

Board of Directors Meeting Minutes

March 31, 2022

A Board of Directors meeting for the Surplus Lines Stamping Office of Texas was held in-person, on March 31, 2022, beginning at 9:00 a.m. and lasting until adjournment.

Agenda

- Item 1. Call to order, establishment of quorum
- Item 2. Introduction of New Members
- Item 3. Discussion and Appropriate Approval of December 15, 2021, Board Meeting Minutes
- Item 4. F&A Committee Report
 - (a) Discussion and Appropriate Action:
 - Annual Financial Audit Review
 - (b) Discussion and Appropriate Action:
 - 2022 Finance YTD Update
 - Reserve Balance Update
 - Investment and Cash Management Policy Annual Review
 - (c) Discussion and Appropriate Action:
 - Annual Stamping Fee Analysis
- Item 5. Discussion and Appropriate Action
 - Annual review of Plan of Operation and Proposed Amendments
- Item 6. Executive Director Report and Appropriate Action:
 - Review and Approval of Cyber Insurance Coverage
 - Review and Approval of Annual Report
 - Company Update
- Item 7. Operations Director Report and Appropriate Action:
 - Operations Update
 - SMART Update
 - Headspring Agreement
- Item 8. ITS Director Report and Appropriate Action:
 - ITS Update
- Item 9. Election of 2022 Officers
- Item 10. Committee Appointments
 - (a) Appointment of Finance & Audit Committee Members
 - (b) Appointment of Board Training Committee Members
 - (c) Appointment of Plan of Operation Committee Members
 - (d) Dissolution of Procurement Policy Committee
- Item 11. Adjournment

Item 1. Call to Order | Penni Chambers, Chair

Penni Chambers, Chair of the Board of Directors, called meeting to order on March 31, 2022, at 9:01 A.M.

The meeting will be held in-person, on March 31, 2022, beginning at 9:00 a.m. and lasting until adjournment. The meeting shall be held at the Surplus Lines Stamping Office of Texas, 805 Las Cimas Parkway, Suite 300, Austin, Texas 78746. A quorum of the Board of Directors is intended to be present at this location.

Written notice of this meeting, the proposed agenda, and all related meeting materials were provided to the Texas Department of Insurance Deputy Commissioner of the Financial Regulation Division and her designees on March 21, 2022, in accordance with the Surplus Lines Stamping Office of Texas - Plan of Operation, Section 2.(c)(2). Written Notice of this meeting and the related agenda were submitted to the Office of the Secretary of State on March 24, 2022, for publication in the Texas Register in accordance with the Texas Open Meetings Act.

Chambers called roll to determine participating members via telephone conference pursuant to Plan of Operation Section 2.(c)(6):

BOARD OF DIRECTORS PRESENT

Penni Chambers	Chair
Leslie Milvo	Secretary
Lorrie Cheshier	
Charles Gillenwater	
Peter Harrison	
Jeff Klein	
Lezlee Liljenberg	
Bart Koch	
Garrett Sprowls	

ALSO PRESENT

Greg Brandon, Executive Director, SLTX
Donna Aug, Director of Finance, SLTX
Cheyenne Herrera, Director of Operations, SLTX
Denisse Amezcuita, Director of Human Resources, SLTX
Sholonda Stone, Director of IT, SLTX
Marissa Gamez, Administrative Assistant, SLTX
Marcelina Gutierrez, Communication and Education Coordinator, SLTX
Christian Robinson, Data Analyst, SLTX
Stanton Strickland, General Counsel, Mitchell Williams, Selig, Gates & Woodyard, PLLC
Paul Rainey, TSLA Liaison
Courtney Williams, Office of Financial Counsel, Texas Department of Insurance
Patty Otto, Office of Financial Counsel, Texas Department of Insurance
John Carter, Director of Company Licensing, Texas Department of Insurance
Nick Souza, Texas Department of Insurance
Marie Musalem, Senior Audit Manager, Calhoun Thompson & Matza, LLP - Financial Auditors

SLTX staff member also in attendance

Sharmila Subedi, Business Analyst, SLTX
Dalton Moore, Senior Developer, SLTX
Toby Pick, Operations Manager, SLTX

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 mute lines at all times.
3. Representatives of state agencies and members of the public are welcome to observe or record this Board meeting but 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. Introduction of New Board Members

Penni Chambers yields floor to both Bart Koch and Garrett Sprowls to introduce themselves. Koch recalls service in industry, for he's been involved since 1982. He remembers when Stamping Office was first created and its previous housing on the first floor. He loves the people and atmosphere of the company and its community. Sprowls states he's been in the business since 2009. He agrees with Koch on his statement regarding Stamping Office and expresses thanks and gratefulness to board and SLTX.

Chambers thanks both for service and willingness to serve.

Item 3. Discussion and Appropriate Approval of December 15, 2021, Board Meeting Minutes Presenter: Penni Chambers, Chair of the Board

Penni Chambers asked if the Board had any revisions or amendments to the presented minutes. Finding none, Chambers asked motion to approve December 15, 2021, board meeting minutes as presented.

MOTION: Buddy Gillenwater

SECOND: Peter Harrison

TEXT OF MOTION: Motion to approve December 15, 2021, board meeting minutes.

Motion carries.

Item 4. F&A Committee Report Buddy Gillenwater, Committee Vice Chair

(a) Discussion and Appropriate Action:

- Annual Financial Audit Review

Donna Aug, Director of Finance; Calhoun, Thomson + Matza

Charles Gillenwater passed review of Financial Audit to Donna Aug and associate from Calhoun, Thomson + Matza.

Donna Aug introduces Marie Musalem from Calhoun, Thomson, + Matza.

Musalem references two documents from firm which included results from Financial Audit. The Company's significant accounting practices and policies are included in Summary of Significant Accounting Policies section of financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Summary of Significant Accounting Policies section of financial statements. There were no changes in significant accounting policies and practices during the year.

There were three corrected misstatements, other than those which were trivial, related to accounts and/or disclosures which were brought to the attention of management. There were no uncorrected misstatements, other than those which were trivial, related to accounts and/or disclosures which were presented to management.

In planning and performing audit of financial statements, SLTX's internal control over financial reporting (internal control) was considered as basis for designing auditing procedures for purpose of expressing opinion on financial statements, but not for purpose of expressing an opinion on effectiveness of Company's internal control. Accordingly, Calhoun, Thomson, + Matza do not express an opinion on effectiveness of SLTX's internal control. Consideration of internal control was for limited purpose described above and was not designed to identify all deficiencies in internal control which might be significant deficiencies or material weaknesses. In conjunction with audit of financial statements, it noted there are no material weaknesses.

The engagement letter dated October 15th, 2021, describes responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and performance of services. This letter also stipulates responsibilities of SLTX with respect to independence as agreed to by SLTX. Please refer to letter for further information.

Musalem asks if there are any questions regarding the final results of Financial Audit. Finding none, Chambers moved to next item.

MOTION: Jeff Klein

SECOND: Leslie Milvo

TEXT OF MOTION: Recommend Board of approve 2021 Annual Financial Audit as presented and be sent to the Texas Department of Insurance in accordance with the Stamping Office Plan of Operation

Motion carries.

(b) Discussion and Appropriate Action:
- 2022 Finance YTD Update

- Reserve Balance Update
- Investment and Cash Management Policy Annual Review

Donna Aug, Director of Finance

Aug moves onto 2022 Financial Update. SLTX was underbudget for stamping fee, 34% for February and 25% for the year. Premiums reported are lower than budgeted. Investment Income was over budget for February and underbudget (4%) for the year. Getting into operating expenses, professional services were over budget for February due to Cloud Optimization SOW extension with Headspring through April. Conference and education were underbudget 100% of the year, no changes there. General and administrative expenses under budget for February and just about even for the year. Aug recalls Contingency expenses have been reduced from 5% to .5% which produced YTD savings of \$7,400 since it has not been used. Moving on, SLTX made a change presentation of investment values. We really wanted to see true operating expenses and loss and result was a loss of \$163,000. With reduced stamping fee, it is what's expected. A loss is what's hoped for, and YTD holds about \$452,000 in losses.

Aug asks if there are any questions from board. Finding none, Chambers requested to move to next item.

Aug moves forward with reserve balance update. SLTX began 2022 with a fund balance of \$28.8 million, \$20 million over the maximum for 2022 at \$8.8 million. February's year to date net loss of \$754,000 resulted in fund balance of \$28 million, \$19.2 million over our current maximum. At current pace, the year end fund balance is projected to be \$27 million; \$18.2 million over our maximum.

Chambers asks board if there are any questions for Aug. Chambers asks Aug if there are any recommendations to present.

MOTION: Lezlee Liljenberg

SECOND: Garrett Sprowls

TEXT OF MOTION: Recommend board submit a written plan to Texas Department of Insurance for reducing amount of financial reserves in accordance with SLTX Plan of Operation.

Motion carries.

Aug moves to next item, Investment and Cash Management Policy Annual Review.

As of March 14, SLTX investment broker reviewed currently held investments in portfolio and compared it to investment policy. Investment listing now includes four types of investments. SLTX is currently holding 54.7% for CD's (certificates of deposit) while range of total value should be 10% - 60%, so we are doing well in this category. Fixed income is totaling 45.3% of value while range of total value should be 10% - 60%. SLTX current holdings are in line with current investment policy.

Jeff Klein recalls question he asked Aug during Finance and Audit Committee Meeting, "Are any of investments subject to any material international volatility"? Klein further elaborates that Aug declined, so SLTX is in good standing.

MOTION: Lorrie Cheshire

SECOND: Peter Harrison

TEXT OF MOTION: Recommend board make no revision to the SLTX Investment and Cash Management Policy in accordance with Section 2(b)(6) of the SLTX Stamping Office Plan of Operation

Motion carries.

(c) Discussion and Appropriate Action:

- Annual Stamping Fee Analysis

Presenter: Cheyenne Herrera, Director of Operations; Christian Robinson, Data Analyst

Cheyenne Herrera passes floor to SLTX's Data Analyst, Christian Robinson, to discuss item. Herrera will provide recommendation. Robinson provides introductions moved to item of discussion, the Stamping Fee Rate and Undesignated Fund Balance. Reasoning for discussion is due to Plan of Operation. It requires the board to submit written recommendation to Commissioner of Insurance to lower, raise or take no action on fee. Due to current state of fund balance, SLTX did not take time to analyze raising fee, but it is an option. Regarding undesignated fund balance, Plan of Operation defines maximum the reserve balance can hold (2 times the 5-year average audited expenses). If we predict fund will reach well over maximum threshold, the board will need to provide a written plan to reduce fee within respectable time. Robinson provides an image depicting where SLTX is YTD. For 2021, fund balance was around 28.8 million which is over maximum \$8.8 million-dollar amount. When we compare this to previous discussion in 2020, undesignated fund balance was around \$22 million, and maximum was \$7.3 million. To review, 2020 is when we decided to reduce existing stamping fee to .075% from .15%, and we predicted maximum fund balance would return to normalcy in 2034. Furthermore, from this presentation, you can see fund balance has not decreased for a few years. This takes account for hard market conditions currently ongoing. Greg Brandon recalls original projection and praises Robinson's accuracy.

Robinson further states 20-year projections may have uncertainties due to expansion of time, so he plans to have update June 2022. Moving forward, Robinson provides updated points on projection slide from 2020. Hard market conditions were apparent in 2019, and it has continued to stay stable through this period.

Robinson provides three different projections for stamping fee, .075%, .05%, and .03%. The current fee allows SLTX to reach maximum by 2029 while .05% allows to reach maximum by 2025. Lastly, a .03% rate would allow us to reach maximum by 2024. However, funds will become negative by 2026 if rate is decreased to .03%. Robinson clarifies timeline has nothing to with premium we are experiencing, for it is more to do with expenses. For these projections, we considered 2022 budget expenses, and it accommodates for accelerated timeline since expenses have an impact on both reserve and maximum balances. Moving onto pros and cons of these projections, biggest pro for current projection is lack of impact on industry. To clarify, when SLTX makes stamping fee rate change, agents and brokers of market go through significant changes. The current rate also has greatest long-term sustainability since it's relatively close to break-even rate. We can operate with this rate without worrying about negative funds once undesignated fund balance has reached its maximum. The cons for this rate are it reaches maximum balance at slowest rate, so if there is a legislative change

which impacts volume of business in market, it's possible current rate would not allow us to reach maximum. However, it will take an unprecedented change which does not include climate we have seen over the past couple of years. The moderate reduction to .05% is good due to flexibility it provides when regard to Surplus Lines market. However, if rate does not work, there may be necessity for a rate increase. This is a con to the .05% rate. Lastly, .03% rate provides quickest way for max fund balance to decrease, but a rate increase may be required.

Robinson provides a break-even analysis. Given premium which we have seen in market, this is rate that would need to be charged in order to break even. After stamping fee rate was changed January 1, 2021, realize rate and stamping fee rate differ. He reviewed previous occurrences in which stamping office made a fee change and found it takes three to six months for true impact of rate change. It wasn't until June 2021 most policies which come into office have new stamping fee rate.

Robinson further states considerations lowering rate further, but it will take another three to six months to see a true rate. In terms of cashflow process, SLTX does not require agents to pay their fees until balance reaches at least \$15 dollars. The lower we make stamping fee; more agents will not pay fees until they reach \$15 dollars. Although premium is being realized, we do not see cash coming into office. During hard market conditions over last three years, items have stayed relatively flat through time while premiums have increased. This means there are companies in market who are charging at higher price. From 2017 to 2019, we were operating under a different climate. SLTX had less employees than usual, and expenses reflected this. When we look at max fund balance for 2022, it includes expenses from 2017-2019. As we operate under conditions we are currently in, you see max fund balance increase as well. The balance is projected to increase \$10 million dollars over next five years. In terms of hard market condition predictions, they have remained strong, and Robinson does not expect industry to exit in near future. We also see new market entrances in Texas. There are 5 to 6 new companies every year, but in the last four years we are averaging 16 to 17 per year. As these new companies enter market, there will be competition for price, and this could have a negative impact on premium.

Chambers asks board if there are any questions for Robinson. John Carter asks if there was a projection model used for presentation. Robinson states he developed his own projections.

Jeff Klein thanks Robinson for his presentation, for it was easy to follow and comprehend.

MOTION: Garrett Sprowls

SECOND: Jeff Klein

TEXT OF MOTION: Recommend board to recommend to TDI that no change be made to the current stamping rate fee in accordance with the Section 2(b)(7)(C) of the Stamping Office Plan of Operation

Motion carries.

Item 5. Discussion and Appropriate Action - Annual review of Plan of Operation and Proposed Amendments

Presenter: Penni Chambers, Chair of the Board

Chambers recalls Stamping Office Plan of Operation and of work committee completed regarding reviewal and proposals for Plan of Operation. Those recommended amendments to the Texas Department of Insurance are still under consideration. During this time, members

did not seek reappointments or resigned from committee, but new members will be appointed later this meeting.

MOTION: Penni Chambers

SECOND: Lorrie Cheshire

TEXT OF MOTION: Recommend board to allow prior review of the Plan of Operation Committee stand and there be no amendments or recommendations at this time and continue discussion with TDI concerning recommended amendments presently under consideration and once appointed, the new members of the committee initiate a review of the plan of operation to identify additional plan amendments or revisions to the prior amendments

Motion carries.

**Item 6. Executive Director Report and Appropriate Action:
Greg Brandon, Executive Director**

- Review and Approval of Cyber Insurance Coverage

Brandon reminds board of \$5 million purchase limits regarding Cyber insurance program renewal. Historically, SLTX had \$5000 deductible and it was renewed in 2022 on January 7th. Premium rose from \$8,625 to \$17,113, and it became necessary to layer the program. However, there were a couple things SLTX was unable to do. In December, board granted Brandon authority to bind cyber coverage not to exceed \$20,000 in premium, not to exceed \$10,000 deductible, and to maintain the \$5 million dollar limit. We had no offers at \$10,000 deductible. There were no underwriters willing to go low for a deductible structure. \$50,000 was one of few offers received. Because of this, \$50,000 became new baseline for deductibles. Additionally, no carrier was willing to put \$5 million of limits down for us. We had to layer the program. This means SLTX has a \$3 million primary from National Specialty Insurance and a \$2M x \$3M excess layer from CNA. The prices for each layer are roughly equivalent. Brandon indicated it's unusual for the price of the excess to be roughly equivalent to the primary, but not surprising given the current insurance market environment.

MOTION: Charles Gillenwater

SECOND: Leslie Milvo

TEXT OF MOTION: Recommend board approve increase deductible and ratify purchase of this coverage with increased deductible as presented

Motion carries.

- Review and Approval of Annual Report

Brandon recalls Plan of Operation holds several requirements. One is this meeting in which we review annual report and there are several sections which have specific items to be included in annual report. Brandon indicated report has been reduced to a 6-page document to ensure the requirements required by the Plan of Operation are provided..

Brandon points out Plan of Operation section requirements for transactions, conditions, operations, investments. This became headings of each section in the document, and all other items that were included in previous versions have been eliminated. Brandon further indicated this report is most similar to the 2014 annual report, with modern graphics and color coordination. Brandon reviewed the entire document acknowledging the changes made from previous Annual reports.

MOTION: Jeff Klein

SECOND: Garrett Sprowls

TEXT OF MOTION: recommend board approve annual report as presented and submit the TDI in accordance with Plan of Operation

- Company Update

Brandon provides overview of company and assures there are not many changes from last time the board met. Operations still holds bulk of employment and will always be largest subset of the company. Sholonda Stone's team is growing compared to a few years ago, but it is not going to grow larger than currently. SLTX will continue to run lean in both finance and HR groups. Brandon goes on to introduce our new Administration Assistant, Marissa Gamez. The board welcomes Gamez.

Brandon moves to premium. The trend continues from previous year, for every month was a record month. January was a record month \$691 million while February was \$540 million. Item count is normal for last year and it could be the same outcome for 2022.

Brandon recalls requirements in Plan of Operation regarding communications with Texas Department of Insurance. The plan states to report to board at least quarterly, confirming communication between stamping office and TDI occurred. Brandon reviews data regarding communications with TDI. A quarterly meeting was held on January 7th with the Chair of the Board, Executive Director, Jamie Walker, and Patti Otto. Board member status, operations, and overviews were provided, and next meeting is scheduled for April 26, 2022.

Brandon asks board if there are any questions. Finding none, Chambers moved to next item.

Item 7. Operations Director Report and Appropriate Action:

Presenter: Cheyenne Herrera, Director of Operations

- Operations Update

Cheyenne Herrera provides update on operations team. There were multiple new hires in 2021 to fill void which Greg and Christian spoke of in terms of job duties and workloads. A financial Analyst was hired, Yuba Dahal, and has completed accounting training part of position in organization. He follows company or insurer review, analysis, recommendations, and will be under Donna Aug and Cheyenne Herrera. Furthermore, he will be available to back up current accountant. Moving onto three groups of Policy Analysts, Herrera states they are an excellent group and gives praise to Lead Analysts and Operations Manager for

their patience and assistance. Overall, team is doing great and continues to exceed in tasked duties.

The operations team is responsible for deliverables and Plan of Operation Insurance Code or Administrative Code. One of the data requests we provide to TDI, called data call or policy count report. SLTX reports this on behalf of 265 surplus lines insurers since they're not required to complete request of data policies which were in-force as of end of 2021. The report was sent ahead of its deadline on March 1st.

SLTX provides 2021 annual late filing reports online to automated or online filers. A mailed report is sent to every agency on report. There were 453 agencies on report, but there were 907 total agencies or agents reporting. To summarize, there are nearly 700,000 policies but only 9,903 were reported late or 1.42% of late filings reported. An article was published to congratulate top 20 agencies (by item count) who did not file late.

Herrera provides brief update on record retention. Stan Strickland passed task to Herrera, so it is in progress. Chambers state board may review final numbers at next board meeting in June. A motion will need to be made to receive final approval from TDI.

- SMART Update

Herrera asks board to refer to packet to review actual costs for SMART. A total number of hours which were billed by vendor are provided, followed by actual costs and Epics. Technical debt is also included. From end of 2021 going into 2022, there was a change to Headspring SOW. The program management fees from 2021 and historically have been \$27,500 a month flat for services. Going into 2022 for cost saving, we moved into billable hours. We saved about \$17,000 for February and \$15,000 for January. Sick time and PTO are similar between headspring and SLTX, so the billable hours are a bit lower than previously expected. Herrera draws attention to December 2021, for it has two plus symbols. This indicates purchases and costs for 661 hours charged for Cloud Optimization SOW as defined and allowed within that contract. The following page includes costs for original SOW and Cloud Migration costs. We have used all of funds from SOW as well as additional funds for cloud migration. The total all in cost as of February is \$10.7 million and of this total, there are roughly a million dollars in costs due to the previously disbanded OCR/data extraction feature that was initiated near the beginning of project.

Herrera asks board if there are any questions. Garret Sprowls asks about leftover duration of project before it is complete. Herrera states her presentation will provide answer momentarily.

Herrera provides a timeline of SMART project. There are five categories which involve the project. There are expectations to have bug fixes, process improvement, and user feedback after an initial release phase. The goal is to keep in touch with users every step of way through release. SMART stands for Specialty Market Automation Reporting Tool and was named by IT predecessor. To recap on features, users do not care for internal filing background tools as long as system is doing its purpose, which is to allow them to make filings. Automated filing/ API filing is available and is actively being tested by several

agencies and brokers. There is a broker landing page which provides tools which can assist users. Extended search features and ACH/ Credit Card payment features are available. Additionally, we introduced automated password reset process which alleviates issues of passwords updates/ changes experienced in past. 94.02% of transactions are able to be filed in SMART with features currently available. SLTX would not have issues if everyone was to move to SMART beginning today. In regard to training, Herrera holds individual training opportunities for agencies and its users. By breaking down business models and operations, it's much easier to tailor a training to those needs.

Herrera moves onto next item.

- Headspring Agreement

Herrera states Headspring, current vendor for SMART development, was purchased by different company toward end of 2021. The new company has accepted previous agreements with SLTX with minor change to number of hours an individual can account to vendor every day. The SOW was prepped during summer of 2021, and it was agreed to identify, hire, and retain knowledgeable developers. This task was completed at end of 2021, and they are doing excellent. Herrera recalls original SOW to state the first quarter would hold a full Headspring developers' team and then transitions to a halftime Project Manager, one lead developer, and one developer towards end of first quarter. This would continue going into second and third quarter as well. SLTX will take over duties from Headspring. This specific time-line was contingent on the hiring of SLTX developers, which did occur but not until much later in 2021 than expected when initially planning the 2022 SOW. Herrera discusses original SOW and its amended document. Sholonda Stone notified Herrera and Brandon of end-of-life timeline for servers which services MIS operations. This meant SMART would need to be complete in a span of six months, yet Stone negotiated end of life to extend to December 2024. The board praised Stone and her skills. Herrera projects SMART project to be primarily complete, with relation to existing EFS features, within a year. For external filers, the final set of Data Entry features should be available within few months. From there, it will take time to convince agencies to transfer to SMART. Everyone who has used the software has nothing but good things to say, and DEMOs are very helpful. As SLTX gets closer to budgeting in summer, it will be decided if Headspring will need to provide services in 2023.

Herrera proceeds to review amended Headspring SOW. Jeff Klein asks if additional expense provided will affect reserve fund balance. Brandon states bills are paid out of cashflow, yet any additional purchases will be removed from reserve fund balance.

Chambers asks board if there are any additional questions.

MOTION: Leslie Milvo

SECOND: Lezlee Liljenberg

TEXT OF MOTION: Recommend board approve the 2022 SOW amendment to existing SOW

Motion carries.

Chambers calls for break at 10:44 AM. Please be back in 10 minutes.

Chambers resumes meeting at 10:54 AM.

Item 8. ITS Director Report and Appropriate Action:

Presenter: Sholonda Stone, Director of ITS

- ITS Update

Sholonda Stone provides updates on SLTX's server and the migration to a more supportable platform. The true cost was \$286,740 and original end date was December 2021. Due to decisions to be made, task will not be completed until April 2022. Currently STLX is in pre planning phase of deciding what to do with legacy system that supports EFS and MIS. It was decided to migrate to Microsoft Azure Blob Storage (BS), for its best option to keep control of SLTX information. It has less cost than global search system. The renewal public mobile search system was priced around \$62,000 just for support. Additionally, there are training fees to be officially trained to utilize the system. The new system does not have any restrictions since SLTX maintains and controls everything.

All configurations were completed in February, and migrations are underway for documents and uploads. SLTX must create a catalog similar to current cut server and move it over to Azure blob storage in order to store data properly. Due to amount of data inside of server, it will take some time and effort to migrate everything. With amount of data inside of cups, we have probably life of the stamping office in there. We must migrate all that over, so it is going to take a good bit of time and a good bit of effort to get all that.

SLTX has moved to Proofpoint from Mimecast for email filtering, and cost has been substantially cheaper. It costs a dollar a month to preserve emails for life of an email while Mimecast charged at least \$8,000 a year. Proofpoint also gives user more control over who is blocked. We migrated from Ninja RM-2 to Connect Wise for free right now. This led to about \$7,000 in savings from switching systems. Connect Wise provides users more flexibility for updates, etc.

Additionally, SLTX migrated over to Webroot Central one which is endpoint protection (virus protection). It was a one-time payment of \$5,000 to \$6,000 and is a handsomer product.

Regarding system updates there were server end of life issues, but it has been resolved. Sprowls asks if migration is taking items from entire life of the stamping office, and is it required to keep records of all transactions since beginning? Herrera and Stone assure Sprowls they are reports, not records. It is more of a report of data, not data itself. Stan Strickland further clarifies there is a record contention policy which is currently underway. It is an expansion to be more precise and reflects off State Comptroller's example.

Chambers asks board if there are any questions or recommendations from Stone. Finding none, moved to next item.

Item 9. Election of 2022 Officers

Chair of the Board

There are three officer positions to elect, Chair, Vice Chair, and Secretary. They will be handled separately to record the nominations and vote on the nominees for each position. If there are more than one nominee for any officer positions, the nominee with most votes will be elected to the respective positions. Officer terms are for one year and will commence

upon election. Secretary with assistance of the Stamping Office staff, Secretary must keep full minutes of proceedings of board and perform other duties customary to office or assigned by the Chair. Are there any nominations for Secretary?

The SLTX Board of Directors held an election of the 2022 board members. The members and positions are as follows:

Chair – Charles Gillenwater
Vice Chair – Leslie Milvo
Secretary – Penni Chambers

Item 10. Committee Appointments

Chair of the Board

(a) Appointment of Finance & Audit Committee Members

Chair – Jeff Klein
Vice Chair – Bart Koch
Pete Harrison

(b) Appointment of Board Training Committee Members

Chair – Lezlee Liljenberg
Vice Chair – Lorrie Cheshire
Garrett Sprows

(c) Appointment of Plan of Operation Committee Members

Chair – Penni Chambers
Vice Chair – Garrett Sprows
Jeff Klein

(d) Dissolution of Procurement Policy Committee

Gillenwater has dissolved the committee until further notice.

Item 11. Adjournment

Chair of the Board

Gillenwater asked for additional comments or questions; finding none, continued to adjourn the meeting.

MOTION: Penni Chambers

SECOND: Jeff Klein

TEXT OF MOTION: Adjournment

Motion carried.

The meeting adjourned at 11:15 A.M. on March 31, 2022.

Penni L. Chambers

Penni Chambers, Secretary