

Meeting No. 507

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

March 6, 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, March 6, 2025, at 1:00 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; Sally R. Weber, Manager, Retirement Operations; Brent B. Roberts, Manager, Financial Reporting; W. Colby Carter, Managing Counsel; Hayley S. Huskey, Senior Analyst, Investment & Risk Management; and Chris A. Stinnett, Senior Analyst, Investment & Risk Management.

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507-1. Each director was notified in a memorandum dated February 21, 2025, of the regular quarterly meeting to be held on March 6, 2025. A copy of the notice from the Executive Secretary is filed as Exhibit 507-1.

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507-2 (A-7097). The Chair's report included the following:

- In December, TVA appointed Tom Barnett to serve as a Director on the Board replacing Tina Wallace as one of the three appointed members. At the time, Ms. Wallace was serving as Chair, so until new officer elections are held, Director Davis as Vice-Chair will serve as the Acting Chair of the Board.
- Director Davis as Acting Chair welcomed Tom Barnett and Scott Haulsee to their first meeting as newly appointed and elected Board members, respectively.
- The Acting Chair designated the following members for the Board's standing committees for calendar year 2025:

Audit Committee

Marilyn G. Brown, Chair
Michael L. Belcher
Scott Haulsee

Retirement Committee

Michael L. Belcher, Chair
Lori E. Stenger
Thomas W. Barnett

Investment Committee

[Committee of the whole Board]
Eric J. Davis, Chair

Election Committee

Micheal D. Clement, Chair
Marilyn G. Brown
Eric J. Davis

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507-3 (A-7098). The Executive Secretary's report included the following:

- The Executive Secretary provided information to the Board on the number of education sessions and meetings TVARS has provided so far for employees as a part of TVA's voluntary reduction-in-force offer and application window and recognized the TVARS staff, and specifically Sally Weber and Courtney Hammontree, for their hard work and efforts to facilitate all the TVARS work around the VRIF.
- The Executive Secretary recognized Veenita Bisaria, Manager, Investment & Risk Management, who will be retiring at the end of May and shared with the Board her impact in the area of investments during her time serving TVARS.

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507-4 (A-7099). The Legal Update included the following:

- The Managing Counsel provided information to the Board on the annual financial disclosure required to be filed by all Board members through the TVA Ethics Office pursuant to the TVARS Ethics and Code of Conduct Policy and thanked the Board for the time they spend filling out and submitting the form each year.

- The Managing Counsel noted the annual fiduciary and governance training for the TVARS Board and staff that was provided the day before on Wednesday, March 5th by Lori Wright and David Hesdorffer of Mercer Investments.

A copy of the Legal Update is filed as Exhibit 507-4.

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507-5. As a part of the Consent Agenda, the Board approved the minutes for the meeting reported below in A-7100, and accepted the reports as of December 31, 2024, listed below in A-7101, A-7102, A-7103, and A-7104.

- A-7100 Meeting No. 506 held December 10, 2024
- A-7101 Treasurer's Report (filed as Exhibit 507-5(a))
- A-7102 Investment Performance Report prepared by Wilshire Advisors LLC (Wilshire) (filed as Exhibit 507-5(b))
- A-7103 Report of retirements approved (filed as Exhibit 507-5(c))
- A-7104 Quarterly fund analysis for the TVA Savings and Deferral Retirement Plan (401(k) Plan) prepared by Fidelity Investments (filed as Exhibit 507-5(d))

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507-6 (A-7105). The Retirement Committee report consisted of items reported below at A-7106, A-7107, A-7108, and A-7109.

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507-7 (A-7106). Prior to the meeting, the Board reviewed with Mercer Human Resources Consulting (Mercer) the Report of Actuary on the Eighty-Fifth Actuarial Valuation of the TVA Retirement System prepared as of September 30, 2024 (2024 Actuarial Valuation Report). At the meeting, upon the recommendation of the Retirement Committee, the Board voted to accept the 2024 Actuarial Valuation Report performed by Mercer. As set forth in the report, Mercer

calculated the minimum required contribution to the System for the upcoming fiscal year 2026 to be \$300 million per section 9B4 of the TVARS Rules and Regulations. A copy of Mercer's actuarial valuation presentation and the 2024 Actuarial Valuation Report is filed as Exhibit 507-7.

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507-8 (A-7107). Prior to the meeting, Mercer presented to the Board the annual qualitative risk assessment of the System as required by the actuarial standard of practice (ASOP) #51 to help the Board understand the various current risks that could impact the System. At the meeting, upon the recommendation of the Retirement Committee, the Board voted to accept Mercer's Risk Assessment under ASOP #51. A copy of Mercer's Risk Assessment dated February 2025 is filed as Exhibit 507-8.

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507-9 (A-7108). Prior to the meeting, the Board reviewed with Mercer the actuarial valuation of the Variable Annuity Fund as of September 30, 2024 (2024 Variable Annuity Valuation Report). At the meeting, upon the recommendation of the Retirement Committee, the Board accepted the 2024 Variable Annuity Valuation Report performed by Mercer, and its recommendation that the outstanding variable units should be increased by 21,273. The increase in the number of units will result in a decrease in the unit value and will be applied in equal increments over a 4-plan-year period beginning with the July 2025 payroll. A copy of the 2024 Variable Annuity Valuation Report is filed as Exhibit 507-9.

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507-10 (A-7109). Pursuant to the TVARS Administrative Claims and Appeals Procedures, the Board considered a disability retirement appeal by [redacted], a current TVA employee. As a part of the appeal review, [redacted] submitted additional medical information

regarding her disability claim to ForHealth Consulting at UMass Chan Medical School (ForHealth), the System's disability retirement medical reviewer. The Board and TVARS staff engaged in a lengthy discussion and review of the information provided as a part of the appeal and the eligibility requirements for a disability retirement benefit under the TVARS Rules and Regulations. Following this discussion and review, the Board deferred a determination on the appeal so that clarification and a better understanding of the provider reports could be obtained from ForHealth.

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507-11 (A-7110). The Audit Committee report consisted of the item reported below at A-7110, and of the following items:

- Prior to the meeting, the TVARS financial reporting staff provided and discussed with the Board the annual financial statement risk assessment performed by the TVARS staff, which analyzes and assesses any risks that the System's financial statements could be misstated due to error or fraud. As a part of this discussion, the Board was also provided an updated annual risk assessment and key control listing for the System and various processes. A copy of the Financial Statement Risk Assessment dated March 2025 and FY 2025 TVARS Risk Assessment and Key Control Listing are filed as Exhibit 507-11.
- Prior to the meeting, the TVARS financial reporting staff updated the Board on the status of the System's 2024 fiscal year-end audit being performed by Crowe LLP.

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507-12 (A-7111). Prior to the meeting, the TVARS staff provided and discussed with the Board the Service Provider Evaluation and Interaction Policy, which establishes the guidelines within which the TVARS Board and staff will communicate and interact with current and potential service providers, including the actuary, investment consultants, custodian, recordkeeper, auditor, outside legal counsel, and investment managers. Upon the recommendation of the Managing Counsel and Audit Committee, the Board approved amendments to the Service Provider Evaluation and Interaction Policy to comply with recent

Executive Orders regarding DEI. A copy of the amendments to the TVARS Service Provider Evaluation and Interaction Policy is filed as Exhibit 507-12.

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507-13 (A-7112). The Election Committee report consisted of the item reported below at A-7113.

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507-14 (A-7113). Prior to the meeting, the Election Committee discussed with TVARS staff the schedule proposed for this year's election. At the meeting, upon the recommendation of the Election Committee, the Board approved the 2025 TVARS Election Schedule. A copy of the Election Schedule is filed as Exhibit 507-14.

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507-15 (A-7114). The Investment Committee report consisted of the item reported below at A-7115, and of the following items:

- On March 5, 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; market commentary; economic/market activity; pension plan asset allocation as of December 31, 2024, compared to policy allocation; investment performance by asset class and by individual managers, absolute and compared to benchmarks, as of December 31, 2024; and investment performance attribution analysis. A copy of Wilshire's Executive Summary of Investment Performance as of December 31, 2024, is filed as Exhibit 507-15(a).
- On March 5, 2025, Wilshire provided Trustee Education to the Investment Committee, which highlighted the importance of good governance for pension plan committees. This presentation defined fiduciary responsibilities as well as specific responsibilities for pension plan investment committees. A copy of Wilshire's presentation dated March 5, 2025, is filed as Exhibit 507-15(b).
- On March 5, 2025, Wilshire provided an update on the TVARS asset allocation strategy. This updated recapped TVARS' 15 year Lifecycle Phases approach,

reviewed current key considerations, and highlighted the Asset Bucketing approach. A copy of Wilshire's presentation dated March 5, 2025, is filed as Exhibit 507-15(c).

- The Board was provided and took note of information regarding asset allocation transfers and rebalancing during the fourth quarter of 2024. A copy of the information is filed as Exhibit 507-15(d).
- The Board was provided and took note of information on TVARS staff due diligence meetings with investment managers and service providers for the period December 2024 through February 2025. A copy of the information is filed as Exhibit 507-15(e).
- On March 5, 2025, Mercer Investments presented to the Investment Committee the 401(k) Plan quarterly review covering the following: 401(k) Plan asset allocation as of December 30, 2024; investment performance and expense ratio analysis of the 401(k) Plan fund line-up, absolute and compared to benchmarks and peer funds, as of December 30, 2024; and a governance review that included current 401(k) Plan statistics, Fidelity annual fees as the provider of recordkeeping and trustee services, judicial update, and regulatory and legislative updates, including SECURE Act 2.0 updates applicable to the 401(k) Plan. Mercer also performed a lowest-cost fund share class review, addressed recent fund changes with the Target Retirement Portfolios and the addition of the PIMCO Income Fund, and closed with a Strategic Completion Fund Discussion update. A copy of Mercer's Q4 2024 DC Quarterly Review dated March 5, 2025, is filed as Exhibit 507-15(f).
- On March 5, 2025, Lori Wright and David Hesdorffer of Mercer Investments provided a fiduciary and governance training for the TVARS Board and staff. The training outlined the history, purpose and enabling authority of TVARS as well as fiduciary duties and responsibilities. A copy of Mercer's fiduciary training dated March 5, 2025, is filed as Exhibit 507-15(g).

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507-16 (A-7115). On March 5, 2025, the TVARS staff provided and discussed with the Board the Statement of Investment Policy, which defines the investment objectives and policies for TVARS and the defined benefit plan. Upon the recommendation of the Managing Counsel and Investment Committee, the Board approved an amendment to the Statement of Investment Policy to comply with recent Executive Orders regarding ESG. A copy of the amendment to the TVARS Statement of Investment Policy is filed as Exhibit 507-16.

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The meeting was adjourned at 1:17 p.m., EST.



Executive Secretary



Chair