Texas PSF Corporation

Board Meeting Recap
February 1, 2024

TEXAS PSF
EST. 1845

SUMMARY

- The Texas PSF Corporation Board of Directors met Thursday, February 1 in-person at the William B. Travis Building.
- A recorded webcast of this and previous archived meetings can be viewed at: adminmonitor.com/tx/tea

NEXT BOARD MEETING

- The next regular board meeting is set for April 11, 2024. The meeting location and agenda will be posted to the Texas PSF Corporation website in advance. www.texaspsf.org

MEETING HIGHLIGHTS

Item: Consideration of the Texas PSF Strategic Plan

- Chief Executive Officer Robert Borden presented the Texas PSF mission and vision statements, core values and strategic plan.
- Mr. Borden stated that the Texas PSF strategic plan would shape long-term direction, inform the budget and guide daily priorities.

Board action: A motion to approve the strategic plan passed unanimously.

Item: Review and Recommendations on Investment Policy and Asset Allocation Targets

- Chief Executive Officer Robert Borden provided an overview of the proposed changes to the fund's asset allocation, noting that consideration is given to peer performance, bond guarantee ability, and liquidity.
- He provided an overview of private credit, including investment opportunities, potential yields and spreads relative to other fixed income classes.
- Mr. Borden noted that on an annualized basis, the proposed targeted weights increase the expected rate of return from 6.6% to 7.05%, one-half of a percentage point of return.

Board action: A motion to amend the Investment Policy with the proposed asset allocation targets, ranges, and benchmarks passed.

Item: Review and Recommendation of Interim Performance Incentive Pay Plan

- Chief Executive Officer Robert Borden provided an overview of the legacy performance incentive plan and noted that the transition away from the Texas Education Agency had rendered the plan obsolete.
- He stated that the organization does not currently have a performance incentive plan in place which could severely impact the fund's ability to attract and retain talent.
- He discussed the need for a long-term incentive plan that meets the organization's current and future needs.
- Following this, he proposed an interim performance pay plan period that would run from July 1 through June 30, 2024, and would facilitate a partial year compensation calculation from Oct. 1 through June 30, 2024.

Board action: A motion to approve adoption of the Texas PSF Interim Performance Pay Plan passed.

Item: Report of the Chief Executive Officer Regarding Matters Relating to the Management of Texas PSF.

- Mr. Borden introduced Stuart Bohart, Deputy Chief Investment Officer, Strategic Partnerships and Absolute Return.
- Mr. Borden provided an overview of fund performance through December 31, 2023, noting total return of 9.34% versus the composite benchmark of 8%.

Board action: None