Minutes of the Texas Permanent School Fund Corporation

Board of Directors

February 20, 2025

The Board of Directors of the Texas Permanent School Fund Corporation ("Texas PSF") met at 10:03 a.m. on Thursday, February 20, 2025, in the Executive Board Room, Room #756 of the Innovation Tower, 1300 Red River, Suite 700, Austin, Texas.

<u>Present</u>: Tom Maynard; Brad Wright; Aaron Kinsey (virtually); Jennifer Jones for Dawn Buckingham; Keven Ellis; Pat Hardy; Marisa Pérez-Diaz (virtually); Jim Stanislaus; Cliff Thomas, Jr.; Will Hickman (virtually)

Public Testimony

The Board of Directors received no presentations of public testimony.

<u>ACTION ITEM</u>

1. **Discussion and Appropriate Action Related to the Election of Officers of the Board of Directors (Discussion and Possible Action)**

   Tom Maynard opened the floor for Chair of the Board of Directors nominations. Keven Ellis nominated Tom Maynard and Jennifer Jones nominated Cliff Thomas, Jr. Hearing no other nominations, Keven Ellis moved to close the nominations, Brad Wright seconded the motion. The nominations were moved to a vote. Tom Maynard received a 5-3 majority vote and was elected the Chair of the Board of Directors.

   Tom Maynard opened the floor for Vice Chair of the Board of Directors nominations. Aaron Kinsey nominated Brad Wright. Hearing no other nominations, Brad Wright moved to close the nominations, Marisa Perez-Diaz seconded the motion. The single nomination was moved to a vote, thereby general consent, no objections were heard. Brad Wright was elected Vice Chair of the Board of Directors.

   Tom Maynard opened the floor for Secretary of the Board of Directors. Keven Ellis nominated Aaron Kinsey. Hearing no other nominations, Jennifer Jones moved to close the nominations, Keven Ellis seconded the motion. The nomination was moved to a vote, thereby general consent, no objections were heard. Aaron Kinsey was elected Secretary of the Board of Directors.

<u>DISCUSSION ITEM</u>

2. **Discussion and Appropriate Action Related to the Announcement of Committee Membership and Committee Chairs (Discussion and Possible Action)**

   Tom Maynard announced the membership of the 2025-2027 Audit and Ethics Committee, Budget and Compensation Committee, and Strategic Planning and Policy Committee. The members of the Budget and Compensation Committee are Brad Wright, Jim Stanislaus, and Tom Maynard. The members of the Audit and Ethics Committee are Keven Ellis, Cliff Thomas, and Will Hickman. The members of the Strategic Planning and Policy Committee are Aaron Kinsey, Commissioner Dawn Buckingham, and Marisa Perez-Diaz.

3. **Discussion and Appropriate Action Related to the Minutes of the November 21, 2024, Meeting (Discussion and Possible Action)**

   MOTION AND VOTE: *It was moved by Keven Ellis, and seconded by Jennifer Jones, and carried without objection to approve the minutes of the November 21st, 2024, meeting of the Texas PSF Corporation Board, as written.*

4. **Report of the Chief Executive Officer Regarding Matters Relating to the Management of Texas PSF (Discussion Only)**

   Mr. Borden reviewed Texas PSF's core values and rebranding objective, highlighting the new Texas PSF logo. He delved into the importance of the rebranding initiative, explaining how it aligns with the organization's mission and vision. He highlighted the fund's performance compared to benchmarks and peers, provided a legislative update on budget status and proposed riders. He discussed the strategic plan objectives, including asset allocation optimization and portfolio implementation improvements. He provided an update on staffing and recruiting, training initiatives, and governance efforts for 2025. Additionally, he presented a quarterly calendar cadence proposed for quarterly asset class portfolio updates.

5. **Discussion on the Public Equities and Absolute Return Strategies Asset Classes (Discussion Only)**

   Stuart Bohart presented an overview of strategies for the Public Equities and Absolute Return asset classes. Mr. Bohart emphasized their significant contribution to the overall fund and highlighted the new strategic asset allocation, the implementation of additional external managers, and concentrated efforts on alpha-generating initiatives. He provided a detailed breakdown of the Public Equities portfolio and its performance. Andrew Bunker outlined the strategy overview, categorizing it into three core areas: passive, enhanced, and active strategies. Mr. Bohart further elaborated on the Absolute Return asset class, focusing on high-quality relationships, concentrated efforts, and managed transfers. Carlos Castro outlined the strategy overview, adding to Mr. Bohart's insights on the portfolio breakdown and performance.

6. **Receive Legal Counsel Regarding Governance Matters (Discussion Only)**

   Mr. Maynard announced that the Board of Directors of the Texas Permanent School Fund Corporation would meet in executive session to hold a private legal consultation. Without objection, the Board of Directors agreed to meet in Room 755 to consult with legal counsel regarding governance related matters under Texas Government Code 551.071 and convened into executive session at 11:52 a.m. Marisa Pérez-Diaz, Aaron Kinsey and Will Hickman attended the executive session virtually. The Board of Directors returned from executive session at 2:08 p.m. and made no further statement on the matter. No action was taken by the Board in closed session.

<u>COMMITTEE REPORTS</u>

7. **Report from Budget and Compensation Committee Chair and Year End Review (Discussion Only)**

   Mr. Wright noted the Budget and Compensation Committee convened on February 19, 2025, and all members were present, including new member of the Committee, Will Hickman. The Committee heard an update from the CEO, Bob Borden, and reviewed the strategic plan for calendar year 2025. The Committee discussed the status of current budget requests and legislative and bill tracking. He noted that the State Auditor's Office completed their audit of last year's incentive plan and furnished clean results. He highlighted that the Committee reviewed the policy related to the Role and Board Evaluation of the CEO.

8. Report from Strategic Planning and Policy Committee Chair and Year End Review (Discussion Only)

Mr. Kinsey noted that the Strategic Planning and Policy Committee convened on February 19, 2025, and all members were present. The Committee heard remarks from the CEO, Bob Borden, and reviewed the strategic plan update, goals and accomplishments thus far. The Committee discussed the path forward for 2025 and conducted a first reading of the Ethics Policy. Additionally, the Committee reviewed the pending legislation and the compliance and tracking plan.

9. Report from Audit and Ethics Committee Chair and Receive Legal Counsel Regarding Governance Matters (Discussion Only)

Dr. Ellis noted that the Audit and Ethics Committee convened on February 19, 2025. He noted that the Committee reviewed the Annual KPMG Report and received the remarks from the Chief Audit Officer. The Committee received and reviewed the Annual Cybersecurity Report, Compliance Report and conducted a first reading of the Ethics Policy.

The meeting of the Board of Directors of the Texas PSF Corporation adjourned at 2:19 p.m.