Texas PSF Corporation

Board Meeting Recap
May 22, 2025

SUMMARY

- The Texas PSF Corporation Board of Directors met Thursday, May 22, 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/live/W2CgBQntmIg

NEXT BOARD MEETING

- The next regular board meeting is set for August 21, 2025. 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 Borden provided highlights from the Corporation's Strategic Plan since the February meeting, including:

Performance: Mr. Borden provided a Fund performance overview, noting the 1-year return of 4.65%, 0.49% in excess of the benchmark of 4.16%, Performance relative to the Fund's peers also has shown significant improvement due to implementation of asset allocation changes.

Legislative: He provided a legislative update on the Corporation's budget request and relevant policy legislation, including divestment from the People's Republic of China.

Personnel: Mr. Borden noted the hiring of a General Counsel and private credit analyst, as well as the completion of extensive technical training for staff. He cited the success of the University Outreach program, which has helped make this summer's Internship class the largest in PSF history.

Governance & Internal Controls: The Bond Guarantee Program received a clean audit from the State Auditor's Office for FY2024. Finally, Mr. Borden noted ongoing staff and board work on both the ethics policy and board governance manual.

REPORT OF THE INVESTMENT CONSULTANT

NEPC's Rhett Humphries discussed recent moves in equity markets. He noted that decreases in US equities with offsetting gains in international and emerging markets has been driven largely by US dollar depreciation, as currency traders reacted to assumed inflationary effects of US tariffs.

Mr. Humphries described the extreme 1st quarter volatility in equity markets, noting that it has been matched only twice in recent memory -- in 2008 leading into the great financial crisis of 2008 and 2020 in the pandemic aftermath.

He also reviewed the bond market and noted that the PSF's moves into Private Credit coincides with NEPC's advice on the opportunities in that asset class.

UPDATE ON DEBT, CREDIT AND STRATEGIC PARTNERSHIP PROGRAMS

John Newell, VP of Debt, gave an update on the Debt asset class. He noted the key role Debt plays in an asset allocation in providing liquidity and diversification, which greatly supports the Bond Guarantee Program.

Since Q1 of 2024, the Debt program has been restructured, consolidating all Debt investments under one team. Texas PSF also transitioned to external Core Fixed Income mandate, reducing internal operational complexity and allowing the team to focus on higher excess return strategies.

Mr. Newell described the accelerated buildout of the Private Credit portfolio, which has featured $4.1 billion in commitments across 20 investment vehicles since January 2024. Finally, he outlined five new Strategic Partnerships, which leverage the PSF's scale to create unique opportunities, reduce fees and provide valuable knowledge transfers.

MEETING DATES FOR CALENDAR YEAR 2026

February 19
May 14 (amended from May 21)
August 20
December 3

Board Action: After discussion, the board adopted the meeting dates as amended. Committee meeting dates, proposed to occur one day prior to board meetings, were left open for future discussion with committee chairs.

COMMITTEE REPORTS

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

Highlights include: high-level reviews of the board governance manual, committee charters, ethics policy and Investment Policy Statement; overview of the new personnel performance evaluation system and implementation of new budgeting infrastructure; and updates on the internal audit plan.