

September 26, 2025

Board of Directors Meeting Minutes

A Board of Directors 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

September 26, 2025 Board of Directors Meeting		
Item 1.	Call to order; Establishment of Quorum	Lezlee Liljenberg, Board Chair
Item 2.	Discussion & Appropriate Approval of June 20, 2025 Board Meeting Minutes	Lezlee Liljenberg, Board Chair
Item 3.	Discussion & Appropriate Action: Insurance Policies	Greg Brandon, Executive Director
Item 4.	Executive Director Report & Appropriate Action	Greg Brandon, Executive Director
Item 5.	Policy Intake Director Report & Appropriate Action	Toby Pick, Director of Policy Intake & Analysis
Item 6.	ITS Director Report & Appropriate Action	Sholonda Stone, Director of ITS
Item 7.	Plan of Operation Committee Report (a) Discussion and Appropriate Action: - Amended Plan of Operation	Jeff Klein, Committee Chair; Greg Brandon, Executive Director
Item 8.	Finance & Audit Committee Report (a) Discussion and Appropriate Action: - 2025 YTD Financial Review - 2026 Proposed Budget - 2026 Financial Auditor Request for Proposal	Jason Cables, Committee Chair; Ronnie Ford, Director of Finance
Item 9.	Adjournment	Lezlee Liljenberg, Board Chair

Item 1. Call to Order | Lezlee Liljenberg, Board Chair

Lezlee Liljenberg, Chair of the Board of Directors, called the meeting to order on September 26, 2025, at 9:00 A.M.

A conference call-in number was included in the Public Meeting Notice. Written notice of the meeting was sent to the Texas Department of Insurance, including the Deputy Commissioner of the Financial Regulation Division and her designees on September 1, 2025, in accordance with the SLTX Plan of Operation, Section 2(c)(2). Notice and agenda were also submitted to the Office of the Secretary of State on September 19, 2025, in compliance with the Texas Open Meetings Act. All board members were notified on September 4, 2025.

Liljenberg then called roll to establish a quorum, as required by Section 2(c)(6) of the Plan.

BOARD OF DIRECTORS PRESENT

Lezlee Liljenberg,

Nick Lawrence
Pete Harrison
Esequiel Nathal
Jason Cables
Jeff Klein
Jim Bishop
Leah Bennett
Ryan Bridges, via Teams

ALSO PRESENT

Greg Brandon, Executive Director, SLTX
Denisse Amezcuita, Director of Human Resources, SLTX
Sholonda Stone, Director of ITS, SLTX
Ronnie Ford, Director of Finance, SLTX
Toby P., Director of Policy Intake & Analysis, SLTX
Marissa G., Administrative Assistant, SLTX
Dalton M., Sr. Lead Developer, SLTX, via Teams
Ariel R., Business Analyst, SLTX, via Teams
Shantell J., Lead Policy Analyst, SLTX, via Teams
Kacper R., Front End Developer, SLTX, via Teams
Kristian P., Policy & Data Analyst, SLTX, via Teams
Robyn P., Policy Analyst, SLTX, via Teams
Ruben O., Policy Analyst, SLTX, via Teams
Jennifer D., Policy Analyst, SLTX, via Teams
Paul Rainey, TSLA Liaison, RSI International, Inc., via Teams
Michael Nored, General Counsel, Mitchell Williams, Selig, Gates & Woodyard, PLLC, via Teams
Roberta Nordstrom, Office of Financial Counsel, Texas Department of Insurance
Andrew Guerrero, Company Licensing & Registration Office, Texas Department of Insurance
Shirley Bowler, via Teams

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 making 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: March 28, 2025, Meeting Minutes | Lezlee Liljenberg, Board Chair

Board members received a copy of the June 20, 2025, meeting minutes. With no questions or comments, Liljenberg asked for a motion for approval on minutes.

Motion: Klein | Second: Harrison | Approved Unanimously

Item 3. Insurance Programs Summary | Greg Brandon, Executive Director

Greg Brandon provided an overview of various insurance policies.

Cyber Liability Policy - Current premium is \$15,783, covering \$3 million on primary and \$2 million on excess with a \$50,000 deductible. Renewal indications are expected in late November or December; broker is Towerstone.

Crime Coverage – Current premium is \$5,686, on a limit of \$500,000 with a \$5,000 deductible. Program is used in lieu of fidelity bond and provides more coverage. Renewal in 2026.

Directors and Officers (D&O) Policy - Current premium is \$43,129; a renewal premium of \$44,848, covering employment practices and fiduciary liability. Total premium is up \$1,719 or 4%, with \$670 in primary and \$1,049 in excess program.

Professional Liability Insurance - Current premium is \$10,489, with an increase to \$11,946 for renewal, 14% up or \$1,457 after three years of flat renewals. SLTX premiums have exceeded projections for several years prompting Admiral to adjust rates, hence increase of this coverage.

Business Owners Program - Current premium is \$6,839; a renewal premium of \$6,883, up less than 1%.

Workers' Compensation - Premiums are based on payroll with a \$1 million liability limit and no deductible. Current premium is \$1,901 and renewal premium is \$1,977.

Conclusion: Brandon concluded the Insurance Programs presentation. Liljenberg asked if there were any questions or recommendations. Brandon recommended the board approve proposed insurance programs as presented and grant the Executive Director the authority to finalize and purchase the coverage as presented.

Motion: Bridges | Second: Cables | Approved Unanimously

Item 4. Executive Director Report & Appropriate Action | Greg Brandon, Executive Director

Brandon presented the Executive Director Report.

Organization Structure – Toby Pick was promoted to Director of Policy Intake and Analysis. Christian R. was assigned as the Senior Data Analyst, reporting directly to the Executive Director. Sharmila S. took over User Acceptance Testing (UAT) responsibilities as the UAT Lead. Ariel R. transitioned to the role of Business Analyst, acting as the liaison between technical and non-technical teams. Yuba D.'s responsibilities were reassigned under the Director of Finance's oversight.

Premium – Total premiums through August reached \$12.5 billion, a 12.8% increase of the year. August premiums showed a 5.6% decline compared to previous year, marking first decline since March 2024.

Item Count - YTD item count was approximately 931,000, up 6% for the year, but slightly down 0.3% in August compared to last year.

Policy Count - Policy count reached nearly 628,000, up 15% for the year, although August saw a slight decrease compared to previous months.

Conclusion: Brandon concluded the presentation. Liljenberg asked if there were any questions or recommendations. Brandon stated no.

Item. 5 Policy Intake Director Report & Appropriate Action | Toby Pick, Director of Policy & Intake Analysis

Pick presented his report.

Top Five Coverages 2025 – Largest category was commercial fire and allied lines at \$3.86 billion (slight decrease from 2024). Excess and umbrella: increased from \$1.84 billion to \$2.29 billion. General liability: increased from \$1.28 billion to \$1.39 billion. Commercial property package and GL: increased from \$510 million to \$613 million. Commercial auto liability: increased from \$459 million to \$521 million.

Late Filing Premiums – Total for 2025 through August: \$840.6 million. January had highest late filing premiums at \$183.6 million; June had the lowest at \$33.5 million.

Operations Team Updates – Celebrated one-year anniversaries for new team members, Robyn P., Ruben O., and Jennifer D. Team is preparing for new responsibilities and training on data entry processes. Team is in collaboration with IT on SMART UAT tickets to improve system functionality. Policy analyst lead's, Catherine H. and Shantell J., are working on video content with LemonLight.

Conclusion: Pick concluded the presentation. Liljenberg asked if there were any questions or recommendations. Pick stated no.

Item. 6 ITS Director Report & Appropriate Action | Sholonda Stone, Director of ITS

Stone began the ITS Director Report.

ITS Team Update – ITS has undergone changes and the importance of in-house development for ongoing projects was highlighted. New roles were assigned to previous Operations team members,

including Ariel as the business analyst and Sharmila as the UAT lead, now a part of the ITS department.

SMART System Update - Updates on the SMART system included explanation of various ticket statuses, including open, in progress, blocked, and closed tickets. There are currently 973 open tickets in the SMART system, which are pending work.

SMART Releases – Release 2505: focused on technical debt and search/edit features, nearing completion. Release 2506: initially focused on update/edit features but will be paused for rework due to identified issues.

Focus Groups – Plans to establish internal and external focus groups to gather feedback on SMART functionalities and improvements. Groups to be held quarterly or monthly based on user feedback, with first internal focus group discussing policy audit. Importance to include manual and programmatic users in the focus groups to gather comprehensive insights was highlighted.

Discussion on Open Tickets – Liljenberg asked for clarification on various ticket statuses for better understanding. The discussion clarified the definitions of different ticket types to ensure the board understood the workflow.

Conclusion: Stone concluded the presentation. Liljenberg asked if there were any questions or recommendations. Stone stated no.

Item 7. Plan of Operation Committee Report & Appropriate Action | Jeff Klein, Committee Chair

Klein discussed the committee's review of the amended plan of operation received from the Texas Department of Insurance (TDI).

Amended Plan of Operation Key Changes

- Section 2(a)(3): Clarifies that a board member's appointment expires at the end of the calendar year and allows for multiple terms.
- Section 2(a)(5): Removes the requirement for governance training before a board member's first meeting, allowing more flexibility.
- Section 2(b)(4): Changes the hiring process for the executive director, removing the requirement to notify the commissioner prior to making an offer.
- Section 2(c)(1): Ensures all board meetings comply with the Open Meetings Act, providing greater flexibility for committee meetings.
- Section 2(c)(5)(b): Changes the annual plan review requirement to a biennial review starting in 2027.
- Section 2(c)(10): Requires finance committee agendas to be published on the SLTX website seven days prior to meetings.

The amendments aim to provide more flexibility in board management and meeting conduct.

Conclusion: Klein concluded the presentation. Liljenberg asked if there were any questions or recommendations. The committee recommended that the amended plan of operation be resubmitted to TDI for approval by the Commissioner.

Motion: Bishop | Second: Nathal | Approved Unanimously

Item 8. Finance & Audit Committee Report | Jason Cables, Committee Chair; Ronnie Ford, Director of Finance

Cables gives an overview of committee discussions and opens the floor to Ms. Ford to go over YTD financials.

2025 YTD Financial Review

Stamping Fee – 13% or \$93,585 under budget for August; 3% or \$152,708 over budget YTD.

Investment Income – 12%, or \$12,612 over budget for August; 13%, or 108,713 over budget YTD.

Operating Expenses – 17%, or \$110,133 under budget for the month; 11% or \$742,960 under YTD.

Salaries and Benefits – 19%, or \$73,638 under budget for August; 11%, or \$507,915 under YTD.

Professional Services – 23%, or \$6,511 under for the month; 6%, or \$17,647 under budget for the year. Savings due to 2024 tax services not yet paid, awaiting invoice.

Conference and Education – 204%, or \$7,200 over budget for August; 60% or \$43,851 under YTD.

Travel and Entertainment – 43%, or \$817 over budget for the month; 65% or \$46,923 under budget YTD.

Occupancy and Operating – 34%, or \$12,391 under budget for August; 8%, or \$23,230 under budget YTD. Below budget due to software, computer equipment, and printing.

General and Administrative – 13%, or \$22,425 under budget for August; 9%, or \$137,180 under YTD.

Contingency – unused which resulted in \$3,184 savings for the month, \$33,786 savings for the year.

Operating Income – \$186,864, or 18% over budget for August; \$277,078 or 138% under budget YTD. SLTX budgeted an income of \$157,705 for the month and loss of \$727,000 through August. Change in investment value was an increase of approximately \$131,738 for August and \$213,643 increase YTD.

Fund Balance – SLTX went into 2025 with a beginning fund balance of \$32.2 million. August YTD net income of \$490,721 resulted in a fund balance of \$32.7 million on August 31, which is \$18.2 million over current maximum. Projected year-end maximum fund balance is \$32.4 million, still 14.5 million over the limit.

Conclusion: Liljenberg asked if there were any questions or recommendations. There were none. Ms. Ford continued with the 2026 Proposed Budget.

2026 Proposed Budget

Ms. Ford begins the presentation by stating per section 3(a)(4) of the Plan of Operation, the Stamping Office must submit a proposed budget for the stamping office's operating and capital expenses and contingent expenses for the following calendar year to the board's audit and finance committee.

Revenue – 10%, or \$763,201 increase in stamping fee revenue based on current stamping fees.

Interest and Other Income – increase of 8% or \$98,155 due to increases in interest rates this year, in which maturities will be reinvested when realized. Projecting an overall increase in revenue of \$171,684, or 3.8%.

Salaries & Benefits – increased by \$21,465, due to an 11% rise in health insurance coverage costs.

Professional Services – 2% increase or \$9,583 due to higher ADP and OneAmerica fees; remains 4% of the total budget.

Conference & Education – 4% increase, due to an additional Microsoft training session.

Travel & Entertainment – decrease of 2%, or \$2,300, due to reduced SLTX board meetings and HR reduction in travel.

Occupancy & Operating Expenses – increased by 4%, or \$14,106, including IT software costs and printing costs. Occupancy and Operating represent 5% of this budget, vs. 4% for 2025.

General & Administrative – decrease of 41%, or \$846,570 which includes amortization decrease of 44%, due to SMART releases as well as other depreciation decreases. Overall, projected operating income for 2026 is \$656,624, compared to a projected loss of \$1,008,421 for 2025.

Conclusion: Ford concluded the presentation. Liljenberg asked if there were any questions or recommendations. Ms. Ford recommended the board refer the 2026 proposed budget as presented to the Deputy Commissioner of the Financial Regulation Division TDI in accordance with Section 2(b)(7) of the Surplus Line Stamping Office Plan of Operation.

Motion: Cables | Second: Bridges | Approved Unanimously

RFP 2026 Financial Auditors

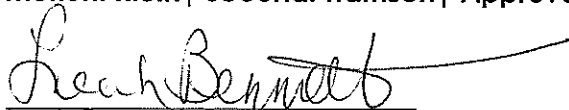
The Finance and Audit Committee decided to table the option to conduct a Request for Proposal (RFP) for audit services until the following year.

Conclusion: No recommendations were provided during this discussion.

Item 9: Adjournment | Lezlee Liljenberg, Board Chair

There being no other business before the Board, Liljenberg requested a motion to adjourn the meeting. The meeting adjourned at 9:59 AM.

Motion: Klein | Second: Harrison | Approved Unanimously


Leah Bennett, Secretary