

October 28, 2021 Board of Directors Meeting Minutes

A Board of Directors meeting for the Surplus Lines Stamping Office of Texas was held in-person at 805 Las Cimas Pkwy, Suite 300, Austin, TX 78746 on October 28, 2021.

Agenda

- Item 1. Call to Order & Establishment of a Quorum
- Item 2. Discussion and appropriate approval of September 23, 2021 Meeting Minutes
- Item 3. Discussion and appropriate action – 2022 Budget
- Item 4. Discussion and appropriate action – Konica Minolta SOW | Upgrading Global Search
- Item 5. Discussion and appropriate action – S&P Global Software Agreement
- Item 6. Discussion and appropriate action – Headspring 2022 SOW
- Item 7. Adjournment

Item 1. Call to Order | Penni Chambers, Chair of the Board

Penni Chambers, Chair of the Board of Directors, called meeting to order on October 28, 2021, at 9:05 a.m.

Meeting was held in-person and a conference call-in number was provided in the public meeting notice. Chambers stated, written notice of this meeting, proposed agenda, and all related meeting materials were provided to the Texas Department of Insurance Deputy Commissioner of the Financial Regulation Division and designees on October 18, 2021, in accordance with the Plan of Operation, Section 2(c)(2).

Written notice of this meeting and related agenda were provided to the Board of Directors and submitted for publication to the Office of the Secretary of State on October 21, 2021 in accordance with the Plan of Operation, Section 2(c)(1). Chambers called roll to determine participating members pursuant to Plan of Operation Section 2(c)(6):

Board of Directors:		Term Expiration
Penni Chambers	Chair of the Board	12/31/2023
Randy Myers	Vice Chair	12/31/2022
Leslie Milvo	Secretary	12/31/2022
Teri Brinson		12/31/2022 - Participated via video conference
Lorrie Cheshier		12/31/2022 - Absent
Charles Gillenwater		12/31/2022
Peter Harrison		12/31/2022 - Absent
Jeff Klein		12/31/2023
Lezlee Liljenberg, Liljenberg Expert Witness		

Other Attendees:

Greg Brandon, Executive Director, SLTX
Donna Aug, Director of Finance, SLTX
Cheyenne Herrera, Director of Operations, SLTX
Denisse Orellana, Director of Human Resources, SLTX
Sholonda Stone, Director of IT, SLTX
Vanesa Moreno, Administrative Assistant, SLTX
Marcelina Gutierrez, Communication and Education Coordinator, SLTX
Stanton Strickland, General Counsel, Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C

Paul Rainey, TSLA Liaison
Patty Otto, TDI

SLTX Staff Member Attendees:

Sharmila Subedi, Business Analyst

Minutes were taken by SLTX staff.

Chambers made the following administrative housekeeping announcements before moving forward with 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 always mute lines.
3. Representatives of state agencies and members of the public are welcome to observe or record this Board meeting; however, must refrain from asking questions or interjecting comments during the Board's deliberations.
4. State agency personnel present may be asked questions about agency policies if those questions relate to an agenda item.
5. Members, counsel, and staff participating by conference call should identify themselves when speaking. Please mute lines when not speaking.

Item 2. Discussion and appropriate approval of September 23, 2021 Meeting Minutes

Presenter: Penni Chambers, Chair of the Board

Chambers asked the Board if there were any corrections to the September 23, 2021 meeting minutes as presented. Hearing none, Chambers recommended per the text of motion below.

MOTION: Charles Gillenwater

SECOND: Jeff Klein

TEXT OF MOTION: Motion to approve the September 23, 2021 meeting minutes as presented.

Chambers asked if there were any further discussion or questions, hearing none.

All Board Members in favor. Teri Brinson voted "Aye" via teleconference.

Motion carries.

Item 3. Discussion and appropriate action – 2022 Budget

Presenter: Donna Aug, Director of Finance

Aug stated change to the Capital Budget previously presented at the September Board of Directors meeting was the comparison from what was budgeted last year to this year due to SMART project nearing completion. The revised proposed budget represents an increase in Operating Expenses of \$143,272 or \$150,436 with 5% contingency included. Budget for Cyber insurance doubled from \$8,625 to \$17,250 in anticipation of high renewal in January. Software License and Maintenance increased \$23,420 due to possible renewals. Amortization increased \$109,200 due to 2021 SMART releases being capitalized in October, therefore, amortization will increase in 2022. Operations Budget increased \$2,025 due to adjustment in Conference & Education and Travel. If Contingency expense is reduced from 5% to .5%, expenses will decrease \$405,796, resulting in an expected loss for 2022 of slightly over \$1.2 million versus \$1.5 million.

Chambers asked if there were any questions. Hearing none, asked Aug if there were any recommendations for the Board. Aug recommended per the text of motion below.

MOTION: Leslie Milvo

SECOND: Jeff Klein

TEXT OF MOTION: Motion for the Board to approve SLTX's final 2022 proposed budget with reduced contingency of less than .5%.

Chambers asked if there were additional comments or questions, hearing none. All Board Members present in favor. Teri Brinson voted "Aye" via teleconference. Motion carries.

Item 4. Discussion and appropriate action – Konica Minolta SOW | Upgrading Global Search

Herrera stated that agenda item was solely to inform status of Konica Minolta SOW. As a recap, SMART uses a document management software, Global Search, that needs to be upgraded. Research of various requirements and costs are ongoing and will be presented to the Board once finalized.

Klein asked when software was last upgraded. 2017, Herrera responded.

Chambers asked if there were any other questions or discussions, hearing none. With no recommendation for the Board, the Chair moved on to the next item.

Item 5. Discussion and appropriate action – S&P Global Software Agreement

Presenter: Cheyenne Herrera, Director of Operations

Herrera recapped, financial data/analysis comes from S&P Global software. This is the only organization that can provide all needed data through one single software source. Typically, we receive a "one-year" renewal cost at end of year, as renewal date is December 31st. This year, we received a "two-year" renewal with a locked in rate of \$42,000, with a \$21,000 paid annually. Given the total cost for the two-year renewal, it is being presented to the Board for discussion and approval.

Chambers asked if there were any questions for Herrera, hearing none. Herrera recommended per the text of motion below.

MOTION: Charles Gillenwater

SECOND: Randy Myers

TEXT OF MOTION: Motion for the Board to approve S&P Global software pricing and agreement as presented.

Chambers asked if there were additional comments or questions, hearing none. All Board Members present in favor. Teri Brinson voted "Aye" via teleconference. Motion carries.

Item 6. Discussion and appropriate action – Headspring 2022 SOW

Presenter: Cheyenne Herrera, Director of Operations

Herrera referenced the 2022 SMART SOW, included in presentation materials, stems from original 2016 Professional Services Agreement. Substantial changes include moving to a smaller team of Developers in the 2nd quarter in 2022 (for maintenance and support) and a new hourly rate of \$225 per hour. Additional changes include Project Manager costs that veer away from a monthly flat rate to hourly rate which saves overall monthly costs. Amendment to SOW may be needed in late 2022 dependent on obtaining qualified internal SLTX Developers. Total cost is \$1,316,250 with the assumption of reducing team to part-time for maintenance and support by April 2022.

Klein asked if there was a cap on training expenses. Herrera indicated that SOW does include knowledge transfer and training. However, if additional significant training is needed a separate SOW will be produced and presented to the Board.

Chambers asked if there were additional questions for Herrera, hearing none. Chambers asked if there were any recommendations for a motion for the Board at this time. Herrera recommended per the text of motion below.

MOTION: Jeff Klein

SECOND: Leslie Milvo

TEXT OF MOTION: Motion for the Board to approve the 2022 Headspring SOW as presented.

Chambers asked if there were additional comments or questions, hearing none. All Board Members present in favor. Teri Brinson voted "Aye" via teleconference. Motion carries.

Item 7. Adjournment

Presenter: Penni Chambers, Chair of the Board

MOTION: Randy Myers

SECOND: Charles Gillenwater

TEXT OF MOTION: Adjournment

All Board Members present in favor.
Motion carries.

The meeting adjourned at 9:29 a.m. on October 28, 2021.

 12/15/21

Leslie Milvo, Secretary