

Meeting No. 470

MINUTES OF MEETING
OF THE BOARD OF DIRECTORS
RETIREMENT SYSTEM OF THE TENNESSEE VALLEY AUTHORITY
October 30, 2017

A special-called meeting of the Board of Directors (Board) of the TVA Retirement System (System) was held on Monday, October 30, 2017, at 4:35 p.m., EDT, at the TVA Knoxville Office Complex, WT-8 225, Knoxville, Tennessee.

* * *

The following directors were present: Anthony L. Troyani, Vice-Chair; Brian M. Child; James W. Hovious; Leonard J. Muzyn; Wilson Taylor III; and Tammy W. Wilson. Allen E. Stokes, Chair, recused himself from the meeting. Also present were Patrick D. Brackett, Executive Secretary; William B. Jenkins, Jr., Assistant Secretary; Sally R. Weber, Manager, Retirement Operations; W. Colby Carter, Senior Counsel; and James S. "Chris" Christie, Jr., Partner, Bradley Arant Boult Cummings (via telephone).

* * *

470-1. Directors Child, Taylor and Wilson called this special meeting of the Board pursuant to Article IV, Section 1(c) of the System Bylaws. Each director was notified in an email dated October 25, 2017, of the special-called meeting to be held on October 30, 2017. A copy of the notice from Directors Child, Taylor and Wilson is filed as Exhibit 470-1.

* * *

470-2. Prior to the meeting, the Board reviewed and discussed the draft amendment to

Section 3(2)(a) of the System's Rules and Regulations regarding a proposed carryover provision for the 7th director retiree in the event the Board is unable to select a new 7th director by the end of the position's term. A copy of this draft amendment was provided to the System Board via e-mail by the Executive Secretary on October 27, 2017. Following this review and discussion, the Vice-Chair called the special meeting to order.

* * *

470-3. Following additional discussion, Director Taylor made a motion to approve the amendment to Section 3(2)(a) of the System's Rules and Regulations, as revised pursuant to the Board's discussions to add a 1-year limit on any carryover term and to place certain restrictions on the ability to vote on amendments. The motion received a second from Director Wilson.

* * *

470-4. Director Muzyn made a motion to adopt a substitutionary amendment to Section 3(2)(a) of the System's Rules and Regulations to require the 7th director retiree to be elected by retirees. The motion received a second from Director Hovious. Following statements by the Directors in support of and against the substitutionary amendment, the motion failed by a roll call vote of 4 to 2. Directors Hovious and Muzyn voted for the substitutionary amendment motion, and Directors Child, Taylor, Troyani and Wilson voted against the motion.

* * *

470-5. Following action on the substitutionary amendment motion, the Board voted on the original motion, which passed by a roll call vote of 4 to 2. Directors Child, Taylor, Troyani and Wilson voted for the motion, and Directors Hovious and Muzyn voted against the motion. With this motion, the Board approved the following:

Section 3(2)(a) of the Rules and Regulations of the TVA Retirement System is amended to add the language underlined 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.

Director statements submitted regarding the vote

Statement of Director Muzyn:

Railroading a rule change through just before the term of a lame duck member expires is a terrible way for this board to conduct its business. This rule change passed with the help of a lame duck employee elected board member one day before his term expired. It will not have any effect until the end of the current 7th board member's current term on October 31, 2018, so there was no need to approve it on October 30, 2017. The board had another year to consider it, but instead used the vote of a lame duck board member to approve a rule change which runs counter to the campaign platform of his replacement.

The campaign statement of the candidate who defeated the lame duck in the 2017 election (see below) listed three bullet points with which he asked the employees to add their voice to:

- Advocate the 7th TVARS Board member, currently a retiree selected by the other six TVARS Board members, be elected in a retiree voted election.
- Advocate the 7th TVARS Board member be prohibited from TVA business relationships.

- Advocate only TVA employees who are not covered by the Supplemental Executive Retirement Plan be allowed to sit on the TVARS Board as fair representatives for 1000's of non-executive employees.

The employees and retirees know what good governance is, and the employees voted for it. The 7th board member should be elected by the retirees and be prohibited from business relationships with TVA per the wishes of TVA employees and retirees. Instead, this rule change enshrines poor governance in the TVARS rules and regulations. It is a figurative slap in the faces of TVA employees and retirees.

INFORMATION IS BASED ON THE CANDIDATE'S REPRESENTATION.

Sam DeLay, PE, MBA

Senior Program Manager, Energy Use Technology
Enterprise Research & Technology Innovation, Chattanooga
37 years of TVA service

Education and Professional Designations:

Bachelor of Science in Electrical Engineering, University of Tennessee, Knoxville.
Master of Business Administration, University of Tennessee, Chattanooga.
Professional Engineer in three states. Master Electrician. Amateur Radio Extra Class.

Previous TVA Experience: TVA energy efficiency, marketing, cost of service studies, load management research, and a grid edge technical leader. Received the Electric Power Research Institute's Power Delivery and Utilization Interoperability Leadership Award 2017 – Open Standards Technologies. Prior to TVA, worked with Alabama Power Co. in distribution engineering, completed pole climbing school, and served with crews in ice and hurricane. A long-time TVA Engineering Association member/supporter and former union representative.

Other Information: TVARS funding is critical. TVA has a culture of 99.999% reliable power but has a 54% reliably funded retirement system as reported in 2017 by the Government Accountability Office (please see GAO-17-343). In comparison, it is worse than nationwide police and fire pensions (71% funded), municipal pensions (78% funded), and the 100 largest corporations (85% funded) (please see "Ill-Funded Police Pensions," Wall Street Journal, July 5, 2017). Make TVARS as reliable as the power we produce.

Underfunding retirement is interest-free borrowing from you. I support the GAO recommendations and will work to develop accurate, best practice funding and reporting for TVARS. Help us have a retirement system that is there for us and those we love.

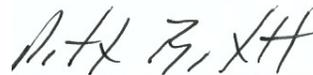
Funding issues require three votes to be put on the TVARS Board agenda, and four votes for approval. You haven't had those votes. Benefits without advocates go away. Benefits matter when you are hired, while you are employed, and when you retire. Keep your benefits. "The workman is worthy of his hire." Please add your voice to:

- Advocate the 7th TVARS Board member, currently a retiree selected by the other six TVARS Board members, be elected in a retiree voted election.
- Advocate the 7th TVARS Board member be prohibited from TVA business relationships.
- Advocate only TVA employees who are not covered by the Supplemental Executive Retirement Plan be allowed to sit on the TVARS Board as fair representatives for 1000's of non-executive employees.

Please vote for me. I served in two engineering societies and other local volunteer organizations in 22 leadership roles since 1987. I am currently a local Board Member of American Society of Heating, Refrigerating and Air-Conditioning Engineers, and past National Board Member for Illuminating Engineering Society of North America. My wife Sarah is a 33 year TVA employee, daughter Katie is a junior at Lipscomb University, and son Joseph is a rising senior at Boyd Buchanan High School. We attend Clear Creek Church, Hixson, TN.

* * *

The meeting was adjourned at 3:54 p.m., EDT.



Executive Secretary



Chair