Minutes of the Texas Permanent School Fund Corporation

Board of Directors

May 14, 2026

The Board of Directors of the Texas Permanent School Fund Corporation ("Texas PSF") met at 10:03 a.m. on Thursday, May 14, 2026, in the Executive Board Room, Room #756 of the Innovation Tower, 1300 Red River, Suite 700, Austin, Texas.

Present: Tom Maynard; Brad Wright; Jennifer Jones for Dawn Buckingham; Jim Stanislaus; Cliff Thomas (virtual); Marisa Perez-Diaz (virtual); Aaron Kinsey (virtual); Keven Ellis (virtual); Will Hickman (virtual)

The meeting was chaired by Tom Maynard until 10:57 a.m., at which point the Chair handed conduct of the meeting to Brad Wright. Mr. Maynard remained in attendance via videoconference for the remainder of the meeting.

Public Testimony

The Board of Directors received no presentations of public testimony.

1. Discussion and Action Related to the Minutes of February 19, 2026, Meeting

Motion and Action: It was moved by Brad Wright, seconded by Jennifer Jones, and carried without objection to approve the minutes of the February 19th, 2026, meeting of the Texas PSF Corporation Board of Directors, as written.

2. Receive Report from the Chief Executive Officer regarding Fund Investment, Management, and Administration

Robert Borden, Chief Executive Officer, provided an update on the Texas PSF's strategic priorities, investment performance, anticipated Available School Fund (ASF) distributions, and upcoming appropriations request. Mr. Borden highlighted continued progress toward organizational goals, including talent recruitment, recognition of staff, engagement with Texas universities, and maintaining a low-cost operating model. Mr. Borden reported strong portfolio performance relative to benchmarks despite significant asset transitions during the prior year. The Board also received an overview of the corporation's preliminary appropriations planning for the 2028–2029 biennium, governance initiatives under development, and plans to evaluate long-term custodial banking services through a future competitive procurement process.

3. Receive Report of the General Fund Consultant

Colton Lavin, NEPC, provided the Board with an overview of the private credit market, including current market conditions, emerging risks, and potential investment opportunities. The presentation reviewed the growth and composition of private credit, historical performance relative to public fixed income markets, and concerns currently being monitored by institutional investors. Mr. Lavin noted that while private credit has continued to generate attractive returns and remains a growing segment of the global fixed income market, investors are increasingly focused on credit quality and potential stress within certain lending segments. Mr. Lavin emphasized the importance of manager selection and highlighted opportunities in distressed credit, credit secondaries, and specialized lending strategies. Board discussion focused on potential risks associated with technology and software lending and the implications of artificial intelligence on private credit portfolios. NEPC indicated that artificial intelligence is expected to create both challenges and opportunities, resulting in greater performance among companies rather than broad market disruption.

4. Receive Presentation on Public and Private Debt Portfolio

John Newell presented an update on portfolio performance, private debt strategy, and current market conditions. Mr. Newell reported that the public debt portfolio continues to outperform its benchmark across multiple time periods, while the core private debt portfolio has met or exceeded performance expectations since inception. He noted that underperformance within the non-core private debt portfolio was attributed primarily to legacy investments inherited from prior real estate and private equity allocations. Mr. Newell reaffirmed that private debt remains an important component of the Texas PSF portfolio, providing diversification, income generation, and enhanced cash flow characteristics. He highlighted the program's emphasis on diversification across sectors, strategies, and risk drivers, as well as the benefits of maintaining significant undeployed capital available for future investment opportunities. Mr. Newell also reviewed key risks and themes being monitored, including increased competition in direct lending, liquidity risks within certain retail private debt structures, artificial intelligence and software-related disruption, default trends, inflation, interest rates, and geopolitical uncertainty. He stated that the portfolio remains conservatively positioned, with limited exposure to areas of greatest concern and sufficient liquidity to capitalize on future market dislocations.

5. Discussion and Action Related to Personnel Matters Regarding the 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 10:05 a.m. The Board of Directors returned from executive session at 10:52 a.m. No action was taken by the Board in closed session.

Motion and Action: It was moved by Brad Wright, seconded by Jim Stanislaus, and carried without objection to approve the recommendation of the Budget and Compensation Committee regarding the Chief Executive Officer.

6. Receive Report from Budget and Compensation Committee Chair

Brad Wright reported that the Budget and Compensation Committee convened and the Committee reviewed a draft Risk and Investment Management Report. Mr. Wright stated that the Committee discussed compensation matters for employees and the Chief Executive Officer and considered budget and appropriations matters. Mr. Wright noted ongoing efforts to align compensation practices with market-based standards and reported continued progress in implementing the established compensation framework. No action was taken.

7. Receive Report from Strategic Planning and Policy Committee Chair

Aaron Kinsey reported that the Strategic Planning and Policy Committee convened and discussed Texas PSF's risk management framework, discussed Board oversight of investment risk, and considered preliminary planning topics related to future endowment spending rates and supplemental distributions for 2028-2029. Mr. Kinsey noted that the Committee received updates regarding organizational performance management and implementation of the strategic plan. Staff reported ongoing efforts to improve performance measurements through a KPI-based framework, along with progress on strategic initiatives including artificial intelligence, employee engagement, university partnerships, and internship programming. No action was taken.

8. Receive Report from Audit and Ethics Committee Chair

Keven Ellis reported that the Audit and Ethics Committee convened and received updates on audit, legal, and compliance activities. Dr. Ellis noted that external audit reviews of the Bond Guarantee Program and related financial oversight activities were reported as satisfactory, with no past-due audit issues identified. The Committee also received updates regarding ongoing internal audit work and staffing additions within both the audit and legal departments. No action was taken.

9. Receive Report Related to Board Self-Assessment

Lane Arnold provided a report summarizing the results of the Board self-assessment survey. He noted that the results overall indicated positive evaluations of Board performance, governance practices, relationships, and meeting processes. Mr. Arnold noted that the assessment also emphasized director's interest in additional education and training opportunities. Board leadership discussed the potential development of a more structured onboarding and continuing education process to support directors in fulfilling their governance responsibilities. No action was taken during this agenda item.

10. Discussion and Action Regarding Upcoming Agenda

Mr. Borden discussed future agenda items and planning for upcoming meetings. Mr. Borden highlighted expected business for the next meeting, including the review of the private equity program, consideration of appropriations related matters, review of committee charters, and discussion of custodial banking matters. No action was taken during this agenda item.

The meeting was adjourned at 12:29 p.m.