

No. 18-03

Approved by the Board of Directors
at its November 14, 2018, meeting:

Original Signed by Sherry A. Quirk
Executive Vice President, General
Counsel and Secretary

MINUTES OF MEETING
OF
THE BOARD OF DIRECTORS
TENNESSEE VALLEY AUTHORITY

August 22, 2018

A meeting of the Board of Directors of the Tennessee Valley Authority was held in the TVA West Tower Auditorium, 400 West Summit Hill Drive, Knoxville, Tennessee, on August 22, 2018. The meeting was called to order at 11:18 a.m. (EDT) after an approximately seventeen minute break following completion of the listening session, which began at 9:31 a.m. (EDT). The meeting agenda was announced to the public on August 15, 2018. The meeting was open to public observation.

Board members in attendance were: Director and Chair Richard C. Howorth, and Directors Virginia Tyler (Gina) Lodge, Ronald A. Walter, Eric M. Satz, Kenneth E. Allen, A.D. Frazier, James “Skip” Thompson, and Jeff W. Smith.

Also present were TVA officers, including William D. (Bill) Johnson, President and Chief Executive Officer; Sherry A. Quirk, Executive Vice President, General Counsel and Secretary; John M. Thomas, Executive Vice President and Chief Financial Officer; Michael D.

(Mike) Skaggs, Executive Vice President, Operations; David M. Czufin, Senior Vice President, Engineering and Operations Support, TVA Nuclear; Rebecca C. Tolene, Vice President, Supply Chain and Board Services; and Susan E. (Sue) Collins, Executive Vice President and Chief Human Resources Officer.

Chair Howorth 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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18-03-1. Welcome

Chair Howorth welcomed those in attendance, thanked the Tennessee Valley Industrial Committee (TVIC) for hosting a breakfast for the Board, then invited and received remarks from Lloyd Webb, TVIC's Chairman. Following Mr. Webb's comments, Chair Howorth invited and received remarks from Doug Peters, President and Chief Executive Officer of the Tennessee Valley Public Power Association (TVPPA). Chair Howorth then welcomed all who were watching the streaming video of the meeting on TVA's internet site.

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Old Business

The Board approved the minutes of its May 10, 2018, meeting.

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New Business

18-03-2. President's Report

President and Chief Executive Officer William D. (Bill) Johnson offered congratulations to both Mintha Roach, President and Chief Executive Officer of Knoxville Utilities Board, and Joe Cade, General Manager and Chief Executive Officer of 4 County Electric Power Association in Columbus, Mississippi, on their impending retirement from their respective positions, after which Mr. Johnson invited and received remarks from Ms. Roach.

Mr. Johnson next addressed the Fiscal Year (FY) 2019 budget, stating that it meets TVA's strategic imperatives of being responsible stewards of the Valley's natural resources, living within the agency's means, managing TVA's power system to deliver reliable, low-cost electricity, and continuing TVA's financial and operational improvements to better serve the Valley for years to come. Mr. Johnson then discussed the rationale behind the budget, the improvements in performance TVA has made in recent years, and the specifics of, and need for TVA to stay true to, the long term financial and operational strategies currently in place. Mr. Johnson stated that TVA's current trajectory will provide sustainable low rates and high reliability for at least a decade, so long as TVA continues and succeeds in its current debt reduction plan. Mr. Johnson then presented information on TVA's cost management history from the early 1980's forward, demonstrating the interaction between rates, asset investment, operation and maintenance costs, and debt. Mr. Johnson stated that if TVA will finish its debt reduction effort while managing spending and rates, it will lead to positive results for all involved, and he encouraged the Board to approve the FY2019 budget, a 1.5% rate adjustment, and the completion of TVA's debt reduction program.

Mr. Johnson then stated the largest fixed component of TVA's rates is its generating assets, and that he believes TVA needs to assess its generating asset base against demand projections and the options for providing electricity at the lowest feasible rate in order to determine whether TVA is pursuing the most economic path. Mr. Johnson reported that TVA staff will be undertaking an effort to analyze TVA's entire fleet, focusing first on the least efficient, least cost effective, and highest future-cost assets, such as Paradise 3, Bull Run, and some of the combustion turbine fleet, and that he will report back at a future Board meeting.

Mr. Johnson commented briefly on issues brought up during the morning's listening session, including rates versus bills, energy burden, and TVA policies related to solar energy. He then discussed the recent power uprate work completed on one unit at Browns Ferry Nuclear Plant, the plan to complete uprate work on the other two units next year, the recognition of Watts Bar Unit 2 by Power Magazine as 2018 Plant of the Year, the inclusion of Shawnee Fossil Plant amongst Power Magazine's 2018 Top Coal Plant Award Winners, and TVA's designation by the National Renewable Energy Laboratory (NREL) as being among the top five green utilities for its green pricing programs. Mr. Johnson then reported on community solar projects in the Valley, mentioning first that the Music City Solar Project in Nashville began operation earlier in the current month, and discussed the fact that TVA is working through responses to a renewable energy request for proposals issued last year. Again commenting on an issue brought up during the morning's listening session, Mr. Johnson reported that TVA is currently contracted to make more than \$8 billion in renewable energy investments in upcoming years.

Mr. Johnson stated that TVA energy is the foundation of economic development in the Valley, then reported that during the first three quarters of FY2018 the economic development

efforts of TVA and others brought more than \$10.2 billion of capital investment to the Valley and contributed to the creation or retention of approximately 54,000 jobs. He specifically mentioned Facebook's announcement in June that they will be locating a data center in Huntsville, Alabama, and stated that Huntsville and Clarksville, Tennessee, have been referred to by the Wall Street Journal as two of three cities in the United States that will be the next "tech hotspots." Mr. Johnson then reported on a group of nuclear and information technology employees who invented a wireless sensor that monitors equipment vibrations, preventing equipment failures at TVA's generating plants, and potentially providing the same benefit to plants across the industry. Mr. Johnson discussed savings in implementation, monitoring, and maintenance costs realized through use of the sensor, and stated the Nuclear Energy Institute has recognized the team's work as a top innovative practice in the energy industry.

In response to a question posed by Director Allen following completion of the President's Report, Mr. Johnson stated that the study of TVA's generating assets to be conducted by staff mentioned during the report will include review of environmental factors, system reliability, system resilience, and community impact, and will likely take from three to six months to complete.

Copies of the slides used by Mr. Johnson in his report are filed with the records of the Board as Exhibit 8/22/18A.

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18-03-3. Report of the Finance, Rates, and Portfolio Committee

Director Walter, Chair of the Committee, reported the Committee met on July 25 and August 1, then requested and received reports from John Thomas, Executive Vice President and Chief Financial Officer, regarding Minute Items 18-03-4, 18-03-5, 18-03-6, and 18-03-7. Following completion of Mr. Thomas' presentation, Director Walter requested and received from Director Thompson, in his capacity as Chair of the Audit, Risk, and Regulation Committee, the concurrence of the Audit, Risk, and Regulation Committee with management's recommendation that the Dodd-Frank Act's End-User Exemption be included in TVA's FY2019 budget. Director Thompson also reported that the Audit, Risk, and Regulation Committee reviewed matters related to TVA's recognition of regulatory assets and liabilities, and stated the Audit, Risk, and Regulation Committee concurs with the inclusion of these items in the FY2019 budget approval. Following the Board's vote on the items that were the subject of Mr. Thomas' presentation, Director Walter requested and received a report from David Czufin, Senior Vice President, Engineering Operations and Support, TVA Nuclear, regarding Minute Item 18-03-8. Following the Board's vote on Minute Item 18-03-8, Director Walter requested and received a report from Rebecca Tolene, Vice President, Supply Chain, regarding Minute Item 18-03-9. Following the vote on Minute Item 18-03-9, Director Walter reported the Committee has recently discussed TVA's asset strategy, and stated that TVA continuously reviews its operating plants to ensure it has the optimal generating units to provide low cost and reliable power. Director Walter then reported, making particular mention of Paradise Unit 3 and Bull Run, that management discussed the need to evaluate assets in order to determine whether they are economical to maintain, and added the Committee would like to review the results of these studies before arriving at any conclusions.

In response to a question posed by Director Allen, Mr. Johnson stated that the coal plants at Paradise and Bull Run are expected to continue operating pending the conclusion of the previously mentioned studies of economic viability to be undertaken by staff. Mr. Johnson also stated that the final determination of the status of those plants will subsequently be made by the Board.

Copies of the slides used by Mr. Thomas in his reports are filed with the records of the Board as Exhibit 8/22/18B. Copies of the slides used by Mr. Czufin in his report are filed with the records of the Board as Exhibit 8/22/18C. Copies of the slides used by Ms. Tolene in her report are filed with the records of the Board as Exhibit 8/22/18D.

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18-03-4. Financial Performance Update

John Thomas, Executive Vice President and Chief Financial Officer, reported on TVA's financial performance during the first three quarters of FY2018, beginning with highlights and a discussion of the impacts of weather, which he characterized as the warmest in the last fifty years. Mr. Thomas then reviewed the summary income statement and summary cash flow statement for the third quarter, both of which reflected strong performance and improvement over results at this time last fiscal year. Mr. Thomas closed with a summary of actual versus planned results.

In response to a question by Director Frazier, Mr. Thomas explained how consideration of weather fits into TVA's budget preparation process. In response to a question by Director

Lodge, Mr. Thomas explained why TVA is not foregoing a rate increase at this time given current strong financial results.

Copies of the slides used by Mr. Thomas in his report are filed with the records of the Board as Exhibit 8/22/18E.

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18-03-5. Fiscal Year 2019 Financial Plan and Budget

The Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Financial Officer, dated July 25, 2018, and filed with the records of the Board as Exhibit 8/22/18F:

WHEREAS a memorandum from the Executive Vice President and Chief Financial Officer (CFO), dated July 25, 2018 (Memorandum), a copy of which is filed with the records of the Board of Directors as Exhibit 8/22/18F, recommends the approval of the proposed fiscal year (FY) 2019 budget and certain related items as described in the Memorandum including:

- a) Operating and capital budgets for FY 2019; and
- b) Proposed capital projects that exceed \$50 million and acquisition of land rights in connection with certain capital projects; and
- c) FY 2019 Fuel and Purchased Power Contracting Plan; and
- d) FY 2019 Distributed Energy Resources Contracting Plan; and
- e) Retaining for use in the operation of the TVA power system the entire margin of net power proceeds remaining at the conclusion of FY 2019; and
- f) Delegation to the Chief Executive Officer (CEO) (a) to enter into contracts with delivered energy durations of up to 20 years and terms of up to 25 years for wholesale power and energy purchases and other forward capacity agreements, limited to 1,250 megawatts in the aggregate, and (b) to purchase and sell renewable energy and renewable energy credits in quantities sufficient to meet the needs of the customer as described in the June 12, 2015 confidential memorandum to the Board which is attached to the Memorandum as Attachment 5 (the "2015 Memorandum"); and

- g) 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 during FY 2018 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 2019; 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 2019 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 2019; 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 2018 and (2) authorize and direct the CFO to make, or cause to be made, estimated tax equivalent payments to states and counties for FY 2019;

BE IT RESOLVED, That the Board of Directors hereby approves the FY 2019 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 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 or upon such further review of any individual actions which the Board of Directors may subsequently require;

RESOLVED further, That the Board of Directors approves the FY 2019 Fuel and Purchased Power Contracting Plan attached to the Memorandum as Attachment 4;

RESOLVED further, That, in addition to the contracting authorization that would result from approval of the FY 2019 Fuel and Purchased Power Contracting Plan, the Board of Directors delegates to the CEO the authority to enter into contracts for wholesale power and energy purchases and other forward capacity agreements with delivered energy durations of up to 20 years and terms of up to 25 years, limited to 1,250 megawatts in the aggregate, provided that the

CEO notifies the members of the Finance, Rates, and Portfolio Committee prior to entering into any such agreement;

RESOLVED further, That the Board of Directors hereby ratifies contracts for wholesale power and energy purchases and other forward capacity agreements executed under prior versions of the foregoing delegation so long as they are consistent with the foregoing delegation;

RESOLVED further, That, in addition to the contracting authorization that would result from approval of the FY 2019 Fuel and Purchased Power Contracting Plan, the Board of Directors delegates to the CEO authority to enter into contractual arrangements with delivered energy durations of up to 20 years and terms of up to 25 years to purchase and sell renewable energy and renewable energy credits in quantities sufficient to meet the needs of the customer as described in the 2015 Memorandum, with this delegation surviving until the Board withdraws the delegation;

RESOLVED further, That the Board of Directors approves the FY 2019 Distributed Energy Resources Contracting Plan attached to the Memorandum as Attachment 6;

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 2019 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 7 of the Memorandum, (2) TVA's recognizing regulatory assets and liabilities as described in Attachment 7 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 7 of the Memorandum;

RESOLVED further, That the Board of Directors hereby authorizes TVA to use the End-User Exemption during FY 2019 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 2019 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 8 and 9 of the Memorandum are the amounts due and payable for FY 2018 to the respective states and counties named in such schedules;

RESOLVED further, That the Board of Directors authorizes and directs the CFO to make, or cause to be made, payments to states for FY 2019 in accordance with established procedures on the basis of 98 percent of the estimated annual payments to states for FY 2019 and payments to

counties on the basis of 100 percent of the estimated annual payments to counties for FY 2019, until the Board has made a final determination of the respective amounts due for FY 2019;

RESOLVED further, That the CFO shall cause to be explained to the appropriate state and county officials that the payments for FY 2019 are based upon preliminary estimates and are subject to later adjustment.

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18-03-6. Rate Adjustment

The Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief External Relations Officer, dated July 24, 2018, and filed with the records of the Board as Exhibit 8/22/18G:

WHEREAS the terms and conditions to TVA's wholesale power contracts provide that TVA may adjust rates "from time to time... in order to assure TVA's ability to continue to supply the power requirements of (Distributors) and TVA's other customers on a financially sound basis with due regard for the primary objectives of the TVA Act, including the objective that power shall be sold at rates as low as feasible;" and

WHEREAS those terms and conditions also provide for TVA to implement any such adjustment by publishing an Adjustment Addendum, setting forth the adjustments that TVA determines are needed to assure revenues to TVA are adequate to meet TVA Act requirements and bond requirements; and

WHEREAS the rate schedules incorporated into TVA's power supply contracts with its directly served customers also provide for rates to be adjusted as set forth in such an Adjustment Addendum; and

WHEREAS a memorandum from the Executive Vice President and Chief External Relations Officer, External Relations, dated July 24, 2018 (Memorandum), a copy which is filed with the records of the Board as Exhibit 8/22/18G, recommends approval of the proposed Adjustment Addendum attached to that Memorandum and related recommendations described in the Memorandum.

BE IT RESOLVED, That the Board of Directors hereby approves the proposed Adjustment Addendum set forth in Attachment A to the Memorandum, which Adjustment Addendum incorporates the needed adjustments to the wholesale rate schedules and the schedules of customers served directly by TVA to reflect an across-the-board increase in the base rates designed to produce an additional \$199.5 million during TVA fiscal year 2019;

RESOLVED further, That as so approved, the Adjustment Addendum shall remain in effect indefinitely, subject to any future rate change or rate adjustment;

RESOLVED further, That TVA staff is authorized and directed to calculate the retail adjustment amounts needed for each distributor's Adjustment Addendum as described in said Attachment A;

RESOLVED further, That the Vice President, Pricing and Contracts, or that officer's designee, is further authorized and directed to publish the Adjustment Addendum to each distributor and directly served customer.

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18-03-7. Financing Authority

The Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Financial Officer, dated July 23, 2018, and filed with the records of the Board as Exhibit 8/22/18H:

Resolution #1

PROPOSED 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 Power Bond 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 2019 as described in the resolution of the Board of Directors of the Corporation (“Board”) dated August 22, 2018, entitled “FY 19 Financial Shelf - Execution of Other

Financing Arrangements,” and (b) the amount of power bonds issued under the resolution of the Board dated August 22, 2018, entitled “FY 19 Financial Shelf – Reopening of Existing Power Bonds.”

The New Power Bonds must be issued on or before September 30, 2019, 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 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, 2019, 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, 2019, 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, 2019. 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. Holder 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

PROPOSED BOARD RESOLUTION

(FY 19 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 2019 of an additional installment of power bonds under such previously issued Supplemental Resolution and hereby authorizes the Chief Financial 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 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 22, 2018, and (b) the amount of other power financings commenced during fiscal year 2019 as described in the resolution of the Board of Directors dated August 22, 2018, entitled “FY 19 Financial Shelf - Execution of Other Financing Arrangements,” shall not exceed \$2,000,000,000.

Resolution #3

PROPOSED BOARD RESOLUTION

(FY 19 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 22, 2018 (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 Officer approve the issuance of such bonds:

The Chief Financial 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 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 2019) 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 Officer approve using such instruments;

The Chief Financial Officer, the Treasurer, the Controller, the General Counsel, and the Associate General Counsel for Enterprise and Finance, 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

PROPOSED BOARD RESOLUTION

(FY 19 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 22, 2018, and the power bonds issued under the resolution of the Board of Directors dated August 22, 2018, entitled “FY 19 Financial Shelf – Reopening of Existing Power Bonds,” does not exceed \$2,000,000,000, as long as on or prior to September 30, 2019, (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 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 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, 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 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 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, 2019, (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 Officer approve entering into the hedge;

RESOLVED further, That the Chief Financial Officer, the Treasurer, the Controller, the General Counsel, and the Associate General Counsel for Enterprise and Finance, 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.

* * *

18-03-8. Nuclear Fuel Supply Contracts

The Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President, Generation, dated July 31, 2018, and filed with the records of the Board as Exhibit 8/22/18I:

WHEREAS TVA requires low enriched uranium in order to fuel its nuclear power plants; and

WHEREAS TVA requires nuclear fuel free of peaceful use restrictions to support national defense through the tritium program; and

WHEREAS a memorandum dated July 31, 2018, a copy of which is filed with the records of the Board as Exhibit 8/22/18I (Memorandum), recommends that the Board authorize TVA to enter into an interagency agreement with the United States Department of Energy and agreements with (i) Nuclear Fuel Services, Inc., for down-blending services, (ii) Cameco Marketing Inc., for the supply of diluent, (iii) Westinghouse Electric Corporation, LLC for uranium processing, storage, and management, and (iv) Framatome Inc., for uranium storage and management, with all agreements ending on or before December 31, 2040.

BE IT RESOLVED, That, subject to successful negotiations, the Board of Directors hereby authorizes TVA to enter into said agreements. The total combined value of all agreements under this delegation will not exceed \$750 million.

* * *

18-03-9. Integrated Supply Program

The Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President, Operations, dated July 19, 2018, and filed with the records of the Board as Exhibit 8/22/18J:

WHEREAS TVA has an ongoing need for maintenance, repair, and operations (MRO) supplies across the enterprise;

WHEREAS a memorandum from the Executive Vice President, Operations, dated July 19, 2018, and attached hereto as Exhibit 8/22/18J (Memorandum) recommends that the Board authorize TVA to enter into a contract with Wesco Distribution, Inc., for the supply of MRO items and for administrative services in connection with TVA's Integrated Supply Program (ISP), through which MRO supplies are provided to TVA organizations; and

WHEREAS, as described in the Memorandum, the proposed contract will have a contract ceiling of \$800 million and a term of five years with the option to extend for up to an additional five years.

BE IT RESOLVED, That, subject to final negotiations, the Board authorizes the award of a contract to Wesco Distribution, Inc., for MRO supplies and ISP services as recommended in the Memorandum.

* * *

18-03-10. Report of the Audit, Risk, and Regulation Committee

Director Thompson, Chair of the Committee, reported the Committee met August 1 for its quarterly discussions and review of TVA's 10-Q report to be filed with the Securities and Exchange Commission (SEC), and also performed an in-depth review of the performance of Ernst & Young (EY), encompassing the range of services it provides TVA and its fee schedules. Director Thompson, on behalf of the Committee and with the concurrence of the Office of Inspector General, recommended the approval of EY as TVA's external auditor for FY2019 and made a motion for approval of the resolution contained in Minute Item 18-03-11.

Following the vote on Minute Item 18-03-11, Director Thompson stated the Committee fulfilled its oversight responsibilities for financial reporting through its review of TVA's 10-Q report. He reported that TVA's external auditor participated in the Committee's meeting and agreed that the process used by management supports both the integrity of TVA's financial statements and fair disclosure. Director Thompson also reported that TVA's Office of Inspector General provided the Committee with regular updates on a number of topics, including the status

of ongoing investigations. The Committee also discussed TVA's role as a regulator and reviewed the new retail rate requests submitted by local power companies. Director Thompson stated that, in implementing the rate change approved by the Board in May, local power companies can choose from different rate designs, including an option to submit customized solutions. In the case of any retail rate design considered new, special, or novel, the Committee has a responsibility to review and evaluate management's recommendations. Director Thompson stated the Committee agreed with management's assessments of the requests submitted by local power companies, and recommends that any customized retail grid access charge should be based on allocation methodologies that reflect cost causation and are non-discriminatory. Director Thompson stated the Committee will continue to monitor the progress of local power companies' implementation of TVA's May rate change, and will report to the Board as issues arise.

Director Thompson reported the Committee sat in executive session with TVA's external auditors, who offered an independent assessment of TVA's financial reporting, and also with TVA's regulatory assurance group. Director Thompson then reported the Committee determined that he will be named as the Committee's financial expert, and that this information will be included in the next financial report to be filed with the SEC.

* * *

18-03-11. FY2019 External Auditor Selection

The Board adopted the following resolution, as recommended in a memorandum from the Chair of the Audit, Risk, and Regulation Committee, dated August 1, 2018, and filed with the records of the Board as Exhibit 8/22/18K:

WHEREAS in an August 1, 2018, 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 2019;

BE IT RESOLVED, that the TVA Board hereby approves engaging EY as TVA’s external auditor for fiscal year 2019.

* * *

18-03-12. Report of the External Relations Committee

Director Satz, Chair of the Committee, reported the Committee met August 2, then requested and received a report from Mike Skaggs, Executive Vice President, Operations, regarding Minute Item 18-03-13. Following the Board’s vote on Minute Item 18-03-13, Director Satz reported that management provided the Committee with updates on a number of topics, including TVA’s customer contracts, communication efforts, and economic development activities. The Committee also discussed distributed energy resources and the importance of collaborative efforts between TVA and local power companies in developing solutions. Director Satz expressed the appreciation of the Committee for the comments of the Regional Resource Stewardship Council and the Regional Energy Resource Council, and stated the collective advice of these groups is critical to TVA’s effective management of regional resources and energy supply. Director Satz then stated it is his belief that it is important that TVA, as a utility, a promoter of economic development, and an environmental steward, determine how best to

support distributed generation efforts in the Valley, and also stated TVA must work with its local power company partners to adapt to a changing marketplace. Director Satz reported that TVA is working with TVPPA's recently established Distributed Energy Resources (DER) Council to determine what the future of public power will bring and the role distributed energy generation will play, knowing that the current operating model does not reflect how the industry will operate in the future.

Director Satz then discussed increasing the value of TVA's public listening sessions for both stakeholders and the Board, stating that the current format is not working, and reported the Committee proposes moving the listening session to the day before the Board's business meeting to ensure that the comments offered are addressed, responded to as appropriate, and given full consideration in the Board's decision-making process. Director Satz reported the Committee would like to implement this change in association with the Board's next meeting in November.

Copies of the slides used by Mr. Skaggs in his report are filed with the records of the Board as Exhibit 8/22/18L.

* * *

Following completion of the report of the External Relations Committee, Director Howorth stated that after reviewing the work of that committee and the comments of individual directors he accepts adoption of the proposed change for November's listening session as a pilot, explaining that of the many TVA processes that facilitate input from the public, the listening session provides people with a unique opportunity to speak directly to the Board.

* * *

18-03-13. Public Land Protection Policy

The Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President, Operations, dated July 23, 2018, and filed with the records of the Board as Exhibit 8/22/18M:

WHEREAS TVA has been charged by Congress with managing the Tennessee River and its tributaries to improve navigation, provide flood control, provide for the proper use of marginal lands, and other purposes; and

WHEREAS Congress also tasked TVA with land and shoreline management responsibilities, including the acquisition of reservoir areas and protection of watersheds; and

WHEREAS TVA has custody and control of approximately 293,000 acres of federally-owned reservoir property and approximately 470,000 acres of inundated property on behalf of the United States of America and administers various land rights over privately-owned land for the purposes of managing the TVA reservoir system (collectively referred to as TVA public land); and

WHEREAS the TVA Board of Directors (Board) recognized the importance of TVA public land and TVA's duty to manage it wisely for present and future generations through Board support and approval of the Shoreline Management Policy, the Environmental Policy, the Natural Resource Plan, various individual reservoir land management plans and the Comprehensive Valleywide Land Plan, and the Land Policy, as well as TVA's Section 26a regulations; and

WHEREAS TVA manages TVA public land in a way that is sustainable while balancing competing demands; however, TVA experiences challenges associated with activities that abuse or privatize TVA public land or destroy the important resources on that land; and

WHEREAS TVA sought public comment on the proposed Policy Governing the Tennessee Valley Authority's Protection of Public Land and Resources; and

WHEREAS the Board recognizes the importance of TVA public land and resources to the region and to TVA's mission of service and that activities that abuse or privatize TVA public land degrade the quality of the TVA public land, resources, and the user experience;

BE IT RESOLVED, That the Board adopts the Policy Governing the Tennessee Valley Authority's Protection of Public Land and Resources, a copy of which is filed with the records of the Board as Exhibit 8/22/18N, and directs the Chief Executive Officer, or designee, to take such

actions as necessary to implement the Policy, including developing land management regulations;

RESOLVED further, That the Board authorizes the Chief Executive Officer, or designee, to approve land management regulations and amendments thereto and any necessary amendments to TVA's administrative cost recovery regulations for this purpose in a form approved by the Office of the General Counsel.

* * *

18-03-14. Report of the Nuclear Oversight Committee

Director Smith, Chair of the Committee, reported the Committee met July 18 at Browns Ferry Nuclear Plant. He then commented on the successful uprate work recently completed on that plant's Unit 3, adding 150 MW of capacity and paving the way for similar uprates on the plant's other two units. Director Smith stated the work on the remaining units is expected to be completed in the spring on schedule and on budget, and upon completion the uprate project will add a total of 465 MW of carbon-free capacity to the TVA system.

Director Smith stated the Committee has been probing TVA's efforts in selection and training of first-line nuclear supervisors. The Committee believes that first-line supervisors are critical in setting expectations and behavioral norms for workers. Committee members interacted with several first-line supervisors while at Browns Ferry, discussing their personal development and the support they receive from management. The Committee had an opportunity to interact with supervisors and staff engaged with the plant's control room simulator, and Director Smith characterized the knowledge of these individuals and their passion for their work as outstanding.

Director Smith reported that during its meeting the Committee received a required annual report from the Chair of the Nuclear Safety Review Board, who provided a high level summary of the important performance challenges faced by each of TVA's nuclear plants. The Committee also spent time reviewing overall nuclear fleet performance, and Director Smith stated that performance is beginning to stabilize after a period of noteworthy improvement. Director Smith then reported that the Nuclear Regulatory Commission (NRC) recently completed an inspection at Watts Bar Nuclear Plant, and the World Association of Nuclear Operators (WANO) also completed a peer review of Watts Bar in March. Both reviews confirm progress has been made in the overall work environment, but there are areas for improvement.

* * *

18-03-15. Report of the People and Performance Committee

Director Lodge, Chair of the Committee, reported the Committee met August 2 then, on behalf of the Committee, congratulated TVA on receiving the Extraordinary Employer Support Award from the United States Department of Defense. Director Lodge reported that during its quarterly meeting the Committee received an annual report on TVA's workplace reflecting a multi-year trend of improvement in its workplace environment. The Committee also reviewed TVA's safety program and the results of that review indicate TVA is making progress. In addition, Director Lodge reported the Committee performed its annual review of TVA's independent compensation consultant. At this point Director Lodge requested and received a report from John Thomas, Executive Vice President and Chief Financial Officer, regarding Minute Items 18-03-16 and 18-03-17. Following the Committee's votes on Minute Items 18-03-16 and 18-03-17, Director Lodge introduced and moved for the approval of Minute Item 18-03-

18. Following the vote on Minute Item 18-03-18, Director Lodge requested and received a report from Sue Collins, Executive Vice President and Chief Human Resources Officer, regarding Minute Item 18-03-19.

Copies of the slides used by Mr. Thomas in his reports on Minute Items 18-03-16 and 18-03-17 are filed with the records of the Board as Exhibit 8/22/18O. Copies of the slides used by Ms. Collins in her reports on Minute Item 18-03-19 are filed with the records of the Board as Exhibit 8/22/18P.

* * *

18-03-16. Winning Performance Team Incentive Plan and Executive Annual Incentive Plan Corporate Multiplier Performance Measures and Goals for FY 2019

The Board adopted the following resolution, as recommended in a memorandum from the President and Chief Executive Officer, dated July 25, 2018, and filed with the records of the Board as Exhibit 8/22/18Q:

WHEREAS in a memorandum dated July 25, 2018, a copy of which is filed with the records of the Board as Exhibit 8/22/18Q (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 2019; and

WHEREAS the People and Performance Committee has reviewed the Corporate Multiplier performance measures and goals for FY 2019, 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 2019 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 performance measures and goals for FY 2019 to be used with the Corporate Multiplier in determining incentive awards under the WPTIP and EAIP.

* * *

18-03-17. Executive Long Term Incentive Plan Measures and Goals

The Board adopted the following resolution, as recommended in a memorandum from the President and Chief Executive Officer, dated August 10, 2018, and filed with the records of the Board as Exhibit 8/22/18R:

WHEREAS in a memorandum dated August 10, 2018, a copy of which is filed with the records of the Board as Exhibit 8/22/18R (Memorandum), the Chief Executive Officer (CEO) recommended approval of the following Long-Term Incentive Plan (LTIP) performance measures for the FY 2019 - FY 2021 performance cycle: Non-Fuel Delivered Cost of Power, Load Not Served, and External Measures; and

WHEREAS the CEO also recommended approval of the replacement of the Wholesale Rate Excluding Fuel measure and related goals with the Non-Fuel Delivered Cost of Power measure and related goals for the FY 2017 - FY 2019 and FY 2018 - FY 2020 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 of FY 2019 - FY 2021, the Board approves the Non-Fuel Delivered Cost of Power, Load Not Served, and External Measures metrics and goals (including accompanying definition sheets) as set forth in the Memorandum and Attachment A thereto;

RESOLVED further, That the Board approves the incorporation of the Non-Fuel Delivered Cost of Power measure and related goals as a replacement for Wholesale Rate Excluding Fuel measure and related goals in the FY 2017 - FY 2019 and FY 2018 - FY 2020 cycles, as set forth in the Memorandum and Attachment B thereto.

* * *

18-03-18. Amended and Restated Executive Long-Term Incentive Plan

The Board adopted the following resolution, as recommended in a memorandum from the Chair of the People and Performance Committee, dated August 21, 2018, and filed with the records of the Board as Exhibit 8/22/18S:

WHEREAS the People and Performance Committee (Committee), together with its independent consultant Frederic W. Cook & Co., Inc., has reviewed the Long-Term Incentive Plan (LTIP) that became effective as of October 1, 2015; and

WHEREAS in a memorandum dated August 21, 2018, a copy of which is filed with the records of the Board as Exhibit 8/22/18S (Memorandum), the Committee recommends approval of an amended and restated LTIP;

WHEREAS the LTIP provides incentives that are similar in nature to the incentives provided under the Executive Long-Term Incentive Plan (ELTIP), Long-Term Retention Incentive Plan (LTRIP), and Long-Term Deferred Compensation Plan (LTDCP) and was designed to replace these plans;

BE IT RESOLVED, That the Board approves the amended and restated LTIP as set out in the Memorandum;

RESOLVED further, That the Board approves the termination of the ELTIP, LTRIP, and LTDCP.

* * *

18-03-19. Health Savings Account Administration Contract

The Board adopted the following resolution, as recommended in a memorandum from the Senior Vice President and Chief Human Resources Officer, dated July 11, 2018, and filed with the records of the Board as Exhibit 8/22/18T:

WHEREAS TVA provides health savings accounts for employees and non-Medicare retirees enrolled in TVA's Consumer-Directed Health Plan; and

WHEREAS a memorandum dated July 11, 2018, a copy of which is filed with the records of the Board as Exhibit 8/22/18T (Memorandum), recommends that the Board authorize TVA to enter into a new contract for health savings accounts with TVA's current provider of health savings accounts, HSA Bank, from January 1, 2019 through December 31, 2021, with a TVA option to extend up to four additional years, and with a total contract amount not to exceed \$53,708,000.

BE IT RESOLVED, That subject to any needed final negotiations, the Board approves entering into a contract with HSA Bank for health savings accounts as recommended in the Memorandum.

* * *

The meeting was adjourned at 1:13 p.m. (EDT).