Texas PSF Corporation

Board Meeting Recap
December 4, 2025

SUMMARY

- The Texas PSF Corporation Board of Directors met Thursday, December 4, 2025, in person and by videoconference at the Innovation Tower Building (1300 Red River St., Suite 700, Austin).

- A recorded webcast of this and previous archived meetings can be viewed at: https://www.youtube.com/watch?v=mqDjbl15jSM

NEXT BOARD MEETING

- The next regular board meeting is set for February 19, 2026. The meeting location and agenda will be posted to the Texas PSF Corporation website in advance. www.texaspsf.org/meetings

MEETING HIGHLIGHTS

REPORT FROM THE CEO

CEO/CIO Bob Borden provided updates on investments, management and administration across the Corporation's six strategic goals:

Optimize Asset Allocation: Resilient capital markets have yielded strong returns across most asset classes. Mr. Borden noted that in Q1 of 2026 Texas PSF will take the final step in aligning its asset allocation with elite endowment peers. Also, this year all three major credit rating agencies affirmed the Bond Guarantee Program's AAA rating, and Texas PSF is working with the agencies to better understand the nuances of their rating work and educate them on the BGPs mechanics.

Improve Portfolio Implementation: The Corporation continues to dismantle ineffective investment cost structures, removing layers of unnecessary fees resulting in significant savings. At the same time, the Fund is maximizing cost-effectiveness by leveraging the Fund's scale to secure premium strategic partnerships and co-investments.

Strengthen Corporate Governance and Attract, Develop and Retain Talent: Mr. Borden stated that 2025 saw the development of both the Ethics Policy and the first-ever Board Governance Manual. On recruiting, he showcased the successful partnerships being developed with Texas universities, noting the early success of the internship program in providing a talent pipeline to the Fund.

Enhance Communications and Fortify Internal Controls: Mr. Borden described communications enhancements in 2025, including a monthly board newsletter and quarterly updates to the State Board of Education. He also noted the ongoing development of the 2026 audit plan and highlighted $2.5 million in annual savings from IT application consolidation.

PROXY VOTING AUDIT - BOWYER RESEARCH

Jerry Bowyer summarized his audit of the PSF's proxy votes cast by ISS this season on Texas PSF's behalf, using Bowyer' Research's "fiduciary-focused" guidelines, which intend to center vote decisions based soley the financial interest of shareholders. Mr. Bowyer noted that over 30,000 proxies were voted on behalf of the PSF; the audit found just two votes cast out of line with Bowyer recommendations.

REPORT OF THE INVESTMENT CONSULTANT - NEPC

Phil Nelson of NEPC presented their market outlook for 2026. Mr. Nelson stated that while equity markets have hit all-time highs globally, they do not view this as a "bubble" because underlying fundamentals, including earning profiles, remain solid. He noted that inflation is an outlier risk and there is significant uncertainty surrounding Federal Reserve action; nevertheless, a rate cutting cycle has begun.

Looking forward, NEPC advises Texas PSF to embrace diversification, take opportunities to be a liquidity provider, maintain robust equity exposure which is currently offering upside risk; and to "be boring" -- in a volatile and uncertain market, don't stretch for returns and take unnecessary risks.

UPDATE ON REAL ESTATE & REAL ASSETS

Nick Tramontana, Senior VP of Real Estate and Real Assets (RE/RA), gave an comprehensive overview of these asset classes. Texas PSF's RE/RA program represents $11.6 billion across four discrete portfolios: core real estate, non-core real estate, infrastructure and natural resources. The portfolios have outperformed benchmarks in nearly all time periods.

Mr. Tramontana noted that the RE/RA program was mature, with asset classes either at or near the Fund's long-term allocation targets (20% compared to a 22% target). In real estate, the RE/RA team sees growth in demographic-driven rather than GDP-dependent investments -- for ex., medical offices and senior housing. Real assets are experiencing excellent returns currently, but the team sees ongoing opportunities, particularly with an projected $106 trillion in potential infrastructure investment demand by the year 2040 across utilities, transportation, power and digital sectors.

DISCUSSION ON GOVERNANCE MANUAL

The board discussed final amendments to its first-ever Board Governance Manual, and voted unanimously to adopt it.

COMMITTEE REPORTS

The Budget & Compensation, Strategic Planning & Policy and Audit & Ethics committees reported to the full board on their committee discussions and current work.