

Minutes of the Texas Permanent School Fund Corporation
Board of Directors
June 16, 2022

The Board of Directors of the Texas Permanent School Fund (PSF) Corporation met at 9:13 a.m. on Thursday, June 16, 2022, in Room #1-104 of the William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas. Attendance was noted as follows:

Present: Tom Maynard, Lawrence A. Allen, Jr., Keven Ellis; Patricia Hardy; Marisa Perez-Diaz; Todd Williams; Brad Wright

Public Testimony

The Board of Directors received no presentations of public testimony.

Tom Maynard, Chair of the Texas Permanent School Fund Corporation Board of Directors, requested a roll call. It was determined that the number of board members present constituted a quorum of the board.

ACTION ITEMS

1. Approval of Minutes, Meeting of the Board of Directors, April 7, 2022 (Discussion and Possible Action)

MOTION AND VOTE: *It was moved by Mr. Wright and seconded by Mr. Allen and carried without objection to approve the minutes from the of the April 7, 2022, meeting of the Texas Permanent School Fund Corporation (Corporation) Board, as printed.*

DISCUSSION ITEM

2. Selection of Board Terms for Appointed Members (Discussion and Possible Action)

Mr. Maynard called on Chuck Campbell, Fiduciary Counsel, Jackson Walker LLP, to explain the statutory requirements and process of selecting term lengths for the appointed members of the board.

The three term expiration dates were place inside separate envelopes. The selection order was based on the alphabetical order of the members last names and Ms. Hardy was chosen by the chair to select the envelopes for the members not physically present at the meeting. Commissioner Bush's to be determined appointment was given the term ending January 1, 2025; Mr. Todd Williams was given the term ending January 1, 2023; and Mr. Brad Wright was given the term ending January 1, 2027.

MOTION AND VOTE: *It was moved by Mr. Wright and seconded by Ms. Perez-Diaz and carried without objection to approve the board terms for appointed members as presented by staff and selected by lot.*

3. Review of PSF (SBOE) Distribution Process (Discussion Only)

Mark Shewmaker, fixed income portfolio manager and managing director of special projects, gave a presentation summarizing the process followed by the State Board of Education in making distributions from the Permanent School Fund (PSF) to the Available School Fund (ASF).

Additionally, Rusty Martin, chief investment officer at the General Land Office, answered questions about the process used by the School Land Board in making distributions from the PSF to the ASF.

4. Discussion on PSF Corporation Ethics Policy (Discussion Only)

Holland Timmins, chief executive officer, provided an overview of the best practices in the investment world and among peer organizations related to ethics policies. He reported that a first draft of the Corporation policy language would be presented for discussion at the September board meeting.

Mr. Timmins called on Mr. Campbell to provide additional information regarding the policy development process, policy goals, required content, provisions in the law and related best practices.

5. Discussion of Investment Policy (Discussion Only)

Katie Reissman, managing director of fixed income and Erin Wedepohl, managing director of private equity provided an overview of the Investment Policy Statement. Ms. Reissman discussed the purpose and qualities of an effective Investment Policy Statement. Ms. Wedepohl then provided an overview of the existing structure and outlined improvements to be considered as the board develops the Investment Policy Statement for the Texas Permanent School Fund Corporation.

ACTION ITEM

6. Selection of Location and Facilities for Operations of the Corporation (Discussion and Possible Action)

The Board of Directors of the Texas Permanent School Fund Corporation entered into executive session at 10:13 a.m. pursuant Texas Government Code §551.072 to deliberate the purchase, exchange, lease, or value of real property. Board of Directors entered into open session at 11:36 a.m. No action was taken in closed session.

MOTION AND VOTE: *It was moved by Mr. Wright and seconded by Ms. Hardy and carried without objection to authorize the CEO to execute the lease for facilities of the Corporation on the terms presented to the Board, subject to negotiations and legal review, and perform all duties necessary to accomplish such task.*

DISCUSSION ITEM

7. Overview of PSF Asset Allocation (Discussion Only)

Mr. Timmins called on Keith Stronkowsky, senior consultant at NEPC, to give a presentation on the Long-Term Asset Allocation of the Texas Permanent School Fund. Mr. Stronkowsky provided an overview of the asset allocation process then provided an overview of current market themes and asset class assumptions that go into recommendations.

8. Report of the CEO (Discussion Only)

Mr. Timmins acknowledged the Texas Permanent School Fund staff for all of their hard work and commitment to the transition efforts and goals of the fund.

The meeting of the Board of Directors of the Texas PSF Corporation adjourned at 12:02 p.m.