March 27, 2026
Board of Directors Meeting Minutes
A Board of Directors meeting for the Surplus Lines Stamping Office of Texas was held in-person at the SLTS Office, 1601 E. Pflugerville Parkway, Pflugerville, TX, 78660.

AGENDA

March 27, 2026 Board of Directors Meeting Agenda		
Item 1.	Call to Order and Establishment of Quorum	Lezlee Liljenberg, Board Chair
Item 2.	Discussion and Appropriate Approval of December 12, 2025, Meeting Minutes	Lezlee Liljenberg, Board Chair
Item 3.	F&A Committee Report	Nick Lawrence, Designated Committee Chair
	(a) Discussion and Appropriate Action: - Annual Financial Audit Review	Ronnie Ford, Director of Finance; Calhoun, Thomson + Matza LLP Representative
	(b) Discussion and Appropriate Action: - 2026 Finance YTD Update - Reserve Balance Update - Investment and Cash Management Policy Annual Review	Ronnie Ford, Director of Finance; Alex Bahun, Frost Bank
	(c) Discussion and Appropriate Action: - Annual Stamping Fee Analysis	Greg Brandon, Executive Director; Christian Robinson, Senior Data Analyst
Item 4.	Discussion and Appropriate Action: - Annual review of Plan of Operation and Proposed Amendments	Jeff Klein, Committee Chair
Item 5.	Policy & Intake Analysis Director Report and Appropriate Action: - Policy & Intake Analysis Update	Toby Pick, Director of Policy & Intake Analysis
Item 6.	ITS Director Report and Appropriate Action: - ITS Update	Sholonda Stone, Director of ITS;
Item 7.	Executive Director Report and Appropriate Action: - Review and Approval of Annual Report - Company Update	Greg Brandon, Executive Director
Item 8.	Election of 2026 Officers	Board Chair
Item 9.	Committee Appointments	Board Chair
	(a) Appointment of Finance & Audit Committee Members	Board Chair
	(b) Appointment of Board Training Committee Members	Board Chair
	(c) Appointment of Plan of Operation Committee Members	Board Chair
Item 10.	Adjournment	Board Chair

Item 1. Call to Order
Lezlee Liljenberg, Chair of the Board, called meeting to order on March 27, 2027, 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 March 16, 2026, as required by the SLTX Plan of Operation, Section 2(c)(2).

Notice and agenda were submitted to the Office of the Secretary of State on March 20, 2026, in accordance with Section 2(c)(1) of the Plan and Chapter 551 of the Texas Gov't. code. Board members were notified on March 4, 2026. Liljenberg called roll to confirm member participation per Section 2(c)(6) of the Plan.

BOARD OF DIRECTORS PRESENT
Lezlee Liljenberg
Jeff Klein
Nick Lawrence
Pete Harrison
Leah Bennett
Ryan Bridges
Jim Bishop

ALSO PRESENT
Greg Brandon, Executive Director, SLTX
Ronnie Ford, Director of Finance, SLTX
Denisse Amezquita, Director of Human Resources, SLTX
Sholonda Stone, Director of ITS, SLTX
Toby Pick, Director of Policy Intake & Analysis, SLTX
Marissa G., Administrative Assistant, SLTX
Christian R., Sr. Data Analyst, SLTX
Michael Nored, General Counsel, Mitchell, Williams, Selig, Gates & Woodyard, PLLC
Jeff McWhirt, General Counsel, Mitchell, Williams, Selig, Gates & Woodyard, PLLC
Nikki Mullins, Audit Manager, Calhoun, Thomson + Matza, LLP
Clark Thomson, CPA, Calhoun, Thomson + Matza, LLP
Alex Bahun, Brokerage Advisor, Frost Bank
Paul Rainey, TSLA Liaison, RSI International, Inc., via Teams
Stefanie Capparelli, Program Supervisor, Texas Department of Insurance
David Dodd, Office of Financial Counsel, Texas Department of Insurance
Katelyn Boehm, Government Relations, Texas Department of Insurance
Amy Garcia, Assoc. Commissioner/Chief Analyst Financial Regulation Division, Texas Deptartment of Insurance
Jodie Delgado, Director of Agent & Adjuster Licensing, Texas Department of Insurance
SLTX Staff Members Also in Attendance
Dalton M., Sr. Lead Developer, SLTX, via Teams
Kristian P., Policy & Data Analyst, SLTX, via Teams
Robyn P., Policy Analyst I, SLTX, via Teams
Yuba D., Financial Analyst, SLTX, via Teams
Ariel R., Business Analyst, SLTX, via Teams
Sharmila S., UAT Lead, SLTX, 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: December 12, 2025, Minutes | Lezlee Liljenberg, Board Chair
Board members received a copy of the December 12 meeting minutes. Liljenberg asked for any corrections or comments. Hearing none, Liljenberg called for a motion to approve the minutes.
Motion: Klein| Second: Bridges | Approved Unanimously

Item 3. F&A Committee Report | Nick Lawrence, Committee Chair
(a) Discussion and Appropriate Action: Annual Financial Audit Review – Ronnie Ford, Director of Finance, Clark Thomson, Calhoun, Thomson + Matza LLP
Liljenberg turned the floor over to committee chair, Nick Lawrence. The committee met, reviewed presentations, and approved recommendations on the 2025 Financial Audit, 2026 Year-to-Date Financials, Reserve Balance Analysis, Annual Investment Policy Review, and Annual Stamping Fee Analysis.

As outlined in Section 2(c)(5)(c) of the plan of Operation, the board's first regular meeting of the year serves as the annual meeting, during which it must review operating expenses, the fee schedule, and the annual report for submission to the Deputy Commissioner of the Financial Regulation Division or their designee.
Annual Financial Audit
Ms. Ford then opens the floor to Clark Thomson, managing partner at Calhoun + Thomson + Matza LLP, reported that the 2025 audit was conducted in accordance with U.S. generally accepted auditing standards. SLTX management provided full access to all requested information and demonstrated full cooperation. No material weaknesses in internal controls were identified, and the dated opinion dated May 24th, 2026, was unmodified.

Four corrected misstatements were noted:
1. A routine adjustment reclassifying $13,690,003 in securities maturing after one year as long-term investments.
2. A $412,194 entry to record fiduciary fund activity for year ending December 31, 2025.
3. A $96,149 adjustment to reclassify the current portion of lease liability at year-end.
4. A $2,190,736 entry to reclassify changes in fair value to the investment categories.

The engagement letter dated July 17, 2025, outlines audit responsibilities, professional standards, and SLTX's obligations, including maintaining auditor independence. Thomson asked if there were questions regarding the 2025 Audit. Hearing none, Mr. Thomson concluded the presentation. Liljenberg asked if there were any questions for Ms. Ford or Mr. Thomson; none were raised.

Recommendation: Ford recommended the board accept the 2025 Annual Financial Audit Review as presented for submission to the Texas Department of Insurance, per the SLTX Plan of Operation.
Motion: Bridges| Second: Bishop | Approved Unanimously

(b) Discussion and Appropriate Action: 2026 Finance YTD Update; Reserve Balance Update; Investment and Cash Management Policy Annual Review | Ronnie Ford, Director of Finance; Alex Bahun, Frost Brokerage
Ms. Ford introduced SLTX's brokerage advisor, Alex Bahun from Frost Brokerage, to present.
Investment and Cash Management Policy Annual Review

Bahun reviewed the SLTX cash reserve account and restated the portfolio objectives of capital preservation, liquidity, and reasonable return. The portfolio currently includes:

- 50% of holdings in CDs
- 15% in U.S. Treasury Bills/Notes
- 3% in taxable domestic corporate fixed income securities
- 32% in taxable domestic income via open-ended mutual funds
- Total domestic fixed income: 35%

A board question, asked by Klein, was clarified that the 10% issuer cap and 25% industry cap are policy guidelines consistent with the plan of operation rather than statutory requirements.

The portfolio is expected to generate about $1.3 million of income over the next 12 months and more than $11 million in total income plus principal maturities, providing ample liquidity. Bahun noted rising inflation and interest-rate uncertainty could affect reinvestment opportunities, but laddered structure should help SLTX benefit if rates rise.
Conclusion: The presentation concluded. Liljenberg asked if there were any questions or any recommendations. There were none.

2026 Finance YTD Update
Liljenberg turned the floor to Ms. Ford to present the 2026
Ms. Ford presented financials:

- **Stamping Fee Revenue:** $148,284 (7%) under budget for February and $228,850 (18%) under YTD.
- **Investment Income:** $7,518 (6%) under for the month and $30,500 (12%) under YTD due to market declines.
- **Operating Expenses:** $115,706 (17%) under budget for February and $150,784 (11%) over YTD.
- **Salaries and Benefits:** $97,031 (22%) under budget for February and $189,790 (21%) over YTD due to timing difference of PTO accrued in January budgeted monthly.
- **Professional Services:** $11,713 (19%) under in February and $6,449 (6%) under budget YTD due to timing of legal, audit fees, and LemonLight payments.
- **Conference and Education:** $1,628 (19%) under in February and $4,940 (31%) under YTD, due to timing of events.
- **Travel and Entertainment:** $613 (111%) over for the month and $2,457 (63%) under YTD.
- **Occupancy and Operating:** $4,677 (10%) under in February and $13,252 (16%) under YTD.
- **General and Administrative:** $1,132 (1%) under for February and $4,942 (2%) under YTD.
- **Contingency Funds:** not used, resulting in savings of $3,394 for the month and $6,964 YTD.
- **Operating Income:** for February was $16,656. YTD, SLTX recorded a loss of $289,685, less than the budgeted income $56,752 for the month and $120,662 YTD. Primarily due to timing difference of PTO accrued in January budgeted monthly.
- **Investment Value:** increased by approximately $76,708 in February and $47,014 YTD.

Conclusion: Ms. Ford asked if there were any questions. Hearing none, Ford moved on to the Reserve Balance Review.

Reserve Fund Balance Review
At the start of 2025, the fund balance was $32.8 million, $16,564,766 over the maximum for the year, which is $16,207,990. As of February, the year-to-date net loss of $242,671 resulted in a fund balance on February 28 of $32,530,085, still $16.3 million above the limit.
Conclusion: Ms. Ford concluded the presentation. Liljenberg asked if there were any questions or any recommendations. There were none.

(c) Discussion and Appropriate Action: Annual Stamping Fee Analysis | Greg Brandon, Executive Director Finance; Christian Robinson, Sr. Data Analyst

Brandon opens the floor to Senior Data Analyst, Christian Robinson. Robinson referenced the Plan of Operation, which requires the Board to recommend to the Commissioner of Insurance whether to adjust the stamping fee. Robinson presented the analysis and supporting data.

Historical Changes:

The stamping fee rate has changed approximately every 3.5 years.

- Previous rates included 0.06% from 2007-2016
- Increase to 0.15% in 2017 for SMART project costs
- Reduced to 0.075% in 2021
- Reduced again to 0.04 in 2024 (current rate)

Reserve Balance:

At the end of 2025, the unrestricted reserve fund balance was $32.8 million, which is $16.6 million over the maximum allowable balance of $16.2 million. The gap between the actual balance and the maximum has been narrowing, indicating progress in reserve management. The YTD net losses for 2026 were $242,671, resulting in a fund balance of $32.5 million as of February 28, 2026, still significantly above the maximum threshold.

Breakeven Analysis:

The breakeven rate is the rate at which the Stamping Office would need to assess fees to cover costs without incurring losses. The breakeven rate has been declining, from 0.055% two years ago to 0.049% in 2024, to 0.041% in the last year, indicating a growing contribution from investment income and stabilizing expenses.

Realized Rate vs. Stamping Fee Rate:

The current stamping fee rate is 0.04%. The realized rate, which reflects the total stamping fee revenue collected divided by the total premium reported, was 0.042 last year, slightly above the current stamping fee rate. Based on projections presented to the Board last year alongside the actuals in 2025, the stamping fee aligned strongly with $641,000 being projected and $642,000 being the actual stamping fee revenue for last year. Modeling came in consistent with what was projected and that gives confidence in the analytical framework SLTX is using to forecast premium.

Future Projections:

Projections indicate that under the current stamping fee rate of 0.04%, the reserve balance will continue to narrow the gap towards the maximum allowable balance.

Three scenarios were modeled for future stamping fee rates:

- **0.04% (current rate):** Best mirrors the operating environment and supports sustainable trajectory for reserve reduction.
- **0.03%:** Provides a moderate reduction in reserves but may require future increases if operational changes occur.
- **0.02%:** While it reduces the reserve gap, it would likely necessitate a subsequent increase due to potential increase in expenses.

Conclusion: The analysis indicates that maintaining the current stamping fee rate supports long-term stability without necessitating frequent adjustments that could burden industry members. Robinson concludes the presentation.

Recommendation: Brandon recommended to submit the analysis to the Deputy Commissioner as required by the Plan of Operation and recommend the commissioner take no action regarding the stamping fee.

Motion: Bridges | Second: Bishop | Approved Unanimously

Item 4. Discussion and Appropriate Action: Annual Review of Plan of Operation & Proposed Amendments | Jeff Klein, Committee Chair

Klein stated board reviewed mostly technical updates to the plan of operation last year, along with a few substantive changes such as advance notice for subcommittee meetings and an odd-year plan review beginning in 2027. The work is being completed under Section 2(c)(5)(b) of the Plan of Operation. Recommendations have been submitted to the Texas Department of Insurance for final review, and the board will move forward only after TDI gives notice.

Conclusion: Klein concludes presentation. Liljenberg asked if there were any questions or any recommendations. There were none.

Item 5. Policy & Intake Analysis Director Report and Appropriate Action: P & I Analysis Update | Toby Pick, Director of Policy & Intake Analysis

Pick presented Policy & Intake Analysis report.

Policy Audit – A syndicate participation audit was conducted at the beginning of the year, included 34 different agents and 722 policies. The audit is in its final review stage.

Operations Updates – Mr. Pick and operations team met with a small user group in February, resulting in productive discussions that helped enhance mutual understanding between SMART system users and system development.

TDI Deliverables – Regular deliverables are sent to the Texas Department of Insurance (TDI), including:

- Monthly late filing requests for adjustments
- Outstanding and eligible report
- Policy and premium report

Late Filings – Operations team is actively working with brokers and agents to reduce late filings and improve compliance. Pick stated TDI's collaboration with brokers on late filings was acknowledged as effective.

- 2025 YTD late filing premium exceeds $1.14 billion.
- Highest late filing month was January ($183.6 million),
- Lowest late filing month was June ($33.5 million).
- Total late filing premium reported for 2025 is $736 million.

Lemon Light Update – Pick expressed appreciation to the board for the renewal of the partnership with Lemon Light, which focuses on producing SLTX training videos. The collaboration has been valuable, with Lemon Light team offering professional and insightful support in evaluating training content. Special recognition was given to Cathy and Shantell from the operations team for their contributions. A specific training video, "How to Delete a Transaction," was highlighted as an example of the partnership's output. All training videos created through this collaboration are available on the SLTX website and are actively used by users for their daily work and filings.

Conclusion: Pick concluded his presentation. Liljenberg asked if there were any questions or any recommendations. There were none.

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

Ms. Stone presented key ITS department milestones:

SMART Release Updates – Two releases are currently ongoing:

- **2506** – Includes API filing adjustments, report changes, and new access to view stamping fee page history. Expected to conclude in 2-3 weeks.
- **2601** – Focuses on updates and edits and will be released in stages rather than all at once. Users will be able to utilize some features as they are rolled out.

Microsoft AI Grant Project – A proof of concept project with Microsoft began in October 2025 as a grant competition to see if Microsoft could produce the concept. Out of 10,000 submissions, SLTX is in the final three. The project is nearing completion, with Microsoft offering ongoing support at no additional cost if SLTX is selected as grant recipient. If not selected, internal development will continue to work from what has been completed. Microsoft has provided live data for review, exceeding initial grant expectations and improving policy submission analysis. Stone states a new grant has been submitted for separate AI project aimed at improving policy audits, specifically addressing issues with missing or incorrect data.

Bridges expressed concerns about security and privacy and inquired whether an AI governance policy has been established as AI tools begin to be deployed. Ms. Stone assured a rough draft of an AI governance policy is in development to ensure privacy and security.

Conclusion: Stone concluded her presentation. Liljenberg asked if there were any questions or any recommendations. There were none.

Item 7. Executive Director Report and Appropriate Action | Greg Brandon, Executive Director
Report and Approval of Annual Report
Brandon acknowledged Marissa and Christian for their work on the 2025 annual report. Brandon noted Plan of Operation requires board to review report during the Annual Meeting, which is required by Texas Department of Insurance (TDI) as outlined in Section 2(c)(5)(c). Report summarizes Stamping Office's operations, including transaction data, conditions, operations, and investments from the previous year.
Conclusion: Liljenberg asked if there were any questions or further discussion. Hearing none, she asked for a recommendation.
Recommendation: Brandon recommended the board approve the report as presented and submit it to TDI in accordance with the Plan of Operation.
Motion: Bishop| Second: Klein| Approved Unanimously

Executive Director Report
Premium – Totaled about $2.5 billion through February, with January at $1.4 billion and February at $1.16 billion, suggesting premium growth is flattening compared with prior years.
Item and Policy Count – January 2026 saw a spike with 104,000 policies, nearly double the average of 55,000. Two-thirds were new tenant dwelling Commercial General Liability (CGL) policies. Over 28,000 of these came from one company filing in bulk, causing the high item count.
Conclusion: Brandon concluded the presentation. Liljenberg asked if there were any questions or any recommendations. There were none.

Item 8. Election of 2026 Officers | Chair of the Board
The SLTX Board of Directors held an election for the 2026 Executive Committee members. The members and positions are as follows:
- Liljenberg nominated herself for Board Chair and was unanimously elected.
- Bishop was nominated for Vice Chair and was unanimously elected.
- Bennett nominated herself for Secretary and was unanimously elected.

Item 9. Committee Appointments | Lezlee Liljenberg, Chair of the Board
(a) Finance & Audit Committee
- Chair – Lawrence
- Vice Chair - Klein
- Secretary - Bennett

(b) Board Orientation & Training Committee
- Chair – Bishop
- Vice Chair - Klein
- Secretary - Cables

(c) Plan of Operation Committee
- Chair – Klein
- Vice Chair - Bridges
- Secretary – Harrison

Item 10. Adjournment | Lezlee Liljenberg, Chair of the Board
With no further business, the meeting adjourned at 10:34 AM.
Motion: Klein | Second: Bennett | Approved Unanimously

Leah Bennett

Leah Bennett, Secretary