

September 25, 2025

Finance & Audit Committee Meeting Minutes

A Finance & Audit Committee meeting for the Surplus Lines Stamping Office of Texas was held at the SLTX Office, 1601 E. Pflugerville Parkway, Pflugerville, TX, 78660.

AGENDA

| September 25, 2025 Finance & Audit Committee Meeting | | |
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| Item 1. | Call to order; Establishment of Quorum | Jason Cables, Committee Chair |
| Item 2. | Discussion & Appropriate Approval of June 20, 2025 F&A Committee Meeting Minutes | Jason Cables, Committee Chair |
| Item 3. | Discussion & Appropriate Action: <ul style="list-style-type: none">- 2025 YTD Financial Review- 2026 Proposed Budget | Ronnie Ford, Director of Finance |
| Item 4. | Discussion & Appropriate Action: <ul style="list-style-type: none">- Consideration of Audit RFP | Jason Cables, Committee Chair |
| Item 5. | Adjournment | Jason Cables, Committee Chair |

Item 1. Call to Order | Jason Cables, Committee Chair

Jason Cables, Committee Chair, called the meeting to order on September 25, 2025, at 1:04 P.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 15, 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 18, 2025, in compliance with the Texas Open Meetings Act. All board members were notified on September 4, 2025.

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

COMMITTEE MEMBERS PRESENT

Jason Cables, Committee Chair
Nick Lawrence
Esequiel Nathal

BOARD MEMBERS PRESENT

Lezlee Liljenberg, Board Chair
Jeff Klein

ALSO PRESENT

Greg Brandon, Executive Director, SLTX
Denisse Amezquita, Director of Human Resources, SLTX
Sholonda Stone, Director of ITS, SLTX
Ronnie Ford, Director of Finance, SLTX
Toby Pick, Director of Policy Intake & Analysis, SLTX
Marissa G., Administrative Assistant, SLTX
Yuba D., Financial Analyst, SLTX, via Teams
Kristian P., Policy & Data Analyst, SLTX, via Teams
Robyn P., Policy Analyst, SLTX, via Teams
Michael Nored, General Counsel, Mitchell Williams, Selig, Gates & Woodyard, PLLC,

Roberta Nordstrom, Office of Financial Counsel, Texas Department of Insurance
Andrew Guerrero, Company Licensing & Registration Office, Texas Department of Insurance
Shirley Bowler, Member of Press with TSLR, 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: June 20, 2025, Meeting Minutes | Jason Cables, Committee Chair

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

Motion: Nathal | Second: Lawrence | Approved Unanimously

Item 3. Discussion and Appropriate Action: 2025 YTD Financial Review & 2025 Pension Funding | Ronnie Ford, Director of Finance

Ms. Ford begins presentation.

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, 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 increase 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, 14.5 million over the limit.

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

2026 Proposed Budget

Ms. Ford begins the presentation by stating 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 higher interest rates, 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, for additional Microsoft training.

Travel & Entertainment – decrease of 2%, or \$2,300, because SLTX board meetings and HR travel have been reduced.

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

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

Conclusion: Ford concluded presentation.

Cables 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: Liljenberg | **Second:** Nathal | **Approved Unanimously**

Item 4. Discussion & Appropriate Action: 2026 Audit RFP Consideration | Jason Cables, Committee Chair

There was discussion about the current auditors, Calhoun, Matza & Thompson, and whether to issue an RFP for new auditors in fall 2025. The committee talked about the timeline, the benefits of waiting until the following year, and the challenges of sending an RFP in December.

Conclusion: Cables moved to recommend postponing (table) the audit services RFP until next year and to continue using the current auditors.

Motion: Cables | **Second:** Nathal | **Approved Unanimously**

Item 5: Adjournment | Jason Cables, Committee Chair

There being no other business before the committee, Cables requested a motion to adjourn the meeting. The meeting adjourned at 1:35 P.M.

Motion: Cables | **Second:** Nathal | **Approved Unanimously**



Jason Cables, Chair