this resolution

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508-11 (A-7129). The Retirement Committee report consisted of the following discussion items:

- Prior to the meeting, the Committee discussed with TVARS staff the work TVARS is performing with TVA employees who are participating in TVA's voluntary reduction in force, including webinars, one-on-one meetings, and the number of VRIF employees.
- Prior to the meeting, the Committee discussed with TVARS staff the status of the 401(k) Plan recordkeeping RFI with Mercer and the next steps after reviewing the results with Mercer, including the ability to negotiate fees and services.

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508-12 (A-7130). The Election Committee report consisted of the following discussion items:

- The Election Committee provided an update to the Board on the 2025 Election schedule, which is being conducted for the seat currently held by Director Scott Haulsee. At the March 2025 meeting, the Election Committee approved the schedule for this year's election (see Minute Entry 507-14). The Election Committee noted that the nomination notification for this year's election added language making it clear that employees with retirement benefits in the 401(k) Plan only are eligible to run and that the TVARS Board administers the 401(k) Plan.
- Prior to the meeting, the Executive Secretary informed the Election Committee that Angie Shepherd, who works with the Committee and Election America to administer the annual election, will be retiring this year and that she is working with Kristine Smith on the TVARS legal and compliance staff to train and transition this role.

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508-13 (A-7131). The Investment Committee report consisted of items reported below at A-7132 and A-7133, and of the following items:

- On June 11, 2025, Wilshire, the System's investment consultant, provided to the Investment Committee the quarterly defined benefit plan review covering the following: updates to capital market assumptions and impact on portfolio assumptions; economic/market activity; pension plan asset allocation as of March 31, 2025, compared to policy allocation; investment performance by asset class and by individual managers, absolute and compared to benchmarks, as of March 31, 2025; and investment performance attribution analysis. A copy of Wilshire's Executive Summary of Investment Performance as of March 31, 2025, is filed as Exhibit 508-13(a).
- On June 11, 2025, Pacific Investment Management Company (PIMCO) presented to the Investment Committee an overview of the portfolios and mandates it manages for TVARS and provided an economic review and outlook for the Committee. A copy of PIMCO's presentation dated June 2025 is filed as Exhibit 508-13(b).
- The Investment Committee was provided and took note of information regarding asset allocation transfers and rebalancing during the first quarter of 2025. A copy of the information is filed as Exhibit 508-13(c).
- The Investment Committee was provided and took note of information on TVARS staff due diligence meetings with investment managers and service providers for the period February 2025 through May 2025. A copy of the information is filed as Exhibit 508-13(d).
- On June 11, 2025, Mercer Investments LLC, the System's defined contribution plan consultant, provided to the Investment Committee the 401(k) Plan quarterly review covering the following: 401(k) Plan asset allocation as of March 31, 2025; investment performance and expense ratios of the 401(k) Plan fund line-up, absolute and compared to benchmarks and peer funds, as of March 31, 2025; and a governance review that included current 401(k) Plan statistics, judicial update, regulatory and legislative updates, and an update on the recordkeeping RFI. Mercer also provided and discussed with the Investment Committee recent 401(k) Plan changes including the following: (i) the addition of the 2036 Target Retirement Paycheck Portfolio and 2070 Target Retirement Portfolio, and the mapping of participants aged 55 to the 2036 Target Retirement Paycheck Portfolio, as a part of the BlackRock LifePath Paycheck TDF program; (ii) the addition of the PIMCO Income Fund, an income-focused fixed income strategy to the core lineup; and (iii) BlackRock fee reductions to the Target Retirement Portfolio suite of funds and two BlackRock index funds, resulting in an estimated \$200,000 in annual participant savings. A copy of Mercer's Q1 2025 DC Quarterly Review dated June 11, 2025, is filed as Exhibit 508-13(e).

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508-14 (A-7132). As a part of the normal governance oversight of 401(k) Plan assets, the 401(k) Plan Investment Policy Statement is reviewed by the Investment Committee and TVARS staff on a periodic basis. On June 11, 2025, the TVARS staff discussed with the Investment Committee proposed revisions to the current 401(k) IPS following a review with Mercer and Groom Law Group, the System's outside counsel. At the meeting, upon the recommendation of the Investment Committee, the Board approved an updated 401(k) Investment Policy Statement. A copy of the new 401(k) Plan Investment Policy Statement has been posted on the TVARS website and is filed as Exhibit 508-14.

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508-15 (A-7133). As a part of the Investment Committee's ongoing asset allocation strategy work, on June 11, 2025, Wilshire and TVARS investment staff provided and discussed with the Investment Committee a proposed, revised asset allocation plan, consistent with the current assumed rate of return of 6.5% and that decreases the expected risk to 8% from the current 8.4%. The new asset allocation is consistent with the Committee's phased strategy approach with Wilshire and follows guiding principles for 2025 and beyond to maximize liquidity, reduce total fund volatility, increase portfolio cash yield, and increase liability hedge ratio. At the meeting, upon the recommendation of the Investment Committee, the Board approved the new TVARS asset allocation policy as presented by Wilshire. A copy of Wilshire's Asset Allocation Study with the new asset allocation policy is filed as Exhibit 508-15.

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The meeting was adjourned at 12:23 p.m., EST.

Handwritten signature of M. K. A. Ueig in black ink.

Executive Secretary

Handwritten signature of Eric J. Davis in black ink.

Chair