Minutes of the Texas Permanent School Fund Corporation

Board of Directors

December 4, 2025

The Board of Directors of the Texas Permanent School Fund Corporation ("Texas PSF") met at 10:02 a.m. on Thursday, December 4, 2025, in the Executive Board Room, Room #756 of the Innovation Tower, 1300 Red River, Suite 700, Austin, Texas.

Present: Tom Maynard; Brad Wright; Aaron Kinsey (virtual); Jeff Gordon and Jennifer Jones for Dawn Buckingham; Keven Ellis (virtual); Marisa Pérez-Diaz (virtual); and Jim Stanislaus (virtual)

Public Testimony

The Board of Directors received no presentations of public testimony.

ACTION ITEMS

1. **Discussion and Action Related to the Minutes of August 21, 2025, October 15, 2025, and November 5, 2025, Meetings**

   MOTION AND ACTION: It was moved by Brad Wright, seconded by Jennifer Jones, and carried without objection to approve the minutes of August 21, 2025, October 15, 2025, and November 5, 2025, meetings of the Texas PSF Corporation Board of Directors, as written.

2. **Receive Report from the Chief Executive Officer Regarding Investment, Management, and Administration of the Texas PSF**

   Robert Borden presented an overview of the organization's continued financial strength and strategic advancement, noting that resilient market conditions and disciplined execution have driven strong multi-asset returns and long-term outperformance relative to policy benchmarks. Mr. Borden highlighted the reaffirmed AAA status of the Bond Guarantee Program which underscores ongoing credit stability. Mr. Borden stated progress in optimizing asset allocation, strengthening risk management, enhancing portfolio implementation, and advancing major initiatives such as Texas First. He emphasized key governance improvements including updated policies and expanded board committee structures. He noted the significant investments in talent development, organizational culture, communications, and internal control, including I.T. consolidation and cybersecurity enhancements, demonstrating steady momentum across all six strategic goals and reinforcing the fund's commitment to long-term value for Texas public education.

3. **Receive Proxy Analysis Report**

   Jerry Bowyer presented the annual proxy voting audit. Mr. Bowyer emphasized that because Texas PSF directly owns shares, voting is a core fiduciary duty. The audit evaluated whether the proxy advisor implemented the Board's guideline "matrix" adopted last year, and whether the resulting votes were consistent with the Board's stated intent and relevant Texas legislation. He noted that the Texas PSF's philosophy centers on maximizing shareholder value and avoiding dilution of that focus by non-financial considerations; accordingly, the audit interpreted alignment with Texas Senate Bill 2337. Audit results showed 99.3% alignment by the proxy advisor with the Board's guidelines, with only two "misvotes" identified, both involving complex proposals and are now under follow-up with the proxy advisor. The Board was commended for its direct and accountable approach to proxy voting, which contrasts with industry norms and demonstrates strengthened governance.

4. Receive Report of the General Fund Consultant

The Board received a market and asset-allocation outlook from the general fund consultant's delegate, who provided an update on key themes shaping the investment environment. The consultant reported no indications of an equity bubble, noting that recent market gains among major U.S. technology names are supported by strong earnings rather than excessive valuations. He noted that while inflation remains a potential risk factor, but near-term conditions show stabilization, with fiscal stimulus, improving bank lending conditions, and an ongoing Federal Reserve rate cutting cycle contributing to positive economic momentum. He highlighted persistent market concentration in a small number of companies, emphasizing the need to balance tracking error tolerance with long-term return objectives. Looking ahead, the team recommended maintaining diversification, preserving liquidity to capitalize on potential credit-market dislocations, and increasing focus on active management in both public and private markets given elevated valuations across asset classes.

5. Receive Presentation on Real Assets/Real Estate Asset Class

Nick Tramontana provided an annual review of the Real Estate and Real Assets Program, totaling $11.6 billion across four mature and diversified portfolios: Core Real Estate, Non-Core Real Estate, Infrastructure, and Natural Resources. Mr. Tramontana reported strong relative performance across nearly all time periods and noted that allocations remain close to long-term targets. He highlighted meaningful progress integrating legacy General Land Office portfolios, building a comprehensive database of underlying holdings, and deploying $3.5 billion in new commitments and co-investments over the past 18 months. Mr. Tramontana noted real estate valuations appear to have stabilized following a broad market correction and expressed cautious optimism about forward opportunities. He emphasized that the infrastructure and natural resources portfolios continue to benefit from long-term demand, such as energy, digital infrastructure, and critical minerals, and have delivered strong returns. Overall, the program was described as well-positioned, and supported by a strengthened internal team, with more tailwinds than headwinds anticipated in the coming period.

6. Discussion and Action Related to the Board Governance Manual

The Board reviewed the red-lined Board Governance Manual.

MOTION AND ACTION: Brad Wright moved, and Jennifer Jones seconded, that the Board review and adopt the Texas Permanent School Fund Corporation Board Governance Manual, as may be amended. The motion moved into discussion.

Jennifer Jones moved, and Brad Wright seconded, to adopt adding a proposed footnote to sections 1(B)(3)(b)(iii) and 1(B)(3)(b)(iv) of the Board Governance Manual. The motion to adopt carried unanimously without objection.

Aaron Kinsey moved, and Keven Ellis seconded, to adopt Option A for 1(C)(3)(b)(i)(b) of the Board Governance Manual. The motion to amend moved into discussion; the motion carried without objection.

Aaron Kinsey moved, and Keven Ellis seconded, to amend Section 1(C)(4)(b)(i) of the Board Governance Manual by inserting the language, "Each agenda shall include language permitting the

Board to convene in executive session to address matters relating to personnel or real property." The motion moved into discussion. After discussion, the motion was put to a vote and did not pass.

Aaron Kinsey moved, and Jennifer. Jones seconded, to adopt Section 1(C)(4)(a)(v) of the Board Governance Manual. The motion moved into discussion. After discussion, the motion was put to a vote and did not pass.

Jennifer Jones moved to amend Section 2(C)(1)(b) of the Board Governance Manual. The motion was not seconded. The motion failed.

Cliff Thomas moved, and Jennifer. Jones seconded, to amend Section 2(C)(1)(c) of the Board Governance Manual by inserting "two weeks" before the Board meeting. The motion carried without objection.

Cliff Thomas moved, and Jennifer Jones seconded, to amend Section 3(A)(5)(d) of the Board Governance Manual by striking "Recommend" and inserting "Provide." The motion carried without objection.

Brad Wright moved, and Cliff Thomas seconded, to amend Section 3(B)(2)(d) of the Board Governance Manual by inserting, "taking into account recommendations of the Budget and Compensation Committee." The motion carried without objection.

Brad Wright moved, and Cliff Thomas seconded, to amend Section 2 of the Texas Permanent School Fund Corporation Budget and Compensation Committee Charter appendix of the Board Governance Manual by inserting an additional subsection to include the language, "Provide recommendation to the Board regarding the performance evaluation and compensation of the CEO." The motion carried without objection.

Jennifer Jones moved, and Brad Wright seconded, to amend Exhibit A of the Board Governance Manual by aligning the Certificate of Formation and Bylaws cadence with the Governance Manual cadence. The motion was objected to for further clarification, the motion moved into discussion. Following discussion and further clarification, the motion carried.

Cliff Thomas moved, and Aaron Kinsey seconded, to amend Exhibit A of the Board Governance Manual by striking the cadence of the Investment Policy Statement from "Annually/Biennially" and replacing with "Every Odd Numbered Year." The motion carried without objection.

Aaron Kinsey moved, and Brad Wright seconded, to amend the Description and Purpose of Report of the Market and Portfolio Update of Exhibit 1 of Section 1 of the Board Governance Manual by striking "not reported in routine reports." The motion carried without objection.

Aaron Kinsey moved, and Brad Wright seconded, to amend section 4(C)(1)(a)(i) of the Board Governance Manual by inserting the language, "as well as the current investment allocations in the Investment Policy Statement." The motion carried without objection.

Aaron Kinsey moved, and Brad Wright seconded, to amend the Investment Policy and Asset Allocation list in Exhibit 3 of Section 4 of the Board Governance Manual by inserting, "Securities Lending." The motion moved into discussion. After discussion, the motion carried without objection.

Aaron Kinsey moved, and Keven Ellis seconded, to amend the Texas Permanent School Fund Corporation Strategic Planning and Policy Committee Charter appendix of the Board Governance

Manual by inserting the language, "Investment Policy Statement (IPS). Regularly monitor the effectiveness and efficiency of the IPS and risks thereof." The motion was objected. The motion moved into discussion. After discussion, the motion was put to a vote and did not pass.

The main motion, as amended, carried without objection.

7. Receive Report from Budget and Compensation Committee Chair

Mr. Wright noted that the Budget and Compensation Committee convened and received an update on the bond guarantee program, discussed ongoing engagement with credit rating agencies, and reviewed the budget and appropriations process. The committee addressed the development of the FY 2026 budget, preliminary planning for the 2028–2029 biennium, and related staffing and strategic considerations. The committee also reviewed its charter and upcoming meeting agenda.

8. Receive Report from Strategic Planning and Policy Committee Chair

Mr. Kinsey noted that the Strategic Planning and Policy Committee convened and received updates consistent with prior CEO remarks and reviewed the proxy voting report provided to the Board. The committee discussed progress on the strategic plan, including efforts to further professionalize the organization, maintain strategic focus for 2026, and improve communication between the committee and staff regarding major initiatives. The committee also reviewed the newly adopted governance manual, its own charter, and the proposed agenda and meeting calendar for upcoming sessions. No action was taken.

9. Receive Report from Audit and Ethics Committee Chair

Mr. Ellis noted that the Audit and Ethics Committee convened and received remarks from the CEO and an annual risk assessment. KPMG provided an update on the financial audit, noting that the audit is progressing smoothly with no significant findings to date. The committee reviewed updates from the Chief Audit Officer, including the FY 2025 post payment audit timeline and satisfactory results from completed internal audits. The committee received compliance and ethics updates, including full training completion, expanded compliance capabilities, and enhancements to monitoring and technology controls. Cybersecurity updates were provided, and directors were informed of an optional monitoring service. The committee also reviewed proposed charter updates and the preliminary agenda for the upcoming year. No actions were taken.

10. Discussion and Action Regarding Upcoming Agenda and Calendar

The Board discussed proposed adjustments to the scheduling of committee meetings.

MOTION AND ACTION: It was moved by Brad Wright, seconded by Jennifer Jones, and carried without objection to approve November 12th, 2026 as the committee date for the December committee meetings.

The meeting was adjourned at 1:21 p.m.