

June 20, 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

June 20, 2025 Board of Directors Meeting		
Item 1.	Call to order; Establishment of Quorum	Lezlee Liljenberg, Board Chair
Item 2.	Discussion & Appropriate Approval of March 28, 2025 Board Meeting Minutes	Lezlee Liljenberg, Board Chair
Item 3.	F&A Committee Report (a) Discussion and Appropriate Action: - 2025 YTD Financial Review - 2025 Pension Funding	Nick Lawrence, Committee Member; Ronnie Ford, Director of Finance
Item 4.	Executive Director Report & Appropriate Action: - Company Update	Greg Brandon, Executive Director
Item 5.	Operations Director Report & Appropriate Action: - Operations Update - SMART Update	Cheyenne Herrera, Director of Operations
Item 6.	ITS Director Report & Appropriate Action: - ITS Update	Sholonda Stone, Director of ITS
Item 7.	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 June 20, 2025, at 10:00 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 June 10, 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 June 11, 2025, in compliance with the Texas Open Meetings Act. All board members were notified on June 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, via Teams

Esequiel Nathal, via Teams

Jeff Klein, via Teams

Jim Bishop, via Teams

Leah Bennett, via Teams

Ryan Bridges, via Teams

ALSO PRESENT

Greg Brandon, Executive Director, SLTX

Denisse Amezcua, Director of Human Resources, SLTX

Sholonda Stone, Director of ITS, SLTX

Ronnie Ford, Director of Finance, SLTX, via Teams

Toby P., Operations Manager, SLTX

Marissa G., Administrative Assistant, SLTX

Dalton M., Sr. Lead Developer, SLTX, via Teams

Kristian P., Policy & Data Analyst, SLTX, via Teams

Robyn P., Policy Analyst, SLTX, via Teams

Tyler P., Sr. Policy Analyst, SLTX, via Teams

Sharmila S., Business Analyst, SLTX

Paul Rainey, TSLA Liaison, RSI International, Inc., via Teams

Michael Nored, General Counsel, Mitchell Williams, Selig, Gates & Woodyard, PLLC, via Teams

Jeff McWhirt, General Counsel, Mitchell Williams, Selig, Gates & Woodyard, PLLC, via Teams

David Dodd, Office of Financial Counsel, Texas Department of Insurance

Andrew Guerrero, Company Licensing & Registration Office, 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 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 March 28, 2025 meeting minutes. With no questions or comments, Liljenberg asked for a motion for approval on minutes.

Motion: Bridges | Second: Lawrence | Approved Unanimously

Item 3. F&A Committee Report | Ronnie Ford, Director of Finance; Nick Lawrence Committee Chair

(a) Discussion and Appropriate Action: 2025 Finance YTD Update; 2025 Pension Funding

2025 YTD Financials

Ms. Ford presented 2025 YTD Financials:

- **Stamping Fee Revenue:** \$7,650 (1%) under budget for May and \$311,000 (10%) over YTD.
- **Investment Income:** \$1,266 (1%) under budget for May and \$31,267 over YTD due to higher ROI than expected.
- **Operating Expenses:** \$1,191,000 (66%) under budget for May and \$1,367,000 (28%) under YTD.
- **Salaries and Benefits:** \$1,165,000 (75%) under budget for May and \$1,234,000 YTD. Annual pension plan funding budgeted in May for \$1,162,500.
- **Professional Services:** \$1,334 (5%) over budget for the month and \$3,827 (2%) under YTD due to full January payment to LemonLight, originally budgeted to span the year.

- **Conference and Education:** \$2,000 (37%) under budget for May and \$24,000 (62%) under YTD due to timing of budgeted conferences.
- **Travel and Entertainment:** \$6,000 (69%) under budget for the month and \$2,300 (52%) under YTD.
- **Occupancy and Operating:** \$8,400 (26%) under budget for May and \$45,000 (24%) YTD.
- **General and Administrative:** \$1,263 (1%) under budget for May and \$13,688 (2%) under YTD.
- **Contingency Funds:** not used, resulting in savings of \$9,031 for the month and \$24,000 YTD.

Operating Income: for May was \$136,111. YTD, the organization recorded an operating income of \$486,154 which is more than the budgeted loss of (\$1,213,195). The budgeted loss for May alone was (\$928,372.)

Investment Value: decrease of approximately (\$117,367) for May and (\$9,382) decrease YTD.

Fund Balance: Beginning Balance in January 2025 was \$32.2 million. May's YTD net income of \$486,154 resulted in a fund balance on May 31, of \$32.7 million which is \$18.2 million over current maximum. The projected year end maximum fund balance is \$32.9 million, still \$18.4 million above the limit. Currently \$3.7 million over projected maximum fund balance.

Conclusion: Ms. Ford concluded the 2025 YTD Update presentation. Liljenberg asked if there were any questions or recommendations. Hearing none, no motion or recommendation was made.

2025 Pension Funding

Ms. Ford presented 2025 Pension Funding:

- Included in the 2025 budget was Pension cost of \$1,162,500
- The IRS minimum contributions for the year are \$249,000
- Actuary's recommended contribution range is minimum \$797,000 – maximum of \$869,242
- 2025 pension has not been funded; proposal needed for the board approval request of maximum \$869,242

Recommendation: Recommend the board to approve the 2025 pension payment for the maximum amount of \$869,242.

Motion: Lawrence | Second: Bishop | Approved Unanimously

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

An overview of the company was provided. Brandon reported on organizational changes including Donna Aug's retirement on June 6, 2025, Ms. Ford successfully transitioning into Director of Finance role after Ms. Aug's retirement. Brandon also reported on the organization's mourning of Cheyenne Herrera, Director of Operations, who passed in June. Cheyenne left a significant impact on the organization and was described as a pillar of strength, leader, teacher, and confidant. Her loss is deeply felt within the surplus lines industry, and she will be dearly missed. Brandon acknowledged her contributions and her dedication to staff development, and the organization plans to honor her legacy through their work.

Premium and Item Count

As of May 2025, SLTX reported \$7.6 billion in premiums written, an 18.5% increase compared to the previous year. April and May were record months, with nearly \$1.9 billion and \$1.8 billion, respectively. Item counts increased, with 562,664 items reported, a 7% rise from the previous year.

Policy Count

Just over 325,000 policies overall in 2024, while YTD policy count is about 373,000 policies. April and May both set records with over 80,000 policies each. The only month previously exceeding 80,000 policies was November 2023.

Conclusion: The presentation ended with no questions or further discussion. Liljenberg asked if there was a board recommendation; Brandon confirmed there was none.

Item 5. Operations Director Report & Appropriate Action | Greg Brandon, Executive Director
Staff Update

Brandon provided updates on staff achievements including:

- Christian, Senior Data Analyst, graduated with a Master's in Analytics from Georgia Tech.
- Staff members Cathy, Tyler, and Ariel participated in the Marcus Payne Advanced E&S program in Chicago to enhance their surplus lines industry knowledge.

Statutorily Required Deliverables

The organization continues to generate and deliver various reports to the Texas Department of Insurance (TDI), including:

- Monthly and quarterly reports.
- Late filing reports and eligibility evaluations for insurers.

Insurer Analysis Recap

Nine new insurers became eligible, and one insurer's eligibility was reinstated.

SMART Updates

Ongoing work on technical debt and enhancements, with future updates to be presented by Sholanda Stone.

Conclusion: Brandon concluded the Operations Director Report. Liljenberg asked if there were any questions or recommendations. Hearing none, no motion or recommendation was made.

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

Staff Updates

Developers are collaborating and preparing for upcoming conferences in Kansas City (August) and New York (November). Current work includes releases 1.2504 and 1.2505, along with new technology research for SMART.

SLTX ITS Updates - Security Updates to Infrastructure

Attended the SSL security briefing for new 47-day roll-out the CA/B Forum passed SC-081. Transitioning to automated SSL certificate management to reduce manual updates and improve security.

Upcoming changes will decrease certificate lifecycle from 825 days to 47 days by next year.

- Phased reduction: March 2026 – March 2027
- Full implementation deadline: March 2029

Addressed vulnerabilities exploited by hackers promptly.

- Transition to Sectigo Certificate Management Service completed.
- Zero-Day Updates: Monitoring and addressing vulnerabilities actively exploited before vendor patches; Brandon confirms no data was compromised.

Firewall (FortiGate)

- Resolved issues that required nightly reboots, now back to monthly restarts.

Email Security Migration

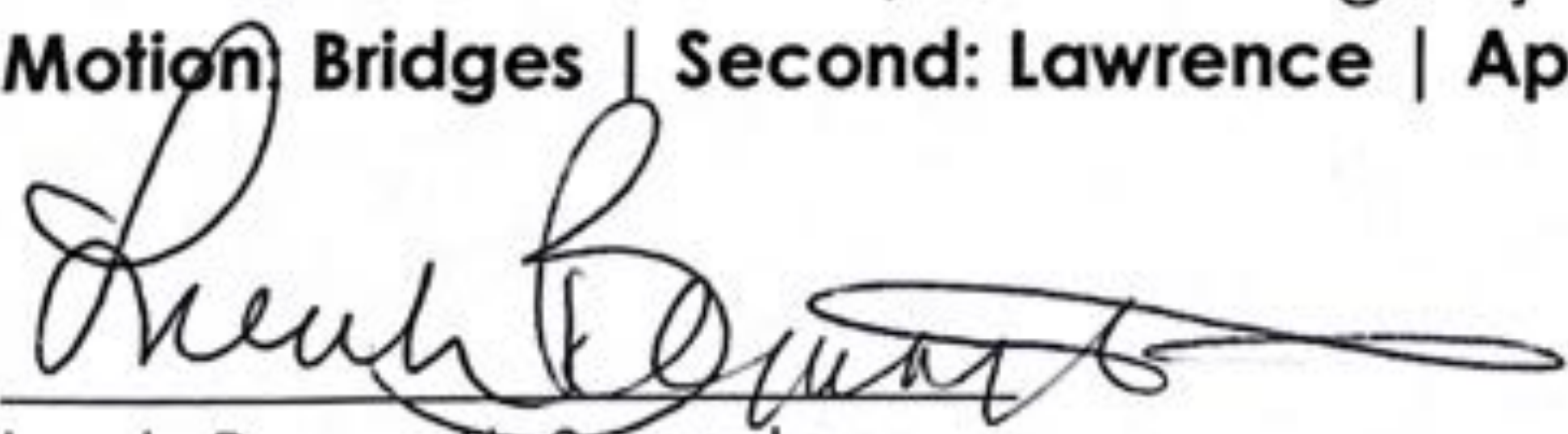
- Avanan has replaced Proofpoint for email security; adjustments are being made to ensure smooth operation.
- Ironscales retained for layered protection.
- Archived mail migration from Proofpoint to Avanan delayed due to export limitations.

Conclusion: Ms. Stone concluded the ITS Director Report presentation. Liljenberg asked if there were any questions or recommendations. Hearing none, no motion or recommendation was made.

Item 7. Adjournment | Lezlee Liljenberg, Board Chair

With no further business, the meeting adjourned at 10:33 A.M.

Motion Bridges | Second: Lawrence | Approved Unanimously



Leah Bennett, Secretary