

## July 22, 2021 Board of Directors Meeting Minutes

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A Board of Directors meeting for the Surplus Lines Stamping Office of Texas was held by conference call via RingCentral.

### Agenda

- Item 1. Call to Order & Establishment of a Quorum
  - Item 2. Discussion and appropriate approval of June 24, 2021 Meeting Minutes
  - Item 3. Discussion, review, and approval of Directors & Officers Insurance Renewal
  - Item 4. Adjournment
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### Item 1. Call to Order | Penni Chambers, Chair of the Board

Penni Chambers, Chair of the Board of Directors, called meeting to order on July 22, 2021, at 10:02 a.m.

A conference call-in number was provided in the public meeting notice. Chambers stated, written notice of this meeting, the proposed agenda and all related meeting materials were provided to the Commissioner or his delegate on July 12, 2021, in accordance with the Plan of Operation, Section 2(c)(2).

Written posting of this meeting and agenda were provided to the Board of Directors and the public on July 14, 2021 in accordance with the Plan of Operation, Section 2(c)(1). Chambers called roll to determine participating members via telephone conference 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
Lorrie Cheshier		12/31/2022
Charles Gillenwater		12/31/2022
Peter Harrison		12/31/2021 - Absent
Teri Brinson		12/31/2022
Jeff Klein		12/31/2023

#### Other Attendees:

Greg Brandon, Executive Director, SLTX  
Donna Aug, Director of Finance, SLTX  
Cheyenne Herrera, Director of Operations, SLTX  
Sholonda Stone, Director of IT, SLTX  
Vanessa 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  
Patti Otto, TDI  
Robby Moore, Broker, PLUS, Inc.  
Shirley Bowler, Reporter

**SLTX Staff Member Attendees:**

Sharmila Subedi, Business Analyst

Dalton Moore, Senior Developer

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.
6. Due to this meeting taking place by conference call, some Board votes will be by roll call.

**Item 2. Discussion and appropriate approval of June 24, 2021 Meeting Minutes**

**Presenter: Penni Chambers, Chair of the Board**

Chambers asked the Board if there were any corrections to the June 24, 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 June 24, 2021 meeting minutes as presented.

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

All Board Members in favor.

Motion carries.

**Item 3. Discussion, review, and approval of Directors & Officers Insurance Renewal**

**Presenter: Greg Brandon, Executive Director**

Brandon stated purpose of meeting was to fulfill requirement as per Plan of Operation, Section 3(a)(8), "The Stamping Office must purchase bonds and insurance covering the Stamping Office, its Directors, Officers, employees, and agents of Stamping Office, and its properties and activities as it deems appropriate. The Stamping Office must prepare a detailed summary of bonds and insurance policies to include coverage, policy dates, premium, and limits for review and approval by the Board at the third-quarterly Board meeting and prior to procurement or renewal."

Brandon invited Robby Moore, Broker for PLUS, Inc. to re-introduce himself to the Board and provide insight of analysis performed. Moore provided background of his field and his tenure with PLUS, Inc.

Brandon provided an overview of D&O insurance program which included a \$5 million limit from 8/1/2020 – 8/1/2021. Chubb notified SLTX of a non-renewal at policy expiration. Chubb's decision was based on overall underwriting guidelines and no longer considering quasi-governmental accounts.

Moore stated SLTX began reaching out to at least 28 carriers, once notified of this change. There have been challenges finding coverage in the D&O marketplace for a quasi-governmental entity with unique structure. Additionally, shift in industry appetite and the pandemic have caused hesitancy in the market.

Klein asked if there will be a gap in coverage. Moore assured that there will be no lapse in coverage.

Gillenwater asked if the company has tort protection or immunity as a quasi-governmental entity. Stan Strickland stated that Board Members are covered by immunity provisions in the code (981.57). However, coverage for the company is a bit broader since it is a quasi-governmental entity. Klein asked about viability of getting insurance through non-profit alliance. Moore stated it would be a possible avenue to pursue.

Moore added that hard D&O landscape pushed SLTX to move through negotiations between Stratford and Evanston.

Brandon stated Stratford Insurance Program Renewal for D&O contains two options:

- Option one (1): \$25,000 deductible, primary premium of \$16,640, excess premium of \$24,000, and taxes & fees of \$1,182 = Total \$41,822.
- Option two (2): \$50,000 deductible, primary premium of \$15,234, excess premium of \$24,000, and taxes & fees of \$1,182 = Total \$40,416.

Moore further stated Stratford has a large claim history with great claim response and is working with great partners to provide peace of mind as well as protection to the Board, and everyone included. Chambers reassured the Board that they are a good carrier and A+ rated by AM Best.

Chambers opened the floor to the Board.

Leslie Milvo expressed concerned that excess layer is priced a bit high. Moore stated the \$3 million limit to \$5 million limit is meant to bring peace of mind and clarity to the Board; however, Evanston will not have any difficulty lowering the limit if requested. They are evaluated on a claim-to-claim basis, so it is hard to predict how much is needed. Chambers stated they are keeping an eye on litigation costs to prevent overpaying. Chambers added that price comparison between the two will save money, and asked Moore for his insight on how the market is impacting claims. Moore stated ERCOT is another issue that individuals are discussing, therefore it is too early to tell if anything will occur.

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

**MOTION:** Jeff Klein

**SECOND:** Leslie Milvo

**TEXT OF MOTION:** Motion to bind option one (1) of Stratford D&O insurance renewal for the \$25,000 deductible and with a total premium of \$41,822 to become effective August 1, 2021.

Chambers asked if there were additional comments or questions; finding none, asked for a roll call.

Roll call vote:

- Penni Chambers, Chair - Yes
- Randy Myers, Vice Chair - Yes
- Teri Brinson, Secretary - Yes
- Lorrie Cheshier - Yes
- Charles Gillenwater - Yes
- Leslie Milvo - Yes
- Jeff Klein - Yes
- Peter Harrison - Absent

All Board Members present in favor.

Motion carries.

Chambers thanked Moore and Brandon for their efforts on behalf of the Board of Directors.

Chambers asked if there were any further discussion or questions. Hearing none, the Chair moved on to the next agenda item.

**Item 4. Presenter: Penni Chambers, Chair of the Board**

Chambers asked for a motion to adjourn the meeting.

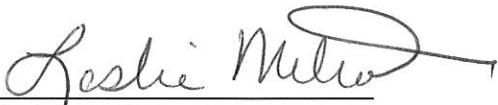
**MOTION:** Charles Gillenwater

**SECOND:** Randy Myers

**TEXT OF MOTION:** Adjournment

Motion carries.

The meeting adjourned at 10:43 a.m. on July 22, 2021.

A handwritten signature in cursive script, reading "Leslie Milvo", written over a horizontal line.

Leslie Milvo, Secretary