

No. 21-03

Approved by the Board of Directors
at its November 10, 2021, meeting:



Executive Vice President, General
Counsel and Corporate Secretary

MINUTES OF MEETING
OF
THE BOARD OF DIRECTORS
TENNESSEE VALLEY AUTHORITY

August 18, 2021

A meeting of the Board of Directors of the Tennessee Valley Authority was held by teleconference via live internet streaming, on August 18, 2021. The meeting was called to order at 10:00 a.m. (ET). The meeting agenda was announced to the public on August 11, 2021. The meeting was open to public observation.

Board members in attendance were: Director and Chair John L. Ryder (in person) and Directors Kenneth E. Allen (via teleconference), Jeff Smith (via teleconference), William (Bill) Kilbride (in person), A.D. Frazier (via teleconference), Beth Harwell (via teleconference), and Brian Noland (via teleconference).

Also present were TVA officers, including Jeffrey J. (Jeff) Lyash, President and Chief Executive Officer; David Fountain, Executive Vice President, General Counsel and Corporate Secretary; Don Moul, Executive Vice President and Chief Operating Officer; John M. Thomas, Executive Vice President and Chief Financial and Strategy Officer; and Wilson Taylor, Vice

President, People First Solution Center and Ombudsman. David Fountain served as the Board's parliamentarian.

Chair Ryder presided over the meeting, which was duly called, notice to each Director having been delivered pursuant to section 1.2 of the Bylaws governing meetings of the Board of Directors of the Tennessee Valley Authority. A quorum was present.

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21-03-1. Welcome

Director Ryder welcomed those joining through the live webcast and detailed the safety measures being followed by the TVA staff in attendance to ensure compliance with the guidelines of the Centers for Disease Control and Prevention. Chair Ryder thanked TVA employees for their service to the TVA region. Chair Ryder shared a video from Knoxville Mayor Indya Kincannon, who thanked TVA for its efforts to achieve net zero carbon emissions by 2050 and increased solar efforts.

Chair Ryder reported that TVA provides multiple opportunities and avenues for the public to provide input and suggestions for TVA, including the National Environmental Policy Act (NEPA) review process, the Integrated Resource Plan (IRP), the natural resource plans, the Regional Energy Resource Council and Regional Resource Stewardship Council, and directly with staff in the local communities. Chair Ryder noted that the listening session is another opportunity for the public to provide feedback to TVA, and the Board greatly values the input received. Chair Ryder reported that since the pandemic, the Board has followed safety best

practice guidelines on how to conduct listening sessions. Chair Ryder reported that the Board misses the ability to hear directly from the public and, while it would like to have sessions in person, it cannot currently do so due to the pandemic.

Chair Ryder reported that the Board received comments through the online system from 92 individuals. Of the 92 people who commented, 70 raised concerns about the invasive species commonly known as Asian carp in the river system. Chair Ryder noted that while most of the comments were property owners in the Tellico Lake, Fort Loudoun, and Watts Bar areas, it is an issue that has implications for the entire river system. Chair Ryder called on Don Moul, TVA's Chief Operating Officer, to report on how TVA is addressing this issue.

Mr. Moul reported that the best minds in the nation are working to mitigate the Asian carp problem. Mr. Moul reported the U.S. Fish and Wildlife Service, along with the Tennessee Wildlife Resources Agency, has the lead on this effort, and TVA will work with them to implement the actions identified in the programmatic environmental assessment, which is due later this fall. Mr. Moul reported that TVA will work closely with its partner agency to make the best decision to mitigate the impacts to the Tennessee River system.

Chair Ryder reported that ten individuals encouraged TVA to prioritize renewable energy and eliminate coal, gas, and nuclear generation. Chair Ryder reported that seven people submitted comments and 189 postcards were received about work being done by Volunteer Sand and Gravel on the Duck River. Chair Ryder noted that TVA and the Tennessee Department of Environment and Conservation are working together on this issue. Chair Ryder noted that TVA does not have jurisdiction to regulate the mining activity itself or the resulting discharge of sediment to the river.

Chair Ryder reported that seven people urged TVA to pay certain insurance benefits to the widow of a TVA employee. Chair Ryder noted that this is a long-standing issue, and TVA staff has previously addressed the issue with the family and paid the appropriate benefits. Chair Ryder reported that there were also comments encouraging the Board to resume in-person listening sessions. Chair Ryder noted that he is in support of in-person listening sessions as soon as it is safe to do so.

Chair Ryder thanked the members of the public who provided comments and noted the Board values this input and it helps the Board make better decisions.

Chair Ryder called on Jeff Lyash, President and Chief Executive Officer, for a response to the comments received. Mr. Lyash stated that TVA is working with the U.S. Fish and Wildlife Service and other government agencies on the Asian carp issue and is focused on testing technologies at dams to see whether barriers can be created. Mr. Lyash stated he appreciates the feedback and TVA is acting on it in good faith.

* * *

Old Business

After a motion duly made and seconded, the Board approved the minutes of its May 6, 2021 meeting.

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New Business

Chair Ryder called on Mr. Lyash to provide a brief overview of the meeting. Mr. Lyash expressed his appreciation to the members of the public who provided comments and to Mike Skaggs, who is retiring from TVA after many years of service to TVA, including serving as Chief Operating Officer. Mr. Lyash congratulated Mr. Skaggs on his outstanding career at TVA and in the industry. Mr. Lyash noted that Don Moul has succeeded Mike in the role of Chief Operating Officer. Mr. Lyash stated that he is proud of TVA employees for their continued dedication and commitment on delivering TVA's mission of service during the pandemic. Mr. Lyash provided a detailed President's Report later in the meeting (Minute Item No. 21-03-19). Directors Kilbride and Frazier both expressed their appreciation to Mike Skaggs for his service to TVA.

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21-03-2 Report of the Finance, Rates, and Portfolio Committee

Chair Ryder called on Director Frazier, Chair of the Finance, Rates, and Portfolio Committee, to provide the Committee's report. Director Frazier reported that the Committee met on July 20, 2021 for a briefing on the proposed fiscal year (FY) 2022 budget and potential FY 2022 Pandemic Recovery Credit and on July 29, 2021 for the Committee's regular quarterly meeting. Director Frazier called on John Thomas, Executive Vice President and Chief Financial and Strategy Officer, to provide the fiscal year financial performance update and to present the three action items for recommendation from the Committee.

21-03-3 Financial Performance Update

Mr. Thomas presented TVA's financial results for the first nine months of FY 2021. Mr. Thomas reviewed revenues, expenses, and TVA's summary income statement and summary cash flow statement for the period and reported that TVA had favorable financial performance overall. Mr. Thomas noted that TVA's partnership with local power companies provides very competitive rates which have gotten even more competitive over the last two years. Copies of the slides used by Mr. Thomas in his financial performance update are filed with the records of the Board as Exhibit 08/18/21A.

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Mr. Thomas reported that there is an opportunity to extend the Pandemic Recovery Credit for FY 2022 and that TVA management is proposing an approximately 2.5% base rate credit to customers. Director Frazier called on Mr. Lyash to discuss how the credit has benefited local power companies over the past year. Mr. Lyash noted that about 20% of the \$200 million credit in 2021 flowed directly through to end use customers and that another major use of the money was to help local power companies avoid planned rate increases. Mr. Lyash commented that the credit allowed local power companies to maintain the strength of their balance sheets and cash positions and make fairly significant investments in infrastructure. Mr. Lyash explained that he would expect a similar deployment of those funds, but with likely more of it flowing through directly to end use customers, for the FY 2022 credit.

Mr. Lyash discussed the process of deciding whether to provide the Pandemic Recovery Credit or to pay down TVA debt. Mr. Lyash noted that TVA is comfortable with its investment plan and debt position, which is the lowest in 30 years, so the preferred option for allocating

these funds is to TVA's customers. Copies of the slides used by Mr. Thomas in his presentation on the Fiscal Year 2022 Pandemic Recovery Credit (Minute Item 21-03-4) are filed with the records of the Board as Exhibit 08/18/21B.

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Mr. Thomas presented the FY 2022 Financial Plan and Budget and reviewed the specific FY 2022 spending and contracting authority for which management was requesting approval. Mr. Thomas's presentation also addressed the financing authority that management is proposing for FY 2022. Copies of the slides used by Mr. Thomas in his combined presentation on the Fiscal Year 2022 Financial Plan and Budget (Minute Item 21-03-5) and Financing Authority (Minute Item 21-03-6) are filed with the records of the Board as Exhibit 08/18/21C.

21-03-4 Fiscal Year 2022 Pandemic Recovery Credit

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Financial and Strategy Officer dated July 8, 2021, and filed with the records of the Board as

Exhibit 08/18/21D:

WHEREAS, the World Health Organization has declared the 2019 novel coronavirus, which it named COVID-19, to be a pandemic and global public health emergency (the "Pandemic"); and

WHEREAS, the Valley is continuing to recover from the many impacts of the ongoing Pandemic; and

WHEREAS, TVA's strong performance in fiscal year 2021 has enabled TVA to offer a 2.5% bill credit to reduce wholesale and direct-service charges over fiscal year 2022 in a total amount estimated to be approximately \$220 million; and

WHEREAS, a memorandum from the Executive Vice President and Chief Financial and Strategy Officer, dated July 8, 2021 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 08/18/21D, recommends that the Board approve a Pandemic Recovery Credit;

BE IT RESOLVED, That the Board of Directors finds it to be appropriate and in the interest of TVA to approve the recommendation set forth in the Memorandum and hereby approves such recommendation.

* * *

Director Frazier asked Director Kilbride, Chair of the Audit, Risk, and Regulation Committee, to provide comments for the Board's consideration of two components of the budget proposal that fall under the Audit, Risk, and Regulation Committee. Director Kilbride discussed the Dodd-Frank exemption from mandatory swap clearing and trade execution requirements for swaps entered into by non-financial commercial end-users for the purpose of hedging commercial risk. Director Kilbride noted that, since 2015, the Board has authorized the use of the exemption, and the Audit, Risk, and Regulation Committee is again recommending that the Board authorize the use of the exemption. Director Kilbride reported the Audit, Risk, and Regulation Committee also reviewed TVA's recognition of regulatory assets and liabilities and determined this type of accounting treatment is common in the regulated utility business.

21-03-5 Fiscal Year 2022 Financial Plan and Budget

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Financial and Strategy Officer dated July 14, 2021, and filed with the records of the Board as Exhibit 08/18/21E:

WHEREAS a memorandum from the Executive Vice President and Chief Financial and Strategy Officer (CFSO), dated July 14, 2021 (Memorandum), a copy of which is filed with the records of the Board of Directors as Exhibit 08/18/21E, recommends approval of the proposed

fiscal year (FY) 2022 budget and certain related items as described in the Memorandum including:

- a) Operating and capital budgets for FY 2022; and
- b) Proposed capital projects that exceed \$50 million and acquisition of land rights in connection with certain capital projects; and
- c) FY 2022 Commercial Transactions Contracting Plan; and
- d) Retaining for use in the operation of the TVA power system the entire margin of net power proceeds remaining at the conclusion of FY 2022; and
- e) Continuing to recognize certain regulatory assets and liabilities and to follow certain accounting policies; and

WHEREAS the Board of Directors previously approved TVA's use of an exemption (the End-User Exemption) from the Dodd-Frank Wall Street Reform and Consumer Protection Act's mandatory clearing requirement and TVA management has recommended that the Board of Directors extend this approval to FY 2022; and

WHEREAS as required under Section 9B of the Rules and Regulations of the TVA Retirement System (Retirement System), the Retirement System's Board of Directors has informed the Board of Directors of the minimum required FY 2022 contribution to the Retirement System; and

WHEREAS after consideration of the minimum required contribution and the amendments to the Rules and Regulations of the Retirement System that became effective on October 1, 2016, TVA management has recommended that the Board of Directors approve a \$300 million contribution to the Retirement System for FY 2022; and

WHEREAS TVA management has recommended that the Board of Directors (1) approve the final amount of tax equivalent payments to states and counties for FY 2021 and (2) authorize and direct the CFSO to make, or cause to be made, estimated tax equivalent payments to states and counties for FY 2022;

BE IT RESOLVED, That the Board of Directors hereby approves the FY 2022 budget;

RESOLVED further, That the Board of Directors approves the projects listed in the Memorandum's Attachment 2 and delegates to the CEO (1) the authority to determine whether all required reviews have been completed and (2) the final decision to proceed with an identified project subject to the budget approved by the Board of Directors;

RESOLVED further, That the Board of Directors approves, in addition to acquisitions approved in prior budgets, acquiring the land rights associated with the transmission capital projects listed in the Memorandum's Attachment 3, including acquiring the land rights through condemnation,

contingent upon the CEO's approval for those projects for which such approval is required;

RESOLVED further, That the Board of Directors approves the FY 2022 Commercial Transactions Contracting Plan attached to the Memorandum as Attachment 4, including the amendment to the Board Practice titled "Commercial Energy Agreements, Programs, and Related Contracts" and the delegations to the CEO referenced in the Commercial Transactions Contracting Plan;

RESOLVED further, That, in accordance with Section 26 of the TVA Act, the Board of Directors approves retaining the entire margin of net power proceeds remaining at the conclusion of FY 2022 for use in the operation of the TVA power system;

RESOLVED further, That the Board of Directors approves (1) TVA's following the allowance for funds used during construction policy described in Attachment 5 of the Memorandum, (2) TVA's recognizing regulatory assets and liabilities as described in Attachment 5 of the Memorandum as such amounts are probable of collection (or probable of being refunded) in future rates, and (3) TVA's accounting for certain regulatory accounting matters as described in Attachment 5 of the Memorandum;

RESOLVED further, That the Board of Directors hereby authorizes TVA to use the End-User Exemption during FY 2022 in connection with all new and outstanding swaps as well as any amendments or modifications to new or outstanding swaps;

RESOLVED further, That the Board of Directors approves a contribution of \$300 million to the Retirement System for FY 2022 and finds this contribution to be sufficient to meet the requirements of Section 9B of the Retirement System Rules and Regulations and TVA's obligations under Section 11A of the Retirement System Rules and Regulations;

RESOLVED further, That the Board of Directors, in accordance with Section 13 of the TVA Act, hereby finally determines that the amounts set out in Attachments 6 and 7 of the Memorandum are the amounts due and payable for FY 2021 to the respective states and counties named in such schedules;

RESOLVED further, That the Board of Directors authorizes and directs the CFSO to make, or cause to be made, payments to states for FY 2022 in accordance with established procedures on the basis of 98 percent of the estimated annual payments to states for FY 2022 and payments to counties on the basis of 100 percent of the estimated annual payments to counties for FY 2022, until the Board has made a final determination of the respective amounts due for FY 2022;

RESOLVED further, That the CFSO shall cause to be explained to the appropriate state and county officials that the payments for FY 2022 are based upon preliminary estimates and are subject to later adjustment.

21-03-6 Financing Authority

After a motion duly made and seconded, the Board adopted the following five resolutions, as recommended in a memorandum from the Executive Vice President and Chief Financial and Strategy Officer dated July 14, 2021, and filed with the records of the Board as Exhibit 08/18/21F:

Resolution #1

SUPPLEMENTAL RESOLUTION
AUTHORIZING THE ISSUANCE OF
UP TO \$2,000,000,000
OF TENNESSEE VALLEY AUTHORITY
POWER BONDS

BE IT RESOLVED by the Board of Directors of the Tennessee Valley Authority (the “Corporation”) as follows:

ARTICLE I

AUTHORITY, DEFINITIONS, AND STATUS

SECTION 1.1. Authority. This Supplemental Resolution is adopted, and the Bonds to be issued hereunder are authorized, pursuant to the provisions of (a) the Tennessee Valley Authority Act of 1933, as amended, and (b) the Basic Tennessee Valley Authority PowerBond Resolution adopted by the Corporation on October 6, 1960, as amended by an Amendatory Resolution on September 28, 1976, and by the Second Amendatory Resolution and the Third Amendatory Resolution on October 17, 1989, and by the Fourth Amendatory Resolution on March 25, 1992 (as so amended, the “Resolution”).

The Bonds issued pursuant to this Supplemental Resolution may be issued as Book-Entry Bonds in accordance with the Book-Entry Procedures and a Fiscal Agency Agreement (the “Fiscal Agency Agreement”) dated as of October 7, 1997, as may be amended from time to time, between the Corporation and the Federal Reserve Banks, as fiscal agents (together, the “Fiscal Agent”), or such Bonds may be issued as Certificated Bonds, and such Certificated Bonds shall be executed on behalf of TVA by a Designated Officer (as defined in Section 2.2 of this Supplemental Resolution)—or such officer’s duly authorized

representative—whose signature may be manual or facsimile.

SECTION 1.2. Definitions. All terms which are defined in the Resolution shall have the same meanings in this Supplemental Resolution. The term “New Power Bonds” shall mean the Bonds authorized by this Supplemental Resolution.

SECTION 1.3. Supplemental Resolution to Constitute a Contract. In consideration of the purchase and acceptance of the New Power Bonds by those who shall hold them from time to time, this Supplemental Resolution, including all terms and conditions set out in the Officer’s Certificate as described in Section 2.1 below, shall constitute a contract between them and the Corporation. The covenants and agreements of the Corporation contained in this Supplemental Resolution shall be for the equal benefit, protection, and security of all holders of New Power Bonds.

ARTICLE II AUTHORIZATION OF NEW POWER BONDS

SECTION 2.1. Principal Amount, Establishment of Terms. There is hereby authorized for the purpose of providing capital for the Corporation in order to assist in financing the Corporation’s Power Program (including refunding of Evidences of Indebtedness issued for such purposes) one or more series of New Power Bonds in the aggregate principal amount of up to \$2,000,000,000. That amount may be reduced by the sum of (a) the amount of other power financings commenced during fiscal year 2022 as described in the resolution of the Board of Directors of the Corporation (“Board”) dated August 18, 2021, entitled “FY 22 Financial Shelf - Execution of Other Financing Arrangements,” and (b) the amount of power bonds issued under the resolution of the Board dated August 18, 2021, entitled “FY 22 Financial Shelf – Reopening of Existing Power Bonds.”

The New Power Bonds must be issued on or before September 30, 2022, and may be (a) issued as Book-Entry Bonds (in which case the Book-Entry Procedures shall be applicable thereto) or (b) issued as Certificated Bonds. The terms and conditions of the New Power Bonds of each series shall be established in accordance with the provisions of Section 2.2 of this Supplemental Resolution and set forth in an Officer’s Certificate, prior to the issuance of New Power Bonds of each series. Such terms and conditions of the New Power Bonds of each series, subject to any limitation set out in this Supplemental Resolution, may include:

- (a) the title of the New Power Bonds of such series (which shall distinguish the New Power Bonds of such series from Bonds of all other series);
- (b) the aggregate principal amount of the New Power Bonds of such series which may be issued and delivered pursuant to this Supplemental Resolution;
- (c) the date or dates on which the principal of the New Power Bonds of such series is payable;
- (d) the rate or rates at which the New Power Bonds of such series shall bear

interest or the method by which such rate or rates shall be determined, whether the rate shall be fixed or floating, the date from which such interest shall accrue, and the interest payment dates on which such interest shall be payable;

(e) the currency in which the New Power Bonds of such series shall be denominated;

(f) in the case of Certificated Bonds, designation of any paying agent, listing agent, or transfer agent therefore (which may be the Corporation);

(g) in the case of Certificated Bonds, the form and method of issuance and transfer of any New Power Bonds of such series;

(h) in the case of Certificated Bonds, the designation of a depository for the New Power Bonds of such series;

(i) designation of the New Power Bonds of such series as Book-Entry Bonds or Certificated Bonds;

(j) the period or periods within which, the price or prices at which, and the terms and conditions upon which New Power Bonds of such series may be redeemed at the option of the Corporation; and

(k) any other terms or conditions of such series (which terms and conditions shall not be inconsistent with the provisions of the Resolution or this Supplemental Resolution).

All New Power Bonds of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to this Supplemental Resolution and set forth in such Officer's Certificate.

The terms and conditions of each series of New Power Bonds shall be established as provided in Section 2.2 of this Supplemental Resolution. In the case of Certificated Bonds, the New Power Bonds of such series shall be substantially in the form established by the Designated Officer in the Officer's Certificate.

SECTION 2.2. Designated Officers. (a) The terms and conditions of each series of New Power Bonds shall be established by a designated officer of the Corporation (the "Designated Officer") appointed by this Supplemental Resolution and shall be set forth in an Officer's Certificate executed by the Designated Officer.

(b) The Designated Officers are the Chief Financial and Strategy Officer and the Treasurer of the Corporation. Either of the Designated Officers is authorized to exercise any of the power and authority delegated herein to the Designated Officers.

(c) A Designated Officer may at any time on or prior to September 30, 2022, specify and determine the terms and conditions of the New Power Bonds of one or more series

to be issued under this Supplemental Resolution and the terms and conditions of the sale of such New Power Bonds as permitted to be specified in Section 2.1 of this Supplemental Resolution, provided that:

(i) the aggregate principal amount of all New Power Bonds of all series issued hereunder on or prior to September 30, 2022, shall not exceed the amount authorized by this Supplemental Resolution (including any New Power Bonds of any series issued in future installments pursuant to Section 2.3 of this Supplemental Resolution);

(ii) the Maturity Date (the date on which the principal and any accrued and unpaid interest shall be due on any such series of Bonds issued hereunder) of the New Power Bonds of each series shall not be more than 50 years from the date of issuance thereof; and

(iii) the maximum effective interest cost on the New Power Bonds of each series having fixed interest rates shall not exceed 8 percent per annum, and the sale price of the New Power Bonds of each series shall not be less than 90 percent of the principal amount.

(d) The Designated Officers are authorized, separately or jointly, in the name and on behalf of the Corporation, to take any and all such actions and to do, or authorize to be done, all such things as the Designated Officers may deem necessary or appropriate to effectuate the issuance and sale of New Power Bonds under this Supplemental Resolution including, but not limited to, amending this Supplemental Resolution for the purpose of issuing a future installment of New Power Bonds as set forth in Section 2.3 hereof.

SECTION 2.3. New Power Bonds Issuable in Installments. Notwithstanding any limitations established pursuant to Sections 2.1 and 2.2 of this Supplemental Resolution relating to the aggregate principal amount of any series of New Power Bonds or the date by which New Power Bonds must be issued, New Power Bonds of each series may be issued in one or more future installments of such series as determined to be appropriate by a Designated Officer.

If so provided in an amendment to this Supplemental Resolution, the aggregate principal amount of such future installments, together with all series initially issued hereunder, may exceed \$2,000,000,000, and the future installments may be issued after September 30, 2022. For the avoidance of doubt, the amendment to this Supplemental Resolution (a) pursuant to Section 7.2(d) of the Resolution, shall not require the consent of holders of Bonds and (b) if within the then-current authorization of the Board for principal amount and time of issuance, shall not require approval of the Board.

New Power Bonds of any series issued in future installments shall be identical in all respects with New Power Bonds of such series initially issued pursuant to Sections 2.1 and 2.2 of this Supplemental Resolution (with any appropriate related changes, including changes in the issue date, issue price, and interest commencement date).

SECTION 2.4. Interest, Maturity, and Place of Payment. Payments of principal (and premium, if any) and interest on the New Power Bonds will be made on the applicable payment

dates to holders of the New Power Bonds (as described in Section 9.8 of the Resolution), which are holders as of the close of business on the Business Day preceding such payment dates, by credit of the payment amount to holders' accounts at the Federal Reserve Banks in accordance with the Book-Entry Procedures in the case of Book-Entry Bonds, unless otherwise specified in the Officer's Certificate. Such payments for Certificated Bonds shall be made in the manner described in the Officer's Certificate. Interest payable on New Power Bonds of each series shall be computed on the basis of a 360-day year of twelve 30-day months, unless otherwise specified in the Officer's Certificate.

In any case in which an interest payment date, redemption date, or the Maturity Date is not a Business Day, payment of interest or principal (and premium, if any), as the case may be, shall be made on the next succeeding Business Day with the same force and effect as if made on such interest payment date, redemption date, or the Maturity Date, unless otherwise specified in the Officer's Certificate. The term "Business Day" shall mean any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in New York City are authorized or required by law or executive order to be closed, unless otherwise specified in the Officer's Certificate.

ARTICLE III DESCRIPTION OF NEW POWER BONDS

SECTION 3.1. General Description. In the case of Book-Entry Bonds, the New Power Bonds of each series will be issued and maintained and shall be transferable and exchangeable only in accordance with the Book-Entry Procedures on the book-entry system of the Federal Reserve Banks in minimum principal amounts set forth in the Officer's Certificate for such series of New Power Bonds.

In the case of Certificated Bonds, except as otherwise permitted in the Officer's Certificate referred to in Section 2.1 above, the New Power Bonds of each series may be issued, may be maintained, and may be transferable and exchangeable in accordance with the procedures of the depository, if any, named in the Officer's Certificate referred to in Section 2.1 above or as otherwise provided in such Officer's Certificate.

The New Power Bonds of each series will not be obligations of, nor will payment of the principal thereof or interest thereon be guaranteed by, the United States of America. Such principal and interest will be payable solely from the Corporation's Net Power Proceeds.

SECTION 3.2. Holders of New Power Bonds. In the case of Book-Entry Bonds, the New Power Bonds of each series may be held of record only by depository institutions (as such term is defined in the Book-Entry Procedures). In the case of Certificated Bonds, the New Power Bonds of each series may be held of record only by the depository designated in the Officer's Certificate or as otherwise provided in the Officer's Certificate. Such depository entities shall be deemed to be the holders of the New Power Bonds for all purposes of the Resolution and this Supplemental Resolution.

SECTION 3.3. Recital. The New Power Bonds of each series shall be issued, and shall be deemed to contain a recital that they are issued, pursuant to Section 15d of the Act.

SECTION 3.4. Global Securities. In the case of Certificated Bonds, the New Power Bonds of such series may be represented by one or more global securities (“Global Securities”) registered in the name of a depository nominee for the accounts of participants. Such Global Security or Securities of each series shall be delivered to such depository (the “Depository”), or a nominee or custodian thereof. Arrangements for any such Global Security or Securities will be as provided for in the Officer’s Certificate referred to in Section 2.1 of this Supplemental Resolution.

SECTION 3.5. Certificate of Authentication. In the case of Certificated Bonds, New Power Bonds, including any Global Securities representing such New Power Bonds, shall contain the following certificate of authentication:

This is one of the Tennessee Valley Authority Power Bonds described in the Basic Resolution and is a Tennessee Valley Authority Power Bond authorized by the Supplemental Resolution.

Tennessee Valley Authority

By _____
Authorized Officer

SECTION 3.6. Transfer of New Power Bonds. In the case of Certificated Bonds, the New Power Bonds of such series issued may be transferred in such manner as described in the Officer’s Certificate referred to in Section 2.1 of this Supplemental Resolution; provided, however, any such New Power Bonds may be transferred only for registered Certificated Bonds and may not be transferred for coupon Certificated Bonds.

ARTICLE IV
FISCAL AGENT

SECTION 4.1. Designation of Fiscal Agent. In the case of Book-Entry Bonds, the Federal Reserve Banks are hereby designated as Fiscal Agent for the New Power Bonds of each series, subject to all the provisions of the Book-Entry Procedures, the Resolution, and this Supplemental Resolution.

ARTICLE V
PUBLIC LAW NO. 105-62

SECTION 5.1. Public Law No. 105-62. Each holder of the New Power Bonds of each series, by such holder's acceptance thereof, shall thereby acknowledge and accept that, notwithstanding any language in the Resolution, any action that the Corporation may take pursuant to the paragraph captioned "TENNESSEE VALLEY AUTHORITY" in Title IV of the Energy and Water Development Appropriations Act, 1998, Pub. L. No. 105-62, 111 Stat. 1320, 1338 (1997) (such paragraph being hereinafter referred to as the "Appropriations Act Paragraph"), including, but not limited to, any use of revenues by the Corporation from its Power Program for "essential stewardship activities," as such term is used in the Appropriations Act Paragraph, shall not be considered an Event of Default or breach of any provision of the Resolution. The Appropriations Act Paragraph states:

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C. ch. 12A), including hire, maintenance, and operation of aircraft, and purchase and hire of passenger motor vehicles, \$70,000,000, to remain available until expended, of which \$6,900,000 shall be available for operation, maintenance, surveillance, and improvement of Land Between the Lakes; and for essential stewardship activities for which appropriations were provided to the Tennessee Valley Authority in Public Law 104-206, such sums as are necessary in fiscal year 1999 and thereafter, to be derived only from one or more of the following sources: nonpower fund balances and collections; investment returns of the nonpower program; applied programmatic savings in the power and nonpower programs; savings from the suspension of bonuses and awards; savings from reductions in memberships and contributions; increases in collections resulting from nonpower activities, including user fees; or increases in charges to private and public utilities both investor and cooperatively owned, as well as to direct load customers: *Provided*, That such funds are available to fund the stewardship activities under this paragraph, notwithstanding sections 11, 14, 15, 29, or other provisions of the Tennessee Valley Authority Act, as amended, or provisions of the TVA power bond covenants: *Provided further*, That the savings from, and revenue adjustments to, the TVA budget in fiscal year 1999 and thereafter shall be sufficient to fund the aforementioned stewardship activities such that the net spending authority and resulting outlays for these activities shall not exceed \$0 in fiscal year 1999 and thereafter.

Resolution #2

BOARD RESOLUTION

(FY 22 Financial Shelf - Reopening of Existing Power Bonds)

RESOLVED, That the Board of Directors hereby approves the amendment of any previously issued Supplemental Resolution and any related resolutions to permit the potential issuance during fiscal year 2022 of an additional installment of power bonds under such previously issued Supplemental Resolution and hereby authorizes the Chief Financial and Strategy Officer

and the Treasurer, separately or jointly, to execute any such amendments, as long as (1) (a) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the issuance of the new power bonds and (b) both the Chief Executive Officer and the Chief Financial and Strategy Officer approve the issuance of such bonds and (2) the amount of new power bonds issued pursuant to this resolution, together with (a) the amount of bonds issued pursuant to the Supplemental Resolution adopted on August 18, 2021, and (b) the amount of other power financings commenced during fiscal year 2022 as described in the resolution of the Board of Directors dated August 18, 2021, entitled “FY 22 Financial Shelf - Execution of Other Financing Arrangements,” shall not exceed \$2,000,000,000.

Resolution #3

BOARD RESOLUTION

(FY 22 Financial Shelf - Issuance of Bonds, Execution of Interest Rate and
Currency Exchange Rate Hedges)

RESOLVED, That in connection with the issuance of Tennessee Valley Authority Power Bonds as authorized by a Supplemental Resolution adopted on August 18, 2021 (the “Supplemental Resolution”), the Board of Directors hereby authorizes senior TVA officials to take the following actions as long as (1) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the issuance of the new power bonds and (2) both the Chief Executive Officer and the Chief Financial and Strategy Officer approve the issuance of such bonds:

The Chief Financial and Strategy Officer, the Treasurer, and their respective duly authorized representatives, or any one or more of them, are hereby authorized, individually or jointly, to (1) approve and execute underwriting agreements or subscription agreements with such underwriters or managers and incorporating such terms and conditions (not inconsistent with the Supplemental Resolution) as any such authorized individual may determine to be appropriate; (2) approve and issue invitations for bids for the purchase of bonds, accept and reject bids received, and execute any bond purchase contracts, incorporating such terms and conditions (not inconsistent with the Supplemental Resolution) as any such authorized individual may determine to be appropriate; (3) approve and execute documents for the listing of bonds authorized by the Supplemental Resolution on the New York Stock Exchange and other exchanges as any such authorized individual may determine to be appropriate; (4) in the case of Certificated Bonds, approve arrangements and execute documents for the issuance of bonds through the use of The Depository Trust Company or any other depository that any such authorized individual may determine to be appropriate; (5) approve and execute any agreement with any paying agent, listing agent, global agent, or transfer agent as any such authorized individual may determine to be appropriate; (6) in the case of Certificated Bonds, execute and deliver bonds authorized by the Supplemental Resolution; and (7) approve and sign any offering circulars or any offering circular

supplements or amendments as may be utilized in connection with the sale of any bonds authorized by the Supplemental Resolution;

The Chief Financial and Strategy Officer, the Treasurer, and their respective duly authorized representatives, or any one or more of them, are hereby authorized, individually or jointly, to hedge interest rate risk and currency exchange rate risk in connection with the issuance of the Tennessee Valley Authority Power Bonds authorized by the Supplemental Resolution (even if the new bonds are not issued in fiscal year 2022) using swaps, options, futures, or Treasury locks, or any combination of these instruments, as long as (1) these instruments are standard in the industry and (2) prior to using these instruments, (a) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the use of such instruments and (b) both the Chief Executive Officer and the Chief Financial and Strategy Officer approve using such instruments;

The Chief Financial and Strategy Officer, the Treasurer, the Controller, the General Counsel, and the Director, Commercial Law, and their respective duly authorized representatives, or any one or more of them, are hereby authorized to execute and deliver, separately or jointly, and under the seal of TVA, or otherwise as may be required, all other such instruments, documents, and certificates, receive and make all such payments, and do all such other acts and things as in their opinion or in the opinion of any of them may be necessary or appropriate in order to complete the issuance of the Tennessee Valley Authority Power Bonds authorized by the Supplemental Resolution and to hedge interest rate risk or currency exchange rate risk associated with the issuance of such power bonds.

Resolution #4

BOARD RESOLUTION

(FY 22 Financial Shelf - Execution of Other Financing Arrangements)

RESOLVED, That the Board of Directors hereby authorizes TVA to enter into other financing arrangements in an amount that, when combined with the power bonds issued under the Supplemental Resolution adopted on August 18, 2021, and the power bonds issued under the resolution of the Board of Directors dated August 18, 2021, entitled “FY 22 Financial Shelf – Reopening of Existing Power Bonds,” does not exceed \$2,000,000,000, as long as on or prior to September 30, 2022, (1) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the arrangement and (2) both the Chief Executive Officer and the Chief Financial and Strategy Officer approve entering into the arrangement;

RESOLVED further, That such other financing arrangements may include, but are not limited to, lease, lease-leaseback, lease-purchase, power purchase, and similar agreements involving new generation facilities or new assets that are substantially related, as well as electricity

prepayments, which arrangements and related authorizations are described in more detail below:

Lease-Purchase Financing Arrangements

The lease-purchase financing arrangements may include, but are not limited to, transactions whereby TVA sells new generation facilities or portions thereof, or new assets that are substantially related to existing facilities, to third-party lessor(s) and TVA leases such assets from such third-party lessor(s) for a term upon the expiration of which such facility or asset may be returned to TVA;

in connection with these arrangements, TVA may also enter into construction agreements pursuant to which TVA may agree to complete construction and start-up and test such facilities or assets for a fixed or capped price, or on a cost, cost-plus, or other basis, and by deadlines to be agreed under such agreements;

the lease-purchase arrangements may also contain terms, conditions, and covenants related to the ownership, operation, and maintenance of such facility or assets as well as events of default and remedies during the term thereof;

such lease-purchase arrangements may also include provisions related to early buyout, end-of-term purchase options, and termination purchase options upon the occurrence of various events at a price that may be pre-determined or may be the fair-market value or other value at such time as TVA may agree;

TVA's rent payments under such lease-purchase arrangements may be fixed or variable and may be in amounts sufficient to cover any debt service or equity returns of such third-party lessor(s); and

such lease-purchase arrangements may contain such other terms and conditions as may be appropriate for such transactions at such time;

Lease, Lease-Lease, and Sale-Lease Financing Arrangements

The lease, lease-lease, and sale-lease financing arrangements may include, but are not limited to, transactions whereby TVA leases or sells a generation facility or portion thereof, or new assets that are substantially related to existing facilities, to third-party lessor(s) for value and leases such facilities or assets from such lessor(s) for a term that may be for a period less than the expected useful life of the facility or asset;

in connection with these arrangements, TVA may also enter into construction agreements pursuant to which TVA may agree to complete construction and start-up and test such facilities or assets for a fixed or capped price, or on a cost, cost-plus, or other basis, and by deadlines to be agreed under such agreements;

such arrangements may contain terms, conditions, and covenants related to the ownership, operation, and maintenance of such facility or assets as well as events of default and remedies;

such arrangements may also include provisions related to early buyout, end-of-term purchase options, and termination purchase options upon the occurrence of various events at a price that may be pre-determined or may be the fair-market value or other value at such time as TVA may agree;

TVA may agree under such arrangements to pay periodic rent and any payments related to the repurchase of the facility or asset and other amounts as may be provided therein; and

such arrangements may contain such other terms and conditions as may be appropriate for such transactions at such time;

Power Purchase Arrangements

The power purchase arrangements may include, but are not limited to, transactions whereby TVA sells new generation facilities or portions thereof to a third party, which facilities or portions thereof may be constructed by TVA or by third parties, including sales of in-service facilities pursuant to options granted during construction or operation, or assists in developing new generation facilities, and TVA purchases the output thereof on terms that may require TVA to make fixed or variable payments, which payments may be based on cost of service or otherwise, and may be payable without regard to whether such facilities are completed, operating, or operable;

in connection with these arrangements, TVA may also enter into construction agreements pursuant to which TVA may agree to complete construction and start-up and test such facilities or assets for a fixed or capped price, or on a cost, cost-plus, or other basis, and by deadlines to be agreed under such agreements;

such power purchase arrangements may also contain terms, conditions, and covenants related to the ownership, operation, and maintenance of such facility or assets as well as events of default and remedies;

such power purchase arrangements may also include provisions related to early buyout, end-of-term purchase options, and termination purchase options upon the occurrence of various events at a price that may be pre-determined or may be the fair-market value or other value at such time as TVA may agree; and such power purchase arrangements may be executed in combination with other financing arrangements;

Electricity Prepayments

The electricity prepayments may include, but are not limited to, transactions whereby

customers of TVA power prepay TVA for certain electricity costs in exchange for reductions in the price that the customers pay TVA for electricity in the future, which reductions may be reflected as a credit or a discount on the customers' bill or otherwise and may be in amounts and for periods of time as agreed upon by TVA and the customers;

in connection with these arrangements, TVA may enter into commitment agreements, amend power contracts, and enter into other appropriate contractual arrangements; and

such arrangements may contain such terms and conditions as may be appropriate for such transactions at such time;

RESOLVED further, That the Board of Directors believes it is desirable for TVA to have the flexibility to enter into other financing arrangements, and that, subject to the other provisions of this resolution, the grant by the Board of Directors of authority for TVA to enter into other financing transactions should be construed broadly to permit TVA to enter into the other financing transactions in amounts and as described in this resolution or any similar transactions (including master financing facilities utilizing any one or more of these other financing arrangements) on such terms and conditions as market conditions dictate at the time of such financings;

RESOLVED further, That the Chief Financial and Strategy Officer, the Treasurer, and their respective duly authorized representatives, or any one or more of them, are hereby authorized, individually or jointly, to (1) engage advisors, appraisers, and independent engineers; (2) select equity investors and underwriters; (3) arrange for the listing of any lease debt; (4) approve offering materials; (5) execute term sheets; (6) execute transaction documents; and (7) make applications and filings in connection with the other financing arrangements;

RESOLVED further, That the Chief Financial and Strategy Officer, the Treasurer, and their respective duly authorized representatives, or any one or more of them, are hereby authorized, individually or jointly, to hedge interest rate risk and currency exchange rate risk in connection with entering into the other financing arrangements described above using swaps, options, futures, or Treasury locks, or any combination of these instruments, as long as these instruments are standard in the industry and as long as on or prior to September 30, 2022, (1) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the hedge and (2) both the Chief Executive Officer and the Chief Financial and Strategy Officer approve entering into the hedge;

RESOLVED further, That the Chief Financial and Strategy Officer, the Treasurer, the Controller, the General Counsel, and the Director, Commercial Law, and their respective duly authorized representatives, or any one or more of them, are hereby authorized to execute and deliver, separately or jointly, and under the seal of TVA, or otherwise as may be required, all other such instruments, documents, and certificates, receive and make all such payments, and do all such other acts and things as in their opinion or in the opinion of any of them may be necessary or appropriate in order to complete the other financing arrangements and to hedge interest rate risk or currency exchange rate risk associated with such other financing

arrangements.

Resolution #5

BOARD RESOLUTION

(FY 22 Financial Shelf – Amendment of Existing Swap Transactions)

RESOLVED, That the Board of Directors delegates to the Chief Financial and Strategy Officer, the Treasurer, and their duly authorized representatives, or any one or more of them, authority to amend TVA's existing interest rate and cross-currency swap transactions, or to settle such transactions, at such time or times and in such manner as determined by such officer or representative to be in TVA's financial interest. For the avoidance of doubt, this delegation extends beyond fiscal year 2022 and will remain in place until revoked by the Board of Directors.

* * *

Director Frazier reported that the Committee received a report regarding TVA Retirement System changes approved by the Tennessee Valley Authority Retirement System (TVARS) Board and noted that additional details will be shared by Director Allen in his report for the People and Performance Committee. Director Frazier reported that the Committee received an update on TVA's commercial programs and the Committee continues to be impressed by TVA's efforts to add new solar generation to the system and the success of TVA's Green Invest Program. Director Frazier noted the Committee conducted an annual self-assessment in executive session.

* * *

21-03-7 Report of the People and Performance Committee

Chair Ryder then called on Director Allen, Chair of the People and Performance Committee, to provide that Committee's report. Director Allen reported that the Committee met on July 2, 2021 to discuss the selection of a new Board Chair and again on July 29, 2021 for its regular quarterly meeting. Director Allen reported the Committee reviewed the performance goals for the at-risk compensation programs, TVA's year-to-date performance against current goals, goals for next year, as well as inclusion of a new Powerful Partnerships survey.

Director Allen reported the Committee also discussed and is recommending revisions to the fleet nuclear performance goals for the 2020-2022 and 2021-2023 long-term incentive cycles to align with updated external nuclear performance indicators.

21-03-8 Goals and Long-Term Incentive Plan

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Chief Executive Officer dated July 21, 2021, and filed with the records of the Board as Exhibit 08/18/21G:

WHEREAS in a memorandum dated July 21, 2021, a copy of which is filed with the records of the Board as Exhibit 08/18/21G (Memorandum), the Chief Executive Officer (CEO) recommended approval of the following Long-Term Incentive Plan (LTIP) performance measures and goals for the FY 2022 – FY 2024 performance cycle: Non-Fuel Delivered Cost of Power, Load Served, Institute of Nuclear Power Operations (INPO) Index, and Powerful Partnerships Survey; and

WHEREAS the CEO also recommended approval of revised fleet INPO Index goals for the FY 2020 - FY 2022 and FY 2021 - FY 2023 cycles; and

WHEREAS the People and Performance Committee has reviewed the proposed LTIP measures, as described above, and related goals, and recommends their approval;

BE IT RESOLVED, That, with regard to LTIP measures and goals for the performance cycle for FY 2022 - FY 2024, the Board approves the Non-Fuel Delivered Cost of Power, Load Not Served, INPO Index, and Powerful Partnerships Survey metrics and goals (including accompanying definition sheets) as set forth in the Memorandum and Attachment A thereto; and

RESOLVED further, That the Board approves revised fleet INPO Index goals for the FY 2020 - FY 2022 and FY 2021 - FY 2023 cycles, as set forth in the Memorandum and Attachments B and C thereto.

* * *

Director Allen reported that the Committee was provided information on proposed changes to TVARS pension benefits that would allow for reduced risk in the plan as well as ensuring current benefits remain unchanged. Director Allen reported that the Committee recommended, and the Board approved via notational vote, that the Board would not exercise its veto right with respect to the changes, which reduce overall risk in the TVA Retirement System. Director Allen commended both the TVARS Board and the TVA Board for their aligned commitment to the safety and security of TVA employee and retiree benefits.

Director Allen called on TVA's Chief Operating Officer, Don Moul, for an update on TVA's operational performance for the third quarter of FY 2021.

21-03-9 Summer Peak

Mr. Moul reported that through local power companies and the TVA workforce, TVA safely and successfully met demands in late July that included peaks over 30,000 megawatts.

Mr. Moul reported that TVA was able to meet the power needs in part due to strong performance from the nuclear fleet. Mr. Moul summarized the megawatt contributions from the nuclear, coal, hydro, and natural gas fleets, the effective power trading strategy, and the performance of TVA's

transmission system. Mr. Moul noted that while management is very proud of TVA's performance and support from local power companies and direct serve customers, improvements can be made. Mr. Moul advised that TVA has established a cross-functional team of TVA employees to gather customer feedback on how TVA can improve. Mr. Moul noted that TVA's performance during both cold and hot extreme weather events highlights the importance of a diversified generation portfolio with firm fuel supplies, a reliable transmission system, effective power trading, along with effective teamwork, communication, and coordination with local power companies and directly serve customers. Copies of the slides used by Mr. Moul in his report are filed with the records of the Board as Exhibit 08/18/21H.

* * *

Director Allen then reported that the People and Performance Committee received an update on TVA's People Advantage strategic priority, including TVA's progress in inclusion with diversity, TVA's effort to reimagine how we work, and the creation of an Inclusion with Diversity Council to provide oversight and advice on inclusion with diversity strategies and planning. Director Allen reported the Committee performed its annual self-assessment in executive session. Director Allen expressed appreciation for great performance by TVA this year during some very extreme and unusual conditions.

* * *

21-03-10 Report of the Audit, Risk, and Regulation Committee

Chair Ryder then called on Director Kilbride, Chair of the Audit, Risk, and Regulation Committee, to provide that Committee's report. Director Kilbride reported that the Committee met on July 28, 2021 for its regular scheduled meeting and again on August 2, 2021 to review

TVA's quarterly Form 10-Q report to the SEC. Director Kilbride noted that during its July 28, 2021 meeting, the Committee designated him as an audit committee financial expert pursuant to Securities and Exchange Commission (SEC) rules.

Director Kilbride reported that the Committee is recommending approval of Ernst & Young LLP as TVA's independent external financial auditor for the fiscal year of 2022.

21-03-11 External Auditor

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Audit, Risk, and Regulation Committee dated July 28, 2021, and filed with the records of the Board as Exhibit 08/18/21I:

WHEREAS in a July 28, 2021, memorandum to the TVA Board, the Audit, Risk, and Regulation Committee recommended, in consultation with the Inspector General, that the TVA Board approve engaging Ernst & Young LLP ("EY") as TVA's external auditor for fiscal year 2022;

BE IT RESOLVED, that the TVA Board hereby approves engaging EY as TVA's external auditor for fiscal year 2022.

* * *

Director Kilbride reported the Committee received updates on key enterprise risks, an overview of TVA's enterprise risk framework and enterprise risk assessment process, and an update on cybersecurity risk, with particular focus on what actions TVA is taking to comply with Executive Order 14028, which sets forth measures to improve the nation's cybersecurity.

Director Kilbride reported TVA's Office of the General Counsel provided the Committee with an update on the status of significant lawsuits and legal issues and an annual ethics update,

including an overview of Ethisphere's recent assessment of TVA's ethics program and the steps that TVA is taking to respond to Ethisphere's recommendations.

Director Kilbride reported that the Committee received an update from management on regulatory assurance matters, including TVA's regulatory strategy.

Director Kilbride reported that, in its executive session, the Committee met with the Deputy Inspector General and staff, then separately with TVA's external auditor Ernst & Young, and conducted the Committee's annual self-assessment.

Director Kilbride noted that the following written documents were provided to the Committee: the LPC fiscal year 2020 annual financial information report, the LPC local rate adjustments quarterly report, and TVA's Disclosure Control Committee minutes.

Director Kilbride then reported on the Committee's August 2, 2021 meeting where the Committee reviewed TVA's Form 10-Q, which was filed with the SEC on August 2, 2021 after the close of business. Director Kilbride reported that, at that meeting, Ernst & Young, TVA's external auditor, gave the Committee an independent assessment of TVA's financial reporting process.

* * *

21-03-12 Report of the Nuclear Oversight Committee

Chair Ryder then called on Director Smith, Chair of the Nuclear Oversight Committee, to provide that Committee's report. Director Smith reported that the Committee met via

videoconference on July 13, 2021. Director Smith reported that the Committee discussed the overall performance of the nuclear fleet, recent and upcoming outages, and the progress of the nuclear fleet's business plan initiatives.

Director Smith noted that management reported a positive human performance trend, including a key measure of improvement in self-awareness and self-correction. Director Smith reported that management updated the Committee on the recent refueling outage at Sequoyah Nuclear Plant, Unit 1, and provided a preview of upcoming refueling outages and the project to replace steam generators at Watts Bar Nuclear Plant. Director Smith reported that management provided the Committee with a status update on various regulatory issues, improvement in TVA's most recent engagement survey, progress in leadership development, TVA's new Fleet Excellence organization, and efforts underway regarding consideration of an advanced nuclear solution.

Director Smith discussed TVA's cooperative development agreement with Kairos Power, the role of TVA nuclear in supporting TVA's strategic direction, and TVA's long history of innovation, with advanced nuclear being a possible next step in continuing TVA's mission and reaching carbon reduction goals.

Director Smith reported the Committee was provided an overview of proposed updates to an existing delegation to the CEO to provide financial assurance to the Nuclear Regulatory Commission ("NRC") for future nuclear decommissioning activities. Director Smith noted that in some circumstances, the NRC permits certain licensees like TVA to provide statements of intent and/or certificates of financial assurance indicating that sufficient funds will be obtained

when necessary to conduct future decommissioning activities in lieu of providing cash financial assurance.

* * *

21-03-13 Financial Assurance for Nuclear Decommissioning Activities

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Nuclear Officer dated July 12, 2021, and filed with the records of the Board as Exhibit 08/18/21J:

WHEREAS the Nuclear Regulatory Commission (“NRC”) requires nuclear licensees to provide financial assurance to ensure the licensees will be able to perform nuclear decommissioning activities at the appropriate time in the future;

WHEREAS in lieu of providing cash financial assurance, the NRC occasionally permits certain licensees to provide statements of intent and/or certificates of financial assurance indicating that sufficient funds will be obtained when necessary to conduct future decommissioning activities;

WHEREAS it is preferable for TVA to provide statements of intent and/or certificates of financial assurance in lieu of cash financial assurance;

WHEREAS TVA management recommends that the Board of Directors authorize the Chief Executive Officer (“CEO”) to provide statements of intent and/or certificates of financial assurance for nuclear decommissioning activities in lieu of cash financial assurance whenever permitted by the NRC;

BE IT RESOLVED, That the Board of Directors hereby authorizes the CEO to provide statements of intent and/or certificates of financial assurance for nuclear decommissioning activities in lieu of cash financial assurance whenever permitted by the NRC.

Director Smith concluded that the Nuclear Oversight Committee completed its annual committee self-assessment in executive session.

* * *

21-03-14 Report of the External Relations Committee

Chair Ryder then called on Director Harwell, Chair of the External Relations Committee, to provide that Committee's report. Director Harwell reported that the Committee met on July 28, 2021 by videoconference. Director Harwell reported the Committee received updates on economic development and sustainability, highlighting that the TVA service territory has seen over 65,300 jobs retained or created and \$7.8 billion in capital investment in fiscal year 2021 through May of 2021. A video was shown highlighting TVA's sustainability.

Director Harwell reported that the Committee received a regional relations update that highlighted TVA's focus on proactive community engagement through the regional external relations organizational model, and that Cullman Electric Cooperative and East Mississippi Electric Power Association became the 143rd and 144th local power companies, respectively, to sign long-term partnership agreements.

Director Harwell called on Wilson Taylor, TVA Vice President and Ombudsman, to provide an update on plans related to future Board listening sessions.

21-03-15 Board Listening Session

Mr. Taylor discussed the various ways the public can share input with TVA and noted that in-person TVA Board listening sessions are expected to resume in 2022 depending on CDC guidance related to COVID-19. Mr. Taylor reported the listening sessions will again be the day before the formal Board meeting as they were prior to the pandemic. Mr. Taylor discussed that in addition to the return of in-person listening sessions, the Board will also continue to encourage written comments, which will allow the Board to hear from more members of the public who may not be able to attend the meeting. Copies of the slides used by Mr. Taylor in his report (Minute Item 21-03-15) are filed with the records of the Board as Exhibit 08/18/21K.

* * *

Director Harwell then reported that the External Relations Committee received updates on TVA's communications strategy, TVA's federal affairs efforts, and the work being done with TVA's two federal advisory committees. The Committee also conducted its annual self-assessment in executive session.

* * *

Ratification Items

Chair Ryder introduced for ratification two items that the Board previously approved by notation (Minute Entry No. 21-03-16 and Minute Entry No. 21-03-17). The first item was selection of a new TVA Board Chair. Chair Ryder then recognized Director Allen, Chair of the People and Performance Committee, who shared the Committee's recommendation that Director Kilbride be selected as the next TVA Board Chair. The second item was the Board's decision not to veto the TVARS rules amendments and asset allocation policy changes described during the report of the People and Performance Committee. After a motion duly made and seconded, both items were ratified unanimously by the directors present.

21-03-16 Selection of the TVA Board Chair

As recommended in an application for Notational Board Approval, a copy of which is filed with the records of the Board as Exhibit 08/18/21L, the individual Board members notationally approved Bill Kilbride to serve as Chair of the Board from August 19, 2021 to May 18, 2023.

21-03-17 TVARS Rules and Asset Allocation Policy Changes

As recommended in an application for Notational Board Approval, a copy of which is filed with the records of the Board as Exhibit 08/18/21M, the individual Board members notationally approved not exercising TVA's veto right with respect to certain changes to the TVARS Rules and Regulations and the TVARS asset allocation policy.

* * *

Governance Item

Chair Ryder proposed for approval a new committee structure, committee rosters, and respective committee chairs. Chair Ryder described the new committee structure and noted that the proposal had been developed in consultation with Chair-Elect Kilbride.

21-03-18 New Committee Structure and Membership

After a motion duly made and seconded, the Board adopted the following resolution, as recommended by the Board Chair:

WHEREAS, Section 2(g)(1) of the TVA Act requires the Board to create and maintain an 'audit committee' and directs the Board to create such other committees of Board members as the Board considers to be appropriate;

WHEREAS, the Board currently has a committee structure made up of five committees and the Board Chair hereby recommends a revised committee structure under which the existing committees will be replaced with four new committees having the duties and responsibilities listed on Exhibit 08/18/21N, subject to such further allocation of duties and responsibilities as are set forth in committee charters to be presented to the Board for approval in the near future;

WHEREAS, of the four new committees, the Audit, Finance, Risk and Cybersecurity Committee will serve as TVA's audit committee for purposes of Section 2(g)(1)(I) of the TVA Act;

WHEREAS, Section 2.1 of the TVA Bylaws provides that appointees for the membership of committees shall be submitted by the Chair for its approval as a single slate of appointees; and

WHEREAS, the Chair recommends the slate of committee members for the new committees as set forth below:

Audit, Finance, Risk and Cybersecurity Committee

A.D. Frazier, Chair
Beth Harwell
Bill Kilbride

Operations and Nuclear Oversight Committee

Jeff Smith, Chair
Kenny Allen
Brian Noland

External Stakeholders and Regulation Committee

Beth Harwell, Chair
John Ryder
Jeff Smith

People and Governance Committee

Kenny Allen, Chair
A.D. Frazier
Brian Noland

BE IT RESOLVED, That the Board of Directors hereby approves the new committee structure and slate of committee members as recommended by the Chair, with said structure and assignments to become effective immediately and to continue in place as provided in the Bylaws or until modified.

* * *

21-03-19 President's Report

Chair Ryder then called on President and Chief Executive Officer Jeff Lyash to provide the President's report. Mr. Lyash recapped TVA's mission of delivering reliable, clean, low-cost energy, protecting and improving the region's resources, and bringing economic growth, jobs, and capital investment to communities across the seven-state region. Mr. Lyash noted that TVA does this work in partnership with local power companies, directly served customers, and the communities that TVA serves, and that the Tennessee Valley public power model continues to deliver significant value.

Mr. Lyash explained that TVA and local power companies have worked together to meet the highest power demands in more than a decade, that TVA worked to raise public awareness on ways customers can be as energy efficient as possible, and that TVA is keeping energy reliable and energy costs stable and is avoiding the price spikes and power shortages seen elsewhere in both winter and summer months. Mr. Lyash expressed his appreciation to employees of both TVA and its local power company partners who helped generate and transmit public power across the region and those who deliver it on both the coldest winter and hottest summer days.

Mr. Lyash reported that the FY 2022 Pandemic Recovery Credit is expected to return approximately \$220 million to TVA's customers and local communities. Mr. Lyash encouraged local power companies to pass this credit through to customers in 2022, either directly or by avoiding otherwise planned rate increases, if possible, or to make necessary investments to sustain the essential services they provide. Mr. Lyash reported that TVA will engage with local power company customers on how extending the credit to 2023 might be structured and bring a formal proposal to the Board in November, 2021.

Mr. Lyash commented that TVA is providing additional assistance to customers and communities through more than \$13 million in back-to-business credits to help large customers return to full operations and committing an additional \$5 million in matching funds for the Community Care Fund that TVA established early in the pandemic to help meet local community needs.

Mr. Lyash explained that almost all of the local power companies that TVA serves are part of TVA's long-term partnership model and acknowledged TVA's two most recent long-term partners, Cullman Electric Cooperative and East Mississippi Electric Power Association.

Mr. Lyash discussed how the public power model delivers some of the lowest cost power in the nation and noted that TVA's industrial energy rates are some of the very lowest in the nation and that almost 80% of the people served by large utilities across the country pay higher rates than people who use TVA-supplied public power through their local utilities. Mr. Lyash noted that TVA's effective rates are the lowest in a decade and have remained flat for the last seven years, while TVA has also reduced debt and made significant investment in the power system.

Mr. Lyash reported that TVA's service territory is on track this year for one of its best years for job growth. Mr. Lyash discussed how reliability, resiliency, environmental performance, and cost are the four dimensions of value that set public power in the TVA region apart from any other energy suppliers. Copies of the slides used by Mr. Lyash in his report are filed with the records of the Board as Exhibit 08/18/21O.

* * *

Before adjourning the meeting, Chair Ryder introduced a short video highlighting TVA's leadership in advancing electric vehicle adoption across the region.

* * *

The meeting was adjourned at 12:25 p.m. (ET).

No. 21-03

Approved by the Board of Directors
at its August 18, 2021, meeting:



Executive Vice President, General
Counsel and Corporate Secretary

ADDENDUM TO THE MINUTES OF MEETING
OF
THE BOARD OF DIRECTORS
TENNESSEE VALLEY AUTHORITY
August 18, 2021

A meeting of the Board of Directors of the Tennessee Valley Authority was held by teleconference via live internet streaming, on August 18, 2021. There was an item presented at the meeting that was not clearly reflected in the August 18, 2021 meeting minutes that were approved by the Board of Directors at the November 10, 2021 Board Meeting. In order for the meeting minutes to clearly record all Board decisions made at the August 18, 2021 meeting, the minutes should reflect that the following resolution was recommended and approved at such meeting in conjunction with the report of the People and Performance Committee:

21-03-20 FY22 WPTIP and EAIP Measures and Goals

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Chief Executive Officer dated July 21, 2021, and filed with the records of the Board as Exhibit 08/18/21P:

WHEREAS in a memorandum dated July 21, 2021, a copy of which is filed with the records of the Board as Exhibit 08/18/21P (Memorandum), the Chief Executive Officer (CEO) recommended approval of measures and goals to assess performance for purposes of the Corporate Multiplier under the Winning Performance Team Incentive Plan (WPTIP) and Executive Annual Incentive Plan (EAIP) for FY 2022; and

WHEREAS the People and Performance Committee has reviewed the Corporate Multiplier performance measures and goals for FY 2022, as described above, and recommends their approval;

BE IT RESOLVED, That the Board approves the WPTIP and EAIP Corporate Multiplier performance measures and goals for FY 2022 as set out in the Memorandum and its attachments;

RESOLVED further, That the Board hereby authorizes and directs the CEO to set and approve the Enterprise performance measures and goals for FY 2022 to be used with the Corporate Multiplier in determining incentive awards under the WPTIP and EAIP.