Minutes of the Texas Permanent School Fund Corporation

Board of Directors

May 22, 2025

The Board of Directors of the Texas Permanent School Fund Corporation ("Texas PSF") met at 10:02 a.m. on Thursday, May 22, 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; Dawn Buckingham; Keven Ellis; Will Hickman (virtually); Marisa Pérez-Diaz (virtually); and Jim Stanislaus

Public Testimony

The Board of Directors received no presentations of public testimony.

ACTION ITEMS

1. Discussion and Appropriate Action Related to the Minutes of February 20, 2025, Meeting (Discussion and Possible Action)

MOTION AND VOTE: *It was moved by Dr. Ellis, and seconded by Mr. Kinsey, and carried without objection to approve the minutes of February 20, 2025, meeting of the Texas PSF Corporation Board of Directors, as written.*

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

Robert Borden provided a comprehensive overview of the Fund's performance, highlighting significant improvements relative to its peers, attributed to the adoption of strategic asset allocation changes. He also delivered updates on the Senate Finance Committee and the House Appropriations Committee. He provided an overview of the overall commitments made thus far in the calendar year 2025. Additionally, Mr. Borden presented a strategic plan update, discussing the development of the Performance and Research Committee and recent staffing additions at PSF. He underscored the success of the University Outreach program, noting the growth of the internship initiative. The Board was presented with a visual representation of the Bond Guarantee Program map, offering insights into the program's usage by district and Mr. Borden cited that the Bond Guarantee Program received a clean audit from the State Auditor's Office. Finally, Mr. Borden noted the ongoing efforts by both staff and the Board on the Ethics Policy and Board Governance Manual.

3. Report of the Investment Consultant (Discussion Only)

Rhett Humphries provided an overview of recent developments in the equity markets, noting that while U.S. equities experienced declines, these were largely offset by gains in international and emerging markets. This trend was attributed to the weakening of the U.S. dollar, as currency markets responded to anticipated inflationary pressures stemming from U.S. tariff policies. Mr. Humphries also addressed the significant volatility observed in the first quarter, describing it as one of the most extreme periods in recent history. In addition, he provided remarks on the bond market activity and noted that PSF's recent allocation to Private Credit aligns with NEPC's recommendations.

4. Discussion on the Credit/Debt/Strategic Partnership Asset Class (Discussion Only)

John Newell began by highlighting the mission of the credit asset class and introducing the credit team, noting recent additions and future staffing plans. He elaborated on the restructuring efforts within the credit asset class, highlighting the slightly overweight allocation. Mr. Newell provided an overview of the credit program asset classes and their benchmarks, briefly summarizing key points. Furthermore, he highlighted five new strategic partnerships that leverage PSF's scale to create unique opportunities, reduce fees, and facilitate valuable knowledge. He noted that these initiatives collectively aim to enhance the performance and strategic positioning of the Credit asset class.

5. Discussion and Possible Action Related to Board of Directors Meeting Dates for CY2026 (Discussion and Possible Action)

MOTION AND ACTION: *Mr. Wright moved, and Dr. Ellis seconded, that the Board approve the following as the Texas PSF Corporation Board meeting dates for calendar year 2026 – February 19, May 21, August 20, and December 3. The motion moved into discussion.*

Mr. Hickman moved, and Mr. Kinsey seconded, to amend the May 21 meeting date to May 7. The motion to amend moved into discussion but did not proceed to a vote.

Mr. Kinsey moved, and Dr. Ellis seconded, to amend the May 21 meeting date to May 14. The motion to amend moved into discussion; the motion carried without objection.

The main motion, as amended, was carried without objection.

6. Review of Proposed Agenda for August 21, 2025, and Projected Calendar for December 2025 and February 2026 Meetings (Discussion Only)

Mr. Borden provided a visual overview of the proposed agenda topics for the upcoming Board meetings scheduled for August 2025, December 2025, and February 2026.

COMMITTEE REPORTS

7. Report from Budget and Compensation Committee Chair (Discussion Only)

Mr. Wright noted that the Budget and Compensation Committee met on May 21, 2025, and all committee members were present. The committee heard remarks from Mr. Borden, reviewed the Board Governance Manual and the Committee Charter. The Committee received an overview of the compensation process and the new performance evaluation system and heard legislative updates. Finally, the Committee received updates on the budget and the budget process.

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

Mr. Kinsey noted that the Strategic Planning and Policy Committee met on May 21, 2025, and all committee members were present. The committee heard remarks from Mr. Borden, reviewed the Board Governance Manual and the Ethics Policy. The Committee received an overview of the Committee Charter and of the IPS. Finally, the Committee reviewed the upcoming Committee agenda items.

9. Report from Audit and Ethics Committee Chair (Discussion Only)

Dr. Ellis noted that the Audit and Ethics Committee met on May 21, 2025, and all committee members were present. The committee heard remarks from Mr. Borden, reviewed the Ethics Policy and its overall process and updates. The Committee conducted a review of the Committee Charter and heard remarks from the Chief Audit Officer.

The meeting of the Board of Directors of the Texas PSF Corporation adjourned at 11:52 a.m.