Minutes of the Texas Permanent School Fund Corporation

Board of Directors

February 19, 2026

The Board of Directors of the Texas Permanent School Fund Corporation ("Texas PSF") met at 10:03 a.m. on Thursday, February 19, 2026, in the Executive Board Room, Room #756 of the Innovation Tower, 1300 Red River, Suite 700, Austin, Texas.

Present: Tom Maynard; Dawn Buckingham; Cliff Thomas; Will Hickman; Brad Wright (virtual); Aaron Kinsey (virtual); 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 December 4, 2025, Meeting**

   MOTION AND ACTION: It was moved by Dawn Buckingham, seconded by Will Hickman, and carried without objection to approve the minutes of the December 4th, 2025, meeting 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 provided a high-level update on progress related to Texas PSF's strategic plan initiatives, current fund performance and market conditions. Mr. Borden highlighted the progress against the strategic plan initiatives, including organizational development, talent recruitment and staff training, investment operations, and partnerships. Mr. Borden summarized recent fund performance and market conditions and discussed ongoing efforts to optimize asset allocation, reduce investment costs, strengthen due diligence processes, and improve investment reporting and risk management practices. He identified upcoming work on the legislative appropriations request (LAR) and development of risk reporting. Mr. Borden also provided an update regarding ongoing engagement with credit rating agencies related to Texas PSF's AAA credit rating and the capacity of the bond guarantee program (BGP), including efforts to improve liquidity modeling and long-term planning. He noted anticipated items for Board consideration, including proposed strategic asset allocation and benchmark updates and related revisions to the Investment Policy Statement (IPS).

3. **Receive Report of the General Fund Consultant**

   NEPC provided an overview of current market and economic conditions, focusing on the concentration of market growth among major technological companies and the significant impact of artificial intelligence (AI) investments on the economy. Discussion included the rapid expansion of AI related infrastructure spending, and its effects on employment and industry growth. NEPC also reviewed trends in the private credit market, noting increased credit events while emphasizing that risks remain diversified across investors. Additional discussion addressed federal fiscal policy, rising deficits, and growing U.S. debt levels, noting risks related to inflation, interest rates, and economic sustainability. NEPC concluded by discussing the importance of maintaining a diversified investment strategy and noted that the organization's ongoing contribution inflows provide flexibility in managing long-term portfolio risk.

4. Discussion and Action Related to Investment Policy Statement

Jared Stout and Lane Arnold summarized the proposed updates to the Investment Policy Statement, including revisions to the strategic asset allocation and related benchmark changes, presented revisions to investment benchmarks to better align with the Fund's structure, along with broader IPS updates incorporating governance changes, securities lending provisions, leverage guardrails, and drafting clarifications. The Board further discussed portfolio diversification, liquidity management, private market exposure, benchmark methodology, and investment oversight practices.

MOTION AND ACTION: It was moved by Brad Wright, seconded by Aaron Kinsey, and carried without objection to adopt the Texas Permanent School Fund Corporation asset allocation targets and benchmark changes as reflected in the revised Appendix 1 to the Investment Policy Statements, effective January 1, 2026, with a period of transition to conclude no later than June 30, 2026.

MOTION AND ACTION: It was moved by Brad Wright, seconded by Will Hickman, and carried without objection to adopt the Texas Permanent School Fund Corporation Investment Policy Statement, as may be amended, effective January 1, 2026, with a period of transition to conclude no later than June 30, 2026.

5. Receive Presentation on Public Equities and Absolute Return

Stuart Bohart outlined the Absolute Return and Public Equity programs, including investment strategy, portfolio construction, performance, and the ongoing portfolio evolution. Mr. Bohart explained that the programs are designed to outperform benchmarks through disciplined risk management, manager selection, and diversification, with a focus on performing well during difficult market conditions. Mr. Bohart highlighted strong recent performance in the Absolute Return portfolio and noted that the portfolio has continued to evolve. Mr. Bohart further noted that Public Equity performance modestly trailed benchmarks due to an intentional reduction in portfolio risk and concentration exposure. Mr. Bohart highlighted efforts to improve efficiency and reduce costs through consolidation of manager relationships, reduction of fund-of-funds structures, and increased collaboration across investment teams.

6. Discussion Related to Committee Charters

Mr. Maynard reported that a draft committee charter was prepared for Board review and discussion, including concepts to enhance portfolio risk oversight without increasing the overall committee burden. Mr. Maynard designated the Strategic Planning and Policy Committee to assume an expanded role in monitoring implementation of the strategic asset allocation and receiving regular reports on investment performance and associated risks. No action was taken.

7. Discussion and Action Related to Personnel Matters Regarding to Chief Executive Officer

Mr. Maynard announced that the Board of Directors of the Texas Permanent School Fund Corporation would meet in executive session to discuss personnel matters regarding the Chief Executive Officer and to consult with legal counsel. Without objection, the Board of Directors agreed to meet in Room 755 to discuss personnel matters and to consult with legal counsel under Texas Government Code §551.071 and §551.074 and convened into an executive session at 1:22p.m. The Board of Directors returned from executive session at 2:01p.m. No action was taken by the Board in closed session.

8. Receive Report from Budget and Compensation Committee Chair

Mr. Wright reported that the Budget and Compensation Committee met with all members present. The Committee received the CEO's remarks, reviewed the upcoming evaluation process as it relates to compensation, budget matters, and discussed the upcoming LAR process.

9. Receive Report from Strategic Planning and Policy Committee Chair

Mr. Kinsey reported that the Strategic Planning and Policy Committee met on February 5, 2026, with all members present. The Committee received CEO remarks, reviewed the strategic asset allocation benchmarks and the revised Investment Policy Statement. The Committee received updates regarding the strategic plan refresh, including the development of a centralized KPI framework, and was briefed on early 2026 progress toward the strategic plan. The Committee also discussed the proposed agenda and meeting calendar.

10. Receive Report from Audit and Ethics Committee Chair

Mr. Ellis reported that the Audit and Ethics Committee met on February 5, 2026. The Committee received remarks from the CEO and the CAO, reviewed the 2025 annual audit plan, and received KPMG's audit results for the fiscal year ending August 31, 2025, which included no findings. The Committee also received the annual compliance update, which reflected 100% completion of required reports and indicated no conflicts of interest or other compliance concerns. In addition, the Committee reviewed the annual log of director referrals and received a cybersecurity update, including completion of the annual cybersecurity report, full training compliance, successful completion of 4th quarter penetration testing with no high-risk findings. The Committee noted that cybersecurity reporting will transition from quarterly to semiannual updates. The Committee also reviewed the proposed agenda and meeting calendar.

11. Discussion and Action Related to Board Self-Assessment

Mr. Maynard provided a preview of the self-assessment form and its process required under the Board Governance Manual. Mr. Arnold outlined plans to administer the self-assessment form through an online survey using a proposed rating scale with opportunities for written comments to support continuous improvement. No action was taken.

12. Discussion and Action Regarding Upcoming Agenda and Calendar

The Board discussed proposed adjustments to the scheduling of upcoming committee and board meeting dates.

MOTION AND ACTION: It was moved by Cliff Thomas, seconded by Aaron Kinsey, and carried without objection to approve the revised meeting calendar and cadence, including scheduling all Board committee meetings on the Wednesday of the week preceding each regular Board meeting, and rescheduling the December 2026 Board meeting to December 10, 2026, with a committee meeting to be held on December 2, 2026.

The meeting was adjourned at 2:13 p.m.