

Meeting No. 509

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

September 12, 2025

The regular quarterly meeting of the Board of Directors (Board) of the TVA Retirement System (TVARS or System) was held on Friday, September 12, 2025, at 12:45 p.m., EDT, 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 (via Teams videoconferencing); Micheal D. Clement; Scott Haulsee; and Lori E. Stenger. Also present were Mark N. Meigs, Executive Secretary; Sally R. Weber, Assistant Secretary and Senior Manager, Retirement Operations; Brent B. Roberts, Treasurer and Senior Manager, Retirement Applications, Financial Reporting, and Investments; Hayley S. Huskey, Assistant Treasurer and Manager, Financial Reporting and Investments; Chris A. Stinnett, Senior Program Manager, Retirement Management; William B. Jenkins, Jr., Manager, Retirement Applications; and W. Colby Carter, Legal Counsel.

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509-1 Each director was notified in a memorandum dated September 2, 2025, of the regular quarterly meeting to be held on September 12, 2025. A copy of the notice from the Executive Secretary is filed as Exhibit 509-1.

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509-2 (A-7134). The Chair's report included the following:

- The Chair thanked the TVARS Board and staff for productive discussions and noted that the System remains in excellent shape. He recognized TVARS staff who will be retiring prior to the next quarterly board meeting and acknowledged their service: Angie Shepherd, Nathan Holloway, Justin Vineyard, and Bill Jenkins. The Chair also congratulated and thanked fellow retiring Board member Scott Haulsee for his service.
- The Chair noted that Bryan Johnson will be attending the next Board meeting as a new member of the Board.

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509-3 (A-7135). The Executive Secretary's report included the following:

- The Executive Secretary recognized Angie Shepherd for 42 years of service to TVA, 30 of those were devoted to TVARS.
- Nathan Holloway was thanked for 25 years of service – all of which were spent in TVARS.
- Justin Vineyard was recognized for 17 years of TVARS service.
- The Executive Secretary then thanked Bill Jenkins who will retire in November, 2025 after 38 years with TVA including 24 years with TVARS.
- Approximately 650 VRIF applications were approved with most retirement dates between April 4, 2025, and September 30, 2025. TVARS facilitated 13 VRIF group sessions in January and February with over 800 employees attending. TVARS provided information and offered individual meetings to all applicants.
- Approximately 40 employees received IRIF notices and 18 of these employees have pension benefits and have been offered individual meetings with a TVARS consultant.
- TVARS and Fidelity consultants facilitated numerous webinars, workshops and attended Safety Fairs for TVA groups across the Valley in order to increase education and awareness on retirement. Through August, 2025, 2,320 retirement benefit estimates were provided to employees.

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509-4 (A-7136). The Legal Update included the following:

- Legal 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 509-4.

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509-5 (A-7137). As set out in the Board-approved election schedule, the window ended July 7, 2025, for TVARS to accept nominations to run in the election to be an elected member of the Board for the three-year term running November 1, 2025 through October 31, 2028. Only one nomination petition for Bryan Johnson, Manager, Government and Community Relations, was received for this year's election. Section 3(2) of the TVARS Rules, which governs elections, appointments, and selection of directors on the Board, states the following: "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." Accordingly, on July 10, 2025, the Board voted notationally to declare Bryan Johnson, as the sole nominee, elected as a Director of the Board for the three-year term beginning November 1, 2025, through October 31, 2028. A copy of the Notational Approval of the Board Election is filed as Exhibit 509-5.

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509-6. As a part of the Consent Agenda, the Board approved the minutes for the meeting reported below in A-7138, and accepted the reports as of June 30, 2025, listed below in A-7139, A-7140, A-7141, and A-7142:

- A-7138 Meeting No. 508 held June 12, 2025
- A-7139 Treasurer's Report (filed as Exhibit 509-6(a))
- A-7140 Investment Performance Report prepared by Wilshire Advisors LLC (Wilshire) (filed as Exhibit 509-6(b))
- A-7141 Report of retirements approved (filed as Exhibit 509-6(c))

- A-7142 Quarterly fund analysis for the TVA Savings and Deferral Retirement Plan (401(k) Plan) prepared by Fidelity Investments (filed as Exhibit 509-6(d))

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509-7 (A-7143). The Audit Committee report consisted of the following discussion items:

- Prior to the meeting, Bill Jenkins provided the annual Cyber Security update. A copy of the TVARS Cybersecurity Risk Assessment and PII Service Provider Data Inventory for FY2025 is filed as Exhibit 509-7(a).
- Prior to the meeting, the TVARS financial reporting staff updated the Board on the status of the current Service Organizational Control (SOC1) audit being performed by Crowe LLP. The report will be issued mid-October and has no exceptions. Crowe will attend the December, 2025 Board Meeting to present the results.
- Prior to the meeting, the Executive Secretary presented to the Board the TVARS budget for FY2026. A copy of the TVARS budget (including comparison with previous fiscal year) is filed as Exhibit 509-7(b).

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509-8 (A-7144). The Retirement Committee report consisted of the items reported below at A-7145, A-7146 and A-7147.

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509-9 (A-7145). Prior to the meeting, the Board discussed the System's actuarial valuation assumptions with Mercer Human Resource Consulting, the TVARS actuary, which included the assumed rate of return on investments of the System's assets and the assumed rate of inflation. After discussion, upon the recommendation of the Retirement Committee and Mercer, the Board voted to approve the actuarial assumptions to be used in the valuation of the System's liability valuation and minimum contribution calculation as of September 30, 2025, set forth in Mercer's presentation. The actuarial assumptions approved by the Board include the following: (a) maintaining the assumed rate of return on investments of the System's assets at

6.5% based on the System’s new asset allocation policy and Mercer’s updated capital market assumptions; (b) actual inflation experience for 2025 and assumed rate of inflation of 2.25% per year thereafter; (c) for the base mortality tables, the same adjusted “benefits-weighted” top-quartile Pri-2012 mortality tables based on the System’s experience; and (d) for the mortality improvement scale, the updated MSS-2025 scale developed by Mercer based on Social Security data and Mercer research. A copy of Mercer’s actuarial assumptions review presentation dated September 30, 2025, is filed as Exhibit 509-9.

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509-10 (A-7146). Prior to the meeting, the Board and TVARS staff discussed Mercer’s proposed Statement of Work (SOW) that would cover actuarial services for the next three years, including the annual actuarial valuations of the System for the plan years ending September 30, 2025, September 30, 2026, and September 30, 2027. Upon the recommendation of the Retirement Committee, the Board approved the new SOW with Mercer for actuarial services. A copy of Mercer’s SOW is filed as Exhibit 509-10.

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509-11 (A-7147). On September 11, 2025, the Board and TVARS staff met with Lori Wright and David Hesdorffer of Mercer Investments to discuss the results of the administrative fee and services benchmarking RFI performed by Mercer for the 401(k) Plan. Following the discussion of the RFI results that compared the services and fees of Fidelity, the current trustee and provider of recordkeeping services for the 401(k) Plan, with information and proposals from two other competitive 401(k) trustee and recordkeeper firms with governmental plan experience, the Board discussed and considered two fee proposals from Fidelity. Upon the recommendation of the Retirement Committee, the Board approved the fee changes with Fidelity for its 401(k)

Plan trustee and recordkeeping services outlined in Revised Proposal – Scenario 2 in Mercer’s presentation. A copy of Mercer’s 401(k) Administrative Fee and Benchmarking Services presentation dated September 11, 2025 is filed as Exhibit 509-11.

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509-12 (A-7148). The Election Committee report consisted of the following discussion items:

- The Election Committee announced that Bryan Johnson, Manager, Government and Community Relations, has been elected as a new Director. Mr. Johnson’s term will run November 1, 2025, through October 31, 2028.
- The Election Committee noted that with Angie Shepherd on the TVARS staff retiring September 30, 2025, her responsibilities facilitating the annual election process are being transitioned to Kristine Smith on the TVARS legal and compliance staff.

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509-13 (A-7149). The Investment Committee report consisted of items reported below at A-7150, A-7151 and A-7152, and of the following items:

- On September 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; economic/market activity; pension plan asset allocation as of June 30, 2025, compared to policy allocation; investment performance by asset class and by individual managers, absolute and compared to benchmarks, as of June 30, 2025; and investment performance attribution analysis. A copy of Wilshire’s Executive Summary of Investment Performance as of June 30, 2025, is filed as Exhibit 509-13(a).
- On September 11, 2025, Wilshire outlined for the Investment Committee the manager transitions that have occurred since the new strategic asset allocation was approved on June 11, 2025, in order to implement the new allocation policy. A copy of Wilshire’s Asset Allocation Update dated September 11, 2025, is filed as Exhibit 509-13(b).
- On September 11, 2025, Wilshire provided to the Investment Committee an analysis of the System’s funded ratio and asset and liability returns over the past year. A copy of Wilshire’s Asset Liability Monitor for the second quarter 2025 is filed as Exhibit 509-13(c).

- On September 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 June 30, 2025; investment performance and expense ratios of the 401(k) Plan fund line-up, absolute and compared to benchmarks and peer funds, as of June 30, 2025; and a governance review that included current 401(k) Plan statistics, judicial update, regulatory and legislative updates, and information on a due diligence trip with TVARS staff to Mercer's Chicago office focusing on Mercer's research process and rating methodology for DC investment managers and funds and in-depth asset class reviews for the 401(k) Plan. Mercer also discussed with the Investment Committee the recent Executive Order on alternative investments in DC plans and the current landscape and considerations around including private investments and cryptocurrency in the 401(k) Plan. A copy of Mercer's Q2 2025 DC Quarterly Review dated September 11, 2025, is filed as Exhibit 509-13(d).
- The Investment Committee was provided and took note of information regarding asset allocation transfers and rebalancing during the second quarter of 2025. A copy of the information is filed as Exhibit 509-13(e).
- 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 May 2025 through August 2025. A copy of the information is filed as Exhibit 509-13(f).

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509-14 (A-7150). At the June 12, 2025, meeting, the Board approved a new strategic asset allocation policy for the investment of TVARS assets. Consistent with the System's long-term de-risking plan, the new allocation primarily shifts assets from equities into fixed income. Fixed income was also reclassified into new categories, including Treasuries and Multi-Sector Fixed Income. This change in strategy necessitates changes to the System's underlying investment managers in order to implement. Two current managers, LA Capital (defensive equity strategy) and MacKay Shields (high yield bond strategy) manage portfolios in asset classes that are no longer part of the long-term strategic allocation. Accordingly, upon the recommendation of the Investment Committee and Wilshire, the Board approved the termination

of LA Capital and MacKay Shields. A copy of Wilshire's memo regarding LA Capital and MacKay Shields is filed as Exhibit 509-14.

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509-15 (A-7151). Over the last year, the Board and TVARS staff have been working with Mercer Investments on a deeper evaluation of the fund offered in the core lineup for the international equity asset class. As a part of this evaluation, TVARS and Mercer conducted an investment manager search to identify suitable alternative managers and funds within this asset class compared to the current fund in the lineup, the Harding Loevner International Equity Fund. On September 11, 2025, Mercer and the TVARS staff discussed with the Board the results of this evaluation and manager search. As a result of this search, upon the recommendation of the Investment Committee, the Board approved the selection of MFS Investment Management as a new investment manager for the 401(k) Plan and the MFS International Equity Fund as the new international equity investment option for the 401(k) Plan lineup to replace the Harding Loevner International Equity Fund. A copy of Mercer's investment manager search report for international equity dated September 2025 is filed as Exhibit 509-15.

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509-16 (A-7152). Over the last year, the Board and TVARS staff have been working with Mercer Investments on a deeper evaluation of the fund offered in the core lineup for the U.S. large-cap value equity asset class. As a part of this evaluation, TVARS and Mercer conducted an investment manager search to identify suitable alternative managers and funds within this asset class compared to the current fund in the lineup, the T. Rowe Price Large-Cap Value Fund. On September 11, 2025, Mercer and the TVARS staff discussed with the Board the results of this evaluation and manager search. As a result of this search, upon the

recommendation of the Investment Committee, the Board approved the selection of the BlackRock Large Cap Value Strategy Fund as the new U.S. large-cap value equity investment option for the 401(k) Plan lineup to replace the T. Rowe Price Large-Cap Value Fund. A copy of Mercer's investment manager search report for U.S. large-cap value equity dated September 2025 is filed as Exhibit 509-16.

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The meeting was adjourned at 12:59 p.m., EDT.



Executive Secretary



Chair