Special Meeting of the Board of Directors
Surplus Lines Stamping Office of Texas

December 23, 2019

Lorrie Cheshier, Chair of The Board, called the special meeting of the Board of Directors of the Surplus Lines Stamping Office of Texas to order on December 23, 2019 at 9:30 a.m. The meeting location was the SLTX office located at 805 Las Cimas Parkway, Suite 300, Austin, TX 78746.

Agenda

Item 1: Call to order; establishment of a quorum

Item 2: Discussion/Consideration of and Appropriate Action for each of the following agenda topics:
   a) Approval of amended Headspring 2020 Statement of Work
   b) RSM IT Security Audit
   c) Texas Department of Insurance Audit

Item 3: Executive Session to deliberate Agenda Items 2(b) and 2(c); personnel matters, contemplated and pending litigation [Texas Government Code Sections 551.071 and 551.074]; attorney-client matters in which the duty of SLTX's counsel clearly conflict with provisions of the Texas Open Meetings Act [Texas Government Code Section 551.071]; and the deployment or occasions for implementation of security personnel or devices and security audit [Texas Government Code Section 551.076]

Item 4: If necessary and appropriate, public session discussion/consideration and appropriate action for Agenda items 2(b) and 2(c).

Item 5: Reminder of the dates and venue for the First Quarter (annual) Board Meeting and Finance and Audit Committee Meeting.

Item 6: Adjournment

Agenda Item 1: Call to order; establishment of a quorum

Cheshier stated that written notice of this special meeting to the Board and to the Commissioner or his delegate was provided on Wednesday, December 18, 2019.

She noted the following Board members in attendance:

Lorrie Cheshier, Chair Term expires 12/31/2019
Rosemarie Marshall, Secretary Term expires 12/31/2020

Cheshier called the roll to determine which board members were participating by phone pursuant to the Plan of Operations, Section C.(6):
Charles Gillenwater, Vice Chair  Term expires 12/31/2019 – NOT PRESENT
Kyle Streetman  Term expires 12/31/2019
Peter Harrison  Term expires 12/31/2020 – NOT PRESENT
Penni Nelson  Term expires 12/31/2020
Teri Brinson  Term expires 12/31/2021
Leslie Milvo  Term expires 12/31/2021
Randall Myers  Term expires 12/31/2021

Staff members in attendance:
Don Meyer – Interim Executive Director
Cheyenne Herrera – Director of Operations
Marcelina Gutierrez – SLTX
Tyler Prideaux – SLTX
Dalton Moore – SLTX
Cathy Hull – SLTX
Maegan DiLoreto - SLTX

Counsel in attendance:
Alex Gonzales – Duane Morris LLP
Meredith Gregston – Duane Morris LLP

Others in attendance:
Deaglan Daugherty – Headspring
Cody Goodwin – Headspring
Brian Wilds

Cheshier confirmed a quorum of five or more members was present pursuant to Texas government Code Sec. 551.125(b)(2) and Plan of Operations Sec. C.6.

A conference speakerphone was made available for the public at this meeting site, and a conference call-in number was provided to members of the public on request.

Board Secretary Marshall shall take the minutes with the assistance of the staff.

Cheshier read administrative housekeeping announcements before starting the agenda.

1. Antitrust activity or discussion are prohibited at all Stamping Office functions. This prohibition includes the exchange of information concerning individual company rates, coverages, market practices, claims settlement practices, expenses, or any other competitive aspect of an individual company’s operation.

2. We will not have a public comments session. Public and media attendees listening by telephone should mute their lines at all times.

3. Representatives of state agencies and members of the public are welcome to observe or record this Board meeting, but please refrain from asking questions or interjecting comments during the Board’s deliberations.
4. The state agency personnel present may be asked questions about their agency’s policies if those questions relate to an agenda item.

5. Members, counsel, and staff participating by conference call should identity themselves when speaking. Please mute your lines when not speaking.

6. We have a closed executive session on the Agenda. Only the Board, legal counsel and necessary executive staff will be in this room or participating by telephone conference during the executive session. We will reconvene in open session after the executive session to vote on Agenda Items 2(b) and 2(c) as appropriate.

**Agenda Item 2a: Discussion/Consideration of and Appropriate Action for Approval of amended Headspring 2020 Statement of Work**

Cheshier asked that Meyer and Herrera present the updated Statement of Work for Headspring. A detailed outline was provided to the Board in advance of the meeting for review. Herrera stated that SLTX requested that Headspring develop a new Statement of Work for 2020 as the current SOW expires at the end of December 2019. The rush for approval and approval by the Board was that if not approved before the end of the year, Headspring likely would have deployed resources elsewhere and SMART would be further delayed. Herrera stressed that the dollars represented in the updated SOW are part of the capital amount already approved by the Board in the 2020 budget. Roughly $1 million approved was already paid to Headspring. 2019 budget allocated $500K for software development and approximately $200K left from the $2 million allocated for the 2020 budget.

The new SOW prioritizes work outlined from the October 2019 board meeting so that the most critical functionality is completed and less needed enhancements are delayed. The goal is for all external users to be able to use one platform to report, rather than using two.

Cheshier asked if any Board action was requested. Meyer recommended that the Board accept the Statement of Work dated November 25, 2019 for 2020 work by Headspring and authorize the Executive Director to execute the document.

Marshall made the first motion.

Brinson seconded the motion.

Cheshier asked if there was any further discussion or questions. Hearing none, she asked all in favor to say “aye”, all opposed to say “no”. Motion passed.

Cheshier announced that the Board would go into closed session pursuant to the Texas Open Meetings Act, for agenda items 2(b) RSM IT Security Audit and 2(c): Texas Department of Insurance Audit, to discuss personnel matters, contemplated and pending litigation (Texas Government Code Sections 551.071 and 551.074); attorney-client matters in which the duty of SLTX’s counsel clearly conflict with provisions of the Texas Open Meetings Act (Texas Government Code Section 551.071); and the deployment, or specific occasions for
implementation, of security personnel or devices and security audit [Texas Government Code Section 551.076].

All members of the public, state agency representatives and SLTX staff, unless otherwise directed, are requested to the leave the meeting room at this time. The public conference call line shall be muted.

The open session was ended at 9:47 a.m. Cheshier called roll and confirmed a quorum for the closed session with Milvo, Meyer, Nelson, Brinson and Streetman confirmed by phone conference. The closed session was called to order at 9:52 a.m.

The closed session was ended at 10:49 a.m. and the board brought back into open session. Cheshier called roll and confirmed the following board members in attendance by phone — Milvo, Meyers, Nelson and Streetman.

Cheshier asked if any board members had any comments or questions to present in public session regarding agenda items 2(b) RSM IT Security Audit or 2(c) Texas Department of Insurance Audit. Hearing none, she asked if any board members wished to make any motions with respect to agenda items 2(b) RSM IT Security Audit or 2(c) Texas Department of Insurance Audit.

Hearing no further discussion or motions, Cheshier confirmed that the Board of Directors annual meeting would be held on March 27, 2020 and the Finance & Audit Committee meeting would be held on March 26, 2020.

Cheshier then entertained a motion to adjourn.

Marshall made the first motion.

Nelson seconded the motion.

Cheshier asked if there was any further discussion or questions. Hearing none, she asked all in favor to say "aye", all opposed to say "no". Motion passed.

Special meeting of the Board of Directors adjourned at 10:50 a.m. on December 23, 2019.

Rosemarie Marshall, Secretary