Texas PSF Corporation

Board Meeting Recap
November 21, 2024

TEXAS PSF EST. 1845

SUMMARY

- The Texas PSF Corporation Board of Directors met Thursday, November 21, 2024, 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 February 20, 2025. The meeting location and agenda will be posted to the Texas PSF Corporation website in advance. www.texaspsf.org

MEETING HIGHLIGHTS

ITEM: REPORT FROM THE CEO

CEO/CIO Bob Borden provided an update on Fund performance over the prior 12 months, as well as the significant progress made on Texas PSF's comprehensive strategic plan. Overall highlights include:

- Portfolio returns over the trailing 12 months were **13.6%**, greatly exceeding benchmark of 12.6%.
- This translates to approximately **$7 billion** in increased asset value; averaged daily, this growth covered Texas PSF operational expenses in just a few days.
- The State Board of Education is positioned to adopt a record-high distribution rate to the Available School Fund which, combined with distributions made by the board, are expected to total **$4.8 billion** for the 2026-27 biennium.

CEO/CIO Borden highlighted progress on strategic plan goals, including:

- Infrastructure and natural resources: the Fund is moving assets into digital infrastructure and power generation.
- Private equity, private credit: Significant progress has been made in increasing allocations to these two asset classes. Investments have been made at 3X the pace from the prior year, closing 2/3 of the gap to allocation targets.
- Internal controls and governance: The internal audit function has been created; external auditor KPMG hired; and robust IT infrastructure is continuing to be built out.
- Talent development: Internal investment talent efforts are being directed to complex co-investments and strategic partnerships. The creation of a comprehensive staff development program is underway.
- Facility: The Innovation Tower build-out is nearly complete, on-time and on-budget. Corporate staff will be fully housed in the new office space by January 31, 2025.

ITEM: MEETING DATES FOR CALENDAR YEAR 2025

The Board of Directors adopted a new meeting schedule for calendar year (CY) 2025 that includes four sets of dates, corresponding to the fund performance measurement cycle. Committee meetings will occur on the day prior to the full board meeting:

February 19th – Committees
February 20th - Board

May 21st – Committees
May 22nd - Board

August 20th – Committees
August 21st – Board

December 3rd - Committees
December 4th - Board

Board Action: The Board approved meeting dates for CY 2025.

ITEM: APPROVAL OF THE INTERNAL AUDIT CHARTER

The Interal Audit charter was presented to the board, outlining the function as an independent and objective assurance and consulting activity guided by a philosophy of adding value to improve the operations of the Fund.

The Chief Audit Officer reports functionally to the Audit Committee and administratively to the CEO/CIO.

Board Action: The Board approved the internal audit charter.

ITEM: COMMITTEE REPORTS

Chairs of the Audit & Ethics, Budget & Compensation and Strategic Planning and Policy committees reported to the full board on their committee discussions, and highlighted successes over the past year.