

December 13, 2023

Finance & Audit Committee Meeting Minutes

A Finance & Audit Committee meeting for the Surplus Lines Stamping Office of Texas was held in-person at the SLTX Office, 1601 E Pflugerville Parkway, Pflugerville, TX 78660.

AGENDA

December 13, 2023 Finance & Audit Committee Meeting Agenda		
Item 1.	Call to order; Establishment of Quorum	Jason Cables, Committee Member
Item 2.	Discussion and approval of previous meeting minutes - September 21, 2023 Meeting Minutes	Jason Cables, Committee Member
Item 3.	Discussion and Appropriate Action: - 2023 YTD Financial Review	Donna Aug, Director of Finance
Item 4.	Adjournment	Jason Cables, Committee Member

Item 1. Call to Order | Jason Cables, Committee Secretary

Jason Cables, Secretary of the Finance & Audit Committee, called meeting to order on December 13, 2023, at 11:21 a.m.

The meeting was held in-person, and a conference call-in number was provided in the Public Meeting Notice. 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 December 1, 2023, in accordance with the Plan of Operation, Section 2(c)(2).

Written notice of this meeting and related agenda was provided to the Finance & Audit Committee and submitted for publication to the Office of the Secretary of State on December 6, 2023, in accordance with the Plan of Operation, Section 2(c)(1) and the Chapter 551 of the Tex. Gov't Code. Chambers called roll to determine participating members pursuant to the Plan of Operation Section 2(c)(6):

Committee Members Present:

Jeff Klein, Committee Chair, via teleconference
Jason Cables
Leslie Milvo

Non-Committee Members Present:

Garrett Sprowls

Other Attendees:

Greg Brandon, Executive Director, SLTX
Donna Aug, Director of Finance, SLTX
Sholonda Stone, Director of IT, SLTX
Denisse Amezcuita, Director of Human Resources, SLTX
Marissa Gamez, Administrative Assistant, SLTX
Stanton Strickland, General Counsel, Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C
Barbra Hernandez, Office of Financial Counsel, Texas Department of Insurance
John Carter, Office of Financial Regulation, Texas Department of Insurance

Minutes taken by SLTX Staff.

Administrative housekeeping announcements:

1. Antitrust activity or discussion are prohibited at all Stamping Office functions. This prohibition includes 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. No public comments. Public and media attendees should mute lines.
3. Representatives of state agencies and members of the public are welcome to observe or record but refrain from asking questions or interjecting comments.
4. State personnel present may be asked questions related to an agenda item.
5. Members, counsel, and staff participating by phone should identify themselves and mute lines.

Item 2. Discussion and Approval of Previous Meeting Minutes: September 21, 2023, Meeting Minutes

Presenter: Jason Cables, Committee Secretary; Donna Aug, Director of Finance

Board members were provided with a copy of the September 21, 2023, meeting minutes. Cables asked if there were any corrections or comments related to the minutes. Having none, Cables requested a motion for minute approval.

MOTION: Jeff Klein

SECOND: Leslie Milvo

Motion passed unanimously.

Item 3. Discussion and Appropriate Action: 2023 YTD Financial Review

Cables opened the floor for Ms. Aug's presentation for November 2023 and YTD financials.

Stamping Fee - 9%, or \$67,000 over budget and 18% or \$1.5 million over budget YTD due to premiums.

Investment income - 317% or \$89,000 over budget for November and 93% or \$333,500

Operating Expenses - 7% or \$50,500 under budget for November and \$1,073,000 – 12% YTD.

Salaries and Benefits: 18%, \$61,600 under budget for November and 9% - \$384,000 YTD due to 2 open positions and 2 separations.

Professional Services - 33%, \$61,600 over budget in November due to Accenture resources and billing. \$5,700 was for unbudgeted video production costs. A small amount for the overage was due to fee for tax return preparation budgeted in a later month. YTD under budget 5% - \$70,000.

Conference and Education - 8% of \$165 under budget for November and 53% or \$45,000 YTD.

Travel and Entertainment: 74% or \$4,500 under budget for the month and 55%, \$50,000 YTD.

Occupancy and Operating - \$5,000 or 11% over budget for November and under budget \$173,500 or 27% YTD. YTD savings due to rent budgeted for several months.

Software license and maintenance - \$12,500 over budget for November due to a Microsoft invoicing credit error in 2022. YTD savings in software and license and internet expense.

General and administrative - \$30,000 or 16% under budget for November and \$308,000 or 15% YTD due to double budgeting for amortization.

Contingency - \$2,600 savings for the month and \$43,000 YTD.

Operating income - \$287,000 for November and \$3,166,000 YTD. \$80,600 gain was budgeted for the month and \$254,500 YTD. Fair market value investments increased approx. \$321,500 for November and \$274,800 YTD.

Aug asks for questions from the Board. Hearing none; Aug continues with presentation.

Fund balance analysis - Beginning 2023 fund balance was \$29.2 million; \$18.6 million over the maximum for 2023, which was \$10,600,000. November's YTD net profit of nearly \$3,441,000 resulted in a fund balance on November 30 of \$32,619,000, roughly \$22,020,000 over our current maximum. Ms. Aug concludes.

Cables asks for questions or further discussion. Hearing none; Mr. Cables asks if there is a recommendation for the board. No recommendations from Ms. Aug.

Presentation concluded. Mr. Cables moved to the next agenda item.

Item 4. Adjournment

Having no other business to discuss, Mr. Cables made a motion to adjourn.

MOTION: Jason Cables

SECOND: Leslie Milvo

Motion passed unanimously.



Jason Cables, Secretary