TLHIGA | Texas Life & Health Insurance Guaranty Association

Personnel Committee Meeting
July 22, 2026

Briefing Material

TLHIGA

Personnel Committee Meeting Agenda

Wednesday, July 22, 2026; 9:00 A.M. Central Time
Video/Audio Conference Call Only
Audio Toll Free Dial In Number: 1.346.248.7799
Meeting ID: 222 212 7774 Password: 537081973

1. Consideration and possible action on consent agenda items:
   A. Summary of the official minutes of the January 20, 2026, meeting*

2. Consideration and possible action on the non-salary benefits provided to the TLHIGA's employees, including insurance plan renewals:
   A. Health and dental insurance plans
   B. Health reimbursement arrangement
   C. Long-Term Disability insurance
   D. Term Life and AD&D insurance
   E. 401(k) retirement plan
   F. 457(b) retirement plan
   G. Leave time, including sick, vacation, and personal
   H. Paid holidays
   I. Parking

3. Consideration and possible action on revisions to the Employee Handbook
   A. Cellular phone stipend and policy*
   B. Commercial credit card policy and usage*

4. Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director
   A. Elements coming due prior to Year-End 2026
      i. Longevity Incentive Payment in December 2026*
   B. Finalization of 457(b) plan benefits for retiring Executive Director*
   C. Adding Jan Graeber to the 457(b) retirement plan*

5. Executive Session:
   A. Discussion of the confidential elements of the Executive Employment and Deferred Compensation Contract for the Executive Director

* denotes items the Executive Director recommends actions be taken at this meeting

All Texas Life and Health Insurance Guaranty Association Board of Directors and Committee meetings will be conducted in accordance with its Antitrust Compliance Policy and applicable laws.

B. Advice from Counsel

6. Consideration and possible action on items discussed in Executive Session*

7. Consideration and possible action on Committee's Charter

8. Consideration and possible action regarding the Committee's 2026 Calendar of Activities and next meeting date

* denotes items the Executive Director recommends actions be taken at this meeting

Open Meeting Information

Status	Accepted
TRD	2026004075
Submitted Date/Time	07/10/2026 09:09 AM CDT
Agency	Texas Life and Health Insurance Guaranty Association
Committee	Personnel
Meeting Date	07/22/2026
Meeting Time	09:00 AM
Address	1717 West 6th Street
City	Austin
State	TX
Additional Information	Call TLHIGA at (800) 982-6362 or go to www.txlifega.org

Agenda

The Personnel Committee meeting will be held as a videoconference/teleconference. Attendees also have the option to attend the meeting in-person at 1717 West 6th Street, Suite 230, Austin, TX 78703.

Teleconference meeting access information:
Dial in Number (Toll Free): 1.346.248.7799
Meeting ID: 222 212 7774
Password: 537081973

Additionally, to obtain a complete PDF copy of the meeting material please go to www.txlifega.org.

Consideration and possible action on:
1) Consent agenda;
2) Non-salary benefits provided to the TLHIGA's employees, including insurance plan renewals;
3) Revisions to the Employee Handbook;
4) Various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director;
5) Executive Session;
6) Items discussed in Executive Session;
7) Committee's Charter;
8) Committee's 2026 Calendar of Activities and next meeting date.

Item 1

Consideration and possible action on consent agenda items:

A. Summary of the official minutes of the January 20, 2026, meeting

CONSENT AGENDA

The following routine, recurring item has been placed on the consent agenda and the associated materials distributed in advance to the Personnel Committee for its review:

1. The summary of the official minutes of the January 20, 2026 Personnel Committee meeting shown on pages 1-2 through 1-7.

The following is a draft resolution to approve the consent item.

RESOLVED, that the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the January 20, 2026 Personnel Committee meeting.

**SUMMARY OF THE OFFICIAL MINUTES OF THE
JANUARY 20, 2026 MEETING OF THE
PERSONNEL COMMITTEE OF THE BOARD OF DIRECTORS**

A meeting of the Personnel Committee (the "Committee") of the Board of Directors (the "Board of Directors" or the "Board") of the Texas Life and Health Insurance Guaranty Association (the "Association" or "Guaranty Association" or "TLHIGA") was called to order by its Chair, David Sommer, at 9:06 AM Central Time on January 20, 2026. The meeting was held as a videoconference and teleconference meeting in accordance with Section 463.059 of the Texas Insurance Code and was conducted in accordance with the Texas Open Meetings Act.

The Personnel Committee members whose names are set forth below were present for all or part of the meeting and a quorum was present for all votes:

David Sommer	Frank Beaman	James Harrison

Also, in attendance for all, or part, of the meeting were the following employees of the TLHIGA or contractors of the TLHIGA:

Employees:	Bart Boles	Jarett Terry	Topping Haggerty
General Counsel:	Dan Price		

Also, in attendance for all, or part, of the meeting was:

Shawn Martin, Texas Department of Insurance ("TDI")

Chair Sommer noted that proper notice of the meeting was filed on January 9, 2026, and published in the Texas Register in accordance with the Texas Open Meetings Act. He directed a copy of such notice be attached hereto and be made a part of this written summary of the official minutes of the meeting. Chair Sommer declared a quorum of the Committee was present in accordance with the Texas Open Meetings Act.

This is a written summary of the proceedings of the meeting of the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association on January 20, 2026. The official minutes are recorded digitally. The compact disc(s) or digital recordings relating to the open portion of the meeting and all related non-confidential written materials provided to the Committee for such meeting are kept in secure storage at the Association's office. The compact disc(s) or digital recordings relating to the Executive Session portion of the meeting and all related confidential written material related to the Executive Session portion of the meeting are custodied with the Association's bank. Details regarding matters described in this summary can be obtained by reviewing the official minutes. The non-confidential written material related to the meeting provided to the Committee should be deemed an attachment to this summary.

Item 1 Consideration and possible action on consent agenda items

Upon a motion made by Director Harrison and seconded by Director Beaman, the Committee unanimously adopted the following resolution:

> **RESOLVED,** that the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of its July 21, 2025 meeting.

Item 2 Consideration and possible action on the benefits, compensation, and training components in the 2026 Operating Budget

Mr. Boles gave a detailed comparison of the allocation of funds for benefits, compensation and training elements in the 2025 Operating Budget, the actual expenses for these items, and the proposed budgets for these items in the 2026 Operating Budget.

Mr. Boles reported, in detail, on the non-salary benefits provided to the TLHIGA's employees which include health insurance, dental insurance, long term disability insurance, term life and accidental death and dismemberment insurance, a 401(k) retirement plan, 457(b) retirement plan, paid leave, annual paid holidays, parking in the building's garage, and a health reimbursement arrangement.

Item 3 Consideration and possible action on revisions to the Employee Handbook

Mr. Boles reported on the minor suggested revisions to the Employee Handbook while referencing the black line of the document provided to the Committee in its meeting material.

Mr. Boles stated the revisions to the Employee Handbook related to updating references to Controller and General Counsel, updating the number of holidays to twelve, and updating references to the Texas Labor Code and to the Texas Worker's Compensation Act.

Upon a motion made by Director Beaman and seconded by Director Harrison, the Committee recommended the following resolution be presented for adoption by the Board of Directors:

> **RESOLVED,** that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to amend the Employee Handbook as distributed in advance of the meeting.

Item 4 Consideration and possible action on annual performance evaluation of the Executive Director

The meeting's briefing material stated the Executive Employment and Deferred Compensation Contract ("EEDCC") requires the Personnel Committee to review the compilation of the individual Board members' annual performance evaluations of the Executive Director.

Chair Sommer reported Dan Price, General Counsel, distributed the form to evaluate the 2025 performance of the Executive Director to all Board members on October 29, 2025 and then Chair Sommer assembled an anonymous compilation of the individual director's evaluations. Chair Sommer reported that on December 11, 2025, the compilation and the Executive Director's self-evaluation were confidentially distributed to the Committee and the full Board of Directors in advance of the January 20th & 27th, 2026 meetings, respectively.

Chair Sommer directed further discussion on this item be conducted in Executive Session.

Item 5 Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director

The meeting's briefing material stated the EEDCC was signed and executed on January 1, 2018 and continues until January 1, 2027.

Mr. Boles reported that he had not accepted any other employment or engagements to perform activities that would interfere with his TLHIGA duties. He stated this disclosure is required annually by the EEDCC. He mentioned he is again serving on the Board of Directors of the International Association of Insurance Receivers ("IAIR") and was elected to be the President and Chair of the Board. Mr. Boles noted this non-compensated service on the IAIR Board does not conflict with any of his TLHIGA activities and is complimentary to his TLHIGA duties.

Chair Sommer reported the EEDCC provides for an automatic annual cost of living adjustment to the Executive Director's compensation for each year during the term of the EEDCC equal to the Social Security Administration's ("SSA's") cost of living adjustment ("COLA") for the applicable calendar year. He stated the SSA's COLA for 2026 is a 2.8% increase.

Mr. Boles reported that pursuant to the EEDCC, the 2.8% increase to the Executive Director's compensation was implemented as of January 1, 2026, and that the Personnel Committee was advised prior to its implementation by email on November 19, 2025.

Mr. Boles mentioned the EEDCC provides for three longevity incentive payments to the Executive Director, which are not discretionary payments, if he complies with all terms and conditions of the EEDCC and remains a TLHIGA employee. He stated the Committee will be able to review this section of the EEDCC in July, because the year ending December 31, 2025 financial audit will be completed in April 2026. Mr. Boles stated this longevity incentive payment is due in December 2026.

Chair Sommer reported that in the meeting's briefing materials, the document "Internal Revenue Service Retirement Topics - 457(b) Contribution Limits" has the disclosure that the 457(b) contribution limit for 2026 is $24,500. He reported the EEDCC provides for an automatic $18,500 457(b) contribution and the Committee can recommend to the Board an additional contribution in excess of that amount up to the IRS contribution limit.

Chair Sommer directed further discussion on this item be conducted in Executive Session.

Item 6 Consideration and possible action on update on Executive Director succession plan

Mr. Boles reported on the processes and actions of the Executive Director Search Committee to identify qualified candidates for the position of Executive Director, as shown in the meeting's briefing material. He reported that the Committee met on January 5th and January 6th of 2026 and at those meetings conducted interviews with the candidates. He reported that the Committee will make a recommendation to Board of Directors at its January 27, 2026 meeting. Mr. Boles stated the name of the recommended candidate will not be made public until the candidate is approved by the Board of Directors and all employment negations are completed.

Mr. Boles reviewed the Executive Director Search Committee's proposed timeline to complete its work to engage the new Executive Director.

Chair Sommer directed further discussion on this item be conducted in Executive Session.

Chair Sommer stated the time to be 9:25 A.M. on January 20, 2026, and that he was recessing the regular session of the meeting in order for the Committee to meet in Executive Session, pursuant to the Texas Open Meetings Act.

Item 7 Executive Session

CONFIDENTIAL DISCUSSION

Item 8 Consideration and possible action on items discussed in Executive Session

Chair Sommer stated the time to be 9:44 A.M. on January 20, 2026, and the Executive Session of the Committee meeting had concluded and that he was reconvening the regular session of the Committee pursuant to the Texas Open Meetings Act.

Upon a motion made by Director Harrison and seconded by Director Beaman, the Committee recommended the following resolution be presented for adoption by the Board of Directors:

> **RESOLVED,** that the Board of Directors of the Texas Life and Health Insurance Guaranty Association acknowledges the Personnel Committee's report

that the Executive Director has fully complied with the terms and conditions of the Executive Employment and Deferred Compensation Contract during 2025 and

FURTHER RESOLVED, that the Board of Directors, consistent with the recommendation from the Personnel Committee, and pursuant to the terms of the Executive Employment and Deferred Compensation Contract, authorizes a payment in January 2026 to the 457(b) plan established for the Executive Director in the amount of $24,500.

Item 9 Consideration and possible action regarding the Committee's 2026 Calendar of Activities and next meeting date

The Committee confirmed that its next meeting will be held on Tuesday, July 22, 2026.

There being no further business, Chair Sommer stated the time to be 9:48 A.M. Central Time and that the regular meeting of the Personnel Committee was adjourned.

Certification

The undersigned hereby certifies the foregoing is a true and accurate written summary of the proceedings of the January 20, 2026 meeting of the Personnel Committee, approved by the Committee at its meeting held on July 22, 2026.

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David Sommer, Chair, Personnel Committee

Item 2

Consideration and possible action on the non-salary benefits provided to the TLHIGA's employees, including insurance plan renewals:

A. Health and dental insurance plans
B. Health reimbursement arrangement
C. Long-Term Disability insurance
D. Term Life and AD&D insurance
E. 401(k) retirement plan
F. 457(b) retirement plan
G. Leave time, including sick, vacation, and personal
H. Paid holidays
I. Parking

NON-SALARY BENEFITS PROVIDED TO TLHIGA EMPLOYEES

The Personnel Committee has two regularly scheduled meetings each year in conjunction with the Board of Directors' first and third quarter meetings. The first quarter meeting that is held each January or February includes an item related to the benefits, compensation, and training to be provided to employees and the incorporation of these items into the proposed Operating Budget for the calendar year. The third quarter meeting includes an item that reviews the non-salary benefits provided to employees, including the renewal details of employee insurance benefit plans.

Non-Salary Benefits to Employees

The following is a summary of the non-salary benefits the TLHIGA provides to its employees. The current and proposed renewal premium rates are shown below, with the renewal rates in red font. If the renewal offers that have just been received also contain benefit changes, they are also shown in red font. For comparative purposes, the annual premiums in the renewal quotes are presented for the same number of employees as currently participating, although the current Executive Director will not be participating after January 1, 2027.

1. Health Insurance Plan –The following tables summarize the benefits and premiums under the Blue Cross Blue Shield of Texas (BCBS of TX) employee group health insurance plan.

Plan #	Plan Type	Individual Deductible In/Out	Telehealth/ Office Visit Copay	Coin % In/Out	Individual Out of Pocket Max In/Out	Pharmacy Copays
G653CHC	Gold	$1,750/$3,500	$45	80%/40%	$6,750/Unlimited	See below

Specialty Office Visits Copay	Urgent Care Center Copay	Monthly Premium	Annual Premium
$90	$75	$ 5,761.61 $ 6,779.69	$ 69,139.32 $ 81,356.28

	Tier 1 Preferred Generic	Tier 2 Non-Preferred Generic	Tier 3 Preferred Brand	Tier 4 Non-Preferred Brand	Tier 5 Preferred Specialty	Tier 6 Non-Preferred Specialty
Pharmacy (in-network)	$10	$20	$70	$120	$150	$250

2. Health Reimbursement Arrangement - The TLHIGA provides a Health Reimbursement Arrangement that defines the expenses eligible for reimbursement to include out of pocket expenses, copayments and deductibles under the medical insurance and dental insurance plans, including copayments for prescription drugs, and to allow 50% of the unused portion of an annual $1,750 reimbursement amount to be rolled over at year-end into the next year up to a maximum balance of $6,750.

3. Dental Insurance Plan – The dental insurance plan was changed on October 1, 2020 to a group policy with Lincoln Financial under which the TLHIGA pays 100% of the employee premium. The current rate, which is guaranteed through September 30, 2027, is $47.37 monthly per employee for a total annual cost to the TLHIGA of $2,273.76. This PPO plan provides:
    - Calendar Year deductibles of $50 per individual/$150 per family
    - X-rays covered at 100%
    - Fillings, periodontics, and endodontics are covered at 80% after the deductible
    - General anesthetics, crowns, bridges, and dentures are covered at 50% after the deductible
    - Annual maximum benefit is $1,500

4. Long Term Disability Insurance - The TLHIGA pays for a long-term disability policy for each employee provided through Lincoln Financial. The policy pays 66.67% of salary after a 90-day elimination period with a maximum monthly benefit of $10,000. The renewal quote reflects a $217.07 monthly premium for each employee for a total annual premium cost to the TLHIGA of $2,604.79. The premium increase in this quote is 5% more than the current premium. The premium is based on current salaries and will increase if salaries increase.

5. Term Life and AD&D Insurance – The TLHIGA carries a group term life policy for all employees, also through Lincoln Financial, which pays two times the employee's salary up to a maximum of $250,000 benefit, subject to benefit limitations based on attained age. The TLHIGA's broker requested an increase of the guaranteed issue maximum benefit to $300,000. Lincoln refused but did offer to increase the maximum to $170,000. The renewal quote reflects a $301.47 monthly premium for each employee for a total annual premium cost to the TLHIGA of $3,617.66. The premium increase in this quote is 5% more than the current premium.

6. 401(k) Plan Matching and Vesting Schedule – The TLHIGA has a 401(k) safe harbor retirement plan. An employee becomes eligible to participate in the plan on the next enrollment date after six months of employment. Enrollment dates are January 1, April 1, July 1, and October 1. Effective January 1, 2016, the TLHIGA began making a non-discretionary contribution of 4% of an employee's annual salary, irrespective of whether the employee makes any contribution, and then matching 50% of the first 6% an employee's contribution. If an employee contributes 6% of salary, the TLHIGA contributes a total of 7%, 3% of which is matching. An employee is always 100% vested in his/her contributions and employer contributions are vested in the following manner:

Years of Service	Vested Percentage
Less than 1 year	0%
1 but less than 2 years	20%
2 but less than 3 years	40%
3 but less than 4 years	60%
4 but less than 5 years	80%
5 years or more	100%

7. 457(b) Retirement Plan – There are no remaining discretionary annual contributions to the 457(b) retirement plan for the current Executive Director under the Executive Employment and Deferred Compensation Contract that had been implemented in 2018. The Executive Director-designate's employment terms include an annual employer contribution of $24,500 to a Section 457(b) retirement plan beginning in January 2028, subject to the terms of the arrangement.

8. Annual Accrual and Carryover of Sick, Vacation and Personal Leave - Each employee accumulates 8 hours per month of sick leave and there is no limit on the amount of sick leave that may be carried over at the end of the calendar year. Until the end of the second year of service, the employee accumulates 8 hours of vacation leave each month. After the second year and until the fifth employment anniversary, an employee accumulates 9 hours of vacation leave each month. After five years of service, an employee accumulates 10 hours of vacation leave each month. An employee may carry over up to 40 hours of vacation leave at the end of the calendar year. In addition, each employee is offered two paid personal leave days each calendar year. Unused personal leave cannot be carried over to the next calendar year.

9. Paid Holidays Annually – The TLHIGA's offices are closed, and the employees are paid for twelve days of holiday leave each year.

10. Parking – Provided garage parking is $155 monthly for each TLHIGA employee.

11. Education Expense Reimbursement - The TLHIGA has an Education Reimbursement Policy that promotes employees to take additional courses in pursuit of a bachelor's or master's degree or a review/training course for a professional designation. The courses

must be preapproved by the Executive Director and be applicable to the employee's current or future job, and the TLHIGA's field of work. The Policy reimburses an employee 75% of eligible expenses, up to $5,000 per year, upon successfully passing a course. The Policy also contains a reimbursement repayment agreement if the employee terminates TLHIGA employment within 24 months after the reimbursement.

<u>Item 3</u>

Consideration and possible action on revisions to the Employee Handbook

A. Cellular phone stipend and policy
B. Commercial credit card policy and usage

REVISIONS TO EMPLOYEE HANDBOOK

Cell Phone Stipend or Reimbursement

The TLHIGA staff must use their personal cell phones for various aspects of their work, including the multi-factor authentication required for accessing aspects of the TLHIGA's computer network and most vendor applications. Staff also use their cell phones to monitor emails and receive calls through the TLHIGA's VoIP platform. This blurring of lines between work and personal uses of an employee's personal cell phone raise the question of who should pay for cell phone plans when employees use their device for work.

Cell phone stipends or reimbursements fall into two categories: Corporate-Owned, Personally-Enabled (COPE) or Bring Your Own Device (BYOD). Under COPE, the employer purchases and owns the device. It also selects and pays for the employee's cell phone plan. This model is more common with larger companies. The BYOD model allows employees to use their personal cell phones for work purposes and is more practical for smaller companies.

Under both of these models, the employer can either reimburse a portion or all of the cell phone plan expense or provide the employee with a stated stipend amount. The reimbursement approach requires receipt tracking, report submission, and administrative processing. The stipend approach involves an advance payment of a specific amount to each employee without the burden associated with tracking, managing, and submitting expense reports. Both reimbursements and stipends are generally non-taxable if they are for business-related, non-compensatory reasons.

Most companies, particularly those with BYOD policies, offer a monthly stipend ranging between $30-$50 per month to cover a reasonable portion of an employee's personal phone usage for work purposes. The Internal Revenue Service reports the average is $40.20 per month with small companies typically in the $30-$40 per month range and large companies in the 60-$70 per month range.

The IRS provides a list of factors that should be considered when establishing a stipend, such as:

- Proportional Usage – The reimbursement should reflect the portion of the phone's use that is attributable to work,
- Job Requirements – Roles requiring constant communication, email access, or on-call duties may warrant a higher stipend, and

- Legal Requirements – While the FLSA does not mandate a specific amount, some states require a "reasonable" reimbursement for necessary business use of personal phones.

Management is recommending a $35 monthly stipend be provided to all employees to compensate them for the use of their personal phones for business purposes. The monthly stipend will be paid directly to each employee at the first of each month.

Before any cellular phone stipend is paid, the TLHIGA will require each employee to agree to the Personal Cellular Phone Stipend Policy by executing an acknowledgement. Management has drafted a proposed policy that is included on pages 3-4 through 3-6 for the Committee's review and recommendation. The policy has been reviewed by General Counsel Price. If the Board adopts the policy, it will be included in the Employee Handbook and required to be signed by any employee prior to payment of a stipend.

A draft resolution to recommend the implementation of the Personal Cellular Phone Stipend Policy in the TLHIGA's Employee Handbook and the inclusion of the is presented on page 3-10 for the Committee to consider recommending to the Board of Directors.

<u>Commercial Credit Card Policy and Usage</u>

With the retirement of Executive Director Bart Boles, the TLHIGA's commercial credit card that has been used for more than 15 years will be canceled since it is personally guaranteed by Mr. Boles. The Executive Director Designate, Jan Graeber authorized the search for a commercial credit card program for the TLHIGA to use to fund operational and travel expense purchases. Since prior TLHIGA credit cards have required personal guarantees, the TLHIGA's current banking partner, JP Morgan Chase, was contacted to inquire about their commercial card program. Management determined that obtaining an unsecured account that did not require personal guarantees outweighed any potential interest rate differences, especially since the TLHIGA always pays the balance in full.

Management presumed that the many years of banking relationships with Chase would assist in receiving approval. TLHIGA Controller, Jarett Terry, initiated the discussions JP Morgan Chase Bank in early June 2026 and received approval in late June 2026. The TLHIGA has enrolled in the Chase One Card with Rewards program with a $30,000 limit. The cards will earn 1% cash back on every purchase that can be used to offset expenses. Each TLHIGA employee will receive a card that will be limited and tracked through the Chase platform based on their needs as determined by management. Management is currently finalizing the program and training on the expense tracking platform. Mr. Terry and Ms. Graeber have been designated as program administrators.

Before any cards are provided to employees, the TLHIGA will require each employee to agree to the Commercial Credit/Debit Cards Policy. A draft policy is provided on pages 3-6 thought 3-9 for the Committee's review. The policy has been reviewed by General Counsel, Mr. Price. If the Board adopts the policy, it will be included in the Employee Handbook and required to be signed by any employee prior to receiving the credit card. A draft resolution to recommend the adoption of the draft Commercial Credit/Debit Cards Policy is presented on page 3-10 for the Board's consideration.

PERSONAL CELLULAR PHONE STIPEND POLICY

PURPOSE AND SCOPE: It is the intent of the TLHIGA to provide a cellular phone stipend for all employees due to the recurring need for use of their personal cellular telephones to conduct various aspects of their TLHIGA duties. The stipend is intended to reimburse the employee for the business use of the device. The stipend is not intended to fund the cost of the device, nor is it intended to pay the entire monthly bill.

OBJECTIVE: To assist the TLHIGA in achieving enhanced productivity, security, and cost-effectiveness when employing wireless communication technology as part of TLHIGA operations and effectively managing the reimbursement of costs associated with the business use of personally owned wireless devices and plans. Employees will receive a stipend to assist with the costs of wireless service to carry out TLHIGA business, including, but are not limited to, multi-factor authentication to access TLHIGA computer network and email, use of the TLHIGA VoIP telephone platform, access to the TLHIGA office building and parking garage. This stipend provides the employee with compensation to help defray the cost of acquiring and maintaining wireless services that would be used in whole or in part to conduct TLHIGA business. The stipend compensation is non-taxable income and is subject to withholdings. Payments will be issued directly to the employee at the first of each month. Stipends do not constitute compensation and will not be included in any calculations utilizing base pay, including but not limited to, the calculation of percentage increases to base pay due to annual salary increases, job promotions or salary reclassifications, or retirement contributions.

RESPONSIBILITIES OF EMPLOYEES RECEIVING STIPEND: When a cellular phone stipend is provided to a TLHIGA employee for the conduct of TLHIGA business activities, the employee must comply with the following:

- The employee will provide the phone number to the Executive Director or their supervisor within five days of activation and will be available for calls during TLHIGA office hours by having the device turned on and on the employee’s person. In most cases, the employee may select any wireless carrier whose service and plan.
- The employee must notify the Executive Director or their supervisor within 5 working days if the employee’s wireless service has been cancelled. The employee agrees to reimburse the TLHIGA for any stipend received in violation of the terms of this policy.
- Management may periodically request that the employee provide a copy of the first page of the phone bill in order to verify that he/she has an active wireless phone plan.

- Management may also periodically request documentation of business use. It is also expected during any request (Right to Know, Legal Review) that devices may be reviewed for record retention and non-destruction of materials.
- The employee is responsible for charges on his/her personal wireless plan.
- If the employee leaves the position, he/she continues to be responsible for the contractual obligations of his/her wireless plan. TLHIGA assumes no liability for cancellation charges, or any other charges associated with an employee's use of a cell phone.

The employee is personally responsible for complying with international, federal, state, and municipal laws regarding the use of wireless phones and other communication devices, including but not limited to use while driving. TLHIGA assumes no liability for employee's failure to observe applicable laws and regulations and the employee agrees to indemnify, hold harmless and defend TLHIGA and its officers, agents and employees from all liability and/or claims in relation to any personal injuries to any person whatsoever, or any losses or expenses due to such personal injury or due to instances of or damage to personal property, arising from or related to the use of the employee's cell phone for business purposes. The employee should exercise discretion in transmitting confidential business- related information over any wireless network.

STIPEND ALLOWANCE: The Cellular Phone Stipend Acknowledgement Form defines the maximum stipend amount to be paid to an employee. A stipend for the wireless communication equipment will not be provided.

CELLULAR PHONE STIPEND ACKNOWLEDGEMENT FORM

Employee Name: ______________________________

Employee Title: ______________________________

Justification of Use for Business Activities

[ ] The position duties require immediate emergency response or the employee is responsible for critical infrastructure or operational support and needs to be immediately accessible at all times.

[ ] Cellular phone use is required for the multi-factor authentication access to the TLHIGA's computer network

[ ] Cellular phone use is required for access to the TLHIGA's computer network

[ ] Cellular phone use is required for access to the TLHIGA's office building/parking garage.

[ ] The position duties require travel during regular work hours or outside normal hours but are related to TLHIGA business and needs access to information technology systems, in which the judgment of the TLHIGA, render the employee more productive and/or the service the employee provides more effective.

[ ] The position duties make it necessary that the employee be accessible to senior management at any time.

Stipend Amount: **$35 per month**

Acknowledgement
I have read and understand the Cell Phone Stipend Policy and I understand this is a non-taxable benefit.

Employee Signature: Date: ____

Executive Director: Date: ____

COMMERCIAL CREDIT/DEBIT CARDS POLICY

It is the intent of the TLHIGA to provide a commercial credit card and/or bank account related debit card, for use by staff for official TLHIGA use only. This policy applies to any and all employees of the TLHIGA. Additionally, this policy applies to any and all usage of the credit/debit card. The credit/debit card remains the property of the TLHIGA and will be surrendered by the employee on demand.

The TLHIGA will provide company credit cards to employees for use in their jobs. This policy sets out the acceptable and unacceptable uses of such credit/debit cards. Any credit/debit card the TLHIGA provides to an employee must be used for business purposes only, in conjunction with the employee's job duties. Employees with such credit/debit cards shall not use them for any non-business, non-essential purpose, including for any personal purchase or any other transaction that is not authorized or needed to carry out their duties.

Acceptable Uses Including But Not Limited To:

- Business-related travel expenses as described in the TLHIGA’s Travel Policy and Procedures.
- TLHIGA Board and Committee meeting expenses.
- Furniture, equipment and computer equipment.
- Emergency office supplies.
- Any other expenses necessary for TLHIGA operations that are not prohibited.

Prohibited Uses Including But Not Limited To:

- Weapons
- Gift Cards
- Bulk Alcohol Purchases
- Charitable Contributions
- Hazardous Chemicals and Radioactive Materials
- Political Contributions
- Prescription Drugs
- Gifts or flowers for individual employees for celebrations or condolences
- Travel Insurance
- Cash Advances
- Traffic and/or parking violations fines, and towing

- Repairs to personal vehicles when used for travel
- Gasoline purchases when mileage is being reimbursed
- Celebratory events where there is no business purpose
- Personal Entertainment expenses (movies, spa visits, golf outings, optional conference activities not included in the general conference fee)
- Vendor payments (please see the Controller if a vendor requires a credit/debit card for payment)

Any exception to these prohibitions requires the advance approval of the Executive Director.

These are not all the acceptable or prohibited uses for TLHIGA issued credit/debit cards, if there is a question regarding acceptable or prohibited uses, please consult with the Executive Director for guidance.

If any employee uses a TLHIGA credit/debit card in violation of this policy, the cost of such purchase(s) will be considered an advance of future wages payable to that employee and will be recovered in full from the employee's next paycheck; any balance remaining will be deducted in full from subsequent paychecks until the wage advance is fully repaid. Such deductions may take the employee's pay below minimum wage for the pay period(s) in question. If an employee uses a TLHIGA credit/debit card for any other type of unauthorized transaction in violation of this policy incurring financial liability on the TLHIGA's part that is not within the scope of the employee's duties or the employee's authorization to make business-related purchases, the cost of such purchase(s) or transaction will be the financial responsibility of that employee, and the employee will be expected to reimburse the TLHIGA via deductions from pay until the unauthorized amount is fully repaid. Such deductions will be in the amount of the unauthorized purchase(s), but if a deduction for such amount would take the employee below minimum wage for the workweek in question, the deductions will be in two or more equal increments that will not take the employee's pay below minimum wage for any workweek involved. In addition to financial responsibility and liability for wage deductions, any purchases an employee makes with a TLHIGA credit/debit card in violation of this policy will result in disciplinary action, up to and possibly including termination of employment, depending upon the severity and repeat nature of the offense.

Any lost or stolen credit/debit cards must be reported immediately to the Controller or the Executive Director, and to the bank using the contact information on the card.

All credit/debit card transactions must be accompanied by a receipt with the following details:

- Must be itemized and legible.
- Must show date, description, merchant, items purchased and total.
- Must include number of attendees if for more than the employee (i.e.,meal receipt for multiple attendees).

The employee may use the electronic reporting platform provided by the issuing bank to submit receipts; however, general screenshots of transactions are not considered receipts and will not be accepted.

If the vendor does not provide a receipt, provide a description of the transaction and an explanation of the reason no receipt was provided, and the Controller or Executive Director will determine if the explanation is reasonable and acceptable.

I, _______________________________________, hereby certify that I understand and agree to abide by the TLHIGA's policy regarding use of TLHIGA-issued credit/debit cards (the "Policy"), a copy of which I have received, and which has been explained to me. I agree that if I make any unauthorized purchases (including personal transactions, transactions for the benefit of anyone or anything other than the TLHIGA, or any transactions that are not within the scope of my duties for the TLHIGA or my authorization to make business related purchases on behalf of the TLHIGA) in violation of the Policy, the amount of such purchases shall be an advance of future wages payable to me and the TLHIGA may deduct that amount from my next paycheck. If there is a balance remaining after such deduction, the TLHIGA may deduct the balance of the wage advance from my future paychecks until the amount is repaid in full. If any wage deductions applied under the Policy will take my pay below minimum wage for the workweek in question, the deductions will be in two or more equal increments that will not take my pay below minimum wage for any workweek involved.

______________________________________ ________________

Employee signature Date

____

Employee's Name (please print)

______________________________________ ________________

TLHIGA Executive Director Date

RESOLUTION RECOMMENDING THE PERSONAL CELLULAR PHONE STIPEND POLICY

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption in the TLHIGA's Employee Handbook.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to adopt the Personal Cellular Phone Stipend Policy as presented,

FURTHER RESOLVED, the Board of Directors directs the Personal Cellular Phone Stipend Policy be incorporated into the TLHIGA's Employee Handbook, and

FURTHER RESOLVED, the Board of Directors establishes the stipend to be $35 per month per employee to be paid on the first of the month beginning on ??????.

RESOLUTION RECOMMENDING THE COMMERCIAL CREDIT/DEBIT CARDS POLICY

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to adopt the Commercial Credit/Debit Cards Policy as presented,

FURTHER RESOLVED, the Board of Directors directs the Commercial Credit/Debit Cards Policy be incorporated into the TLHIGA's Employee Handbook.

Item 4

Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director

A. Elements coming due prior to Year-End 2026
    i. Longevity Incentive Payment in December 2026
B. Finalization of 457(b) plan benefits for retiring Executive Director
C. Adding Jan Graeber to the 457(b) retirement plan

VARIOUS ELEMENTS OF THE COMPENSATION CONTRACT WITH THE EXECUTIVE DIRECTOR

Final Longevity Incentive Payment for Current Executive Director

The Board of Directors negotiated and implemented a compensation contract with Bart Boles in 2018 called the Executive Employment and Deferred Compensation Contract for the Executive Director ("EEDCC") in 2018. Under the EEDCC, the Personnel Committee has the obligation for one remaining compensation element under that agreement, the review of performance compliance for the final longevity incentive payment.

Section 2 of the EEDCC contains the following language related to longevity incentive payments,

> During the period from January 1, 2018 until January 1, 2027, to encourage the Employee to remain the Executive Director of TLHIGA until January 1, 2027, the Employer shall pay the Employee three (3) longevity incentive payments provided that the Employee remains serving as the Executive Director of TLHIGA on the applicable payment date, has complied with all terms and conditions of this Contract for the calendar year before the calendar year of such payment date, has received at least an average rating of 4 on all job performance factors combined for his annual performance review for the evaluation period immediately prior to such payment date, and the annual audit of TLHIGA's financial statements for the calendar year preceding the calendar year of such payment date did not reveal material misstatements or significant deficiencies. The longevity incentive payments shall be paid on the dates and in the amounts shown below:
>
> Any day during the month of December in 2020 – [redacted]
> Any day during the month of December in 2023 – [redacted]
> Any day during the month of December in 2026 - [redacted]
> Total = [redacted]

The Committee will need to confirm the Executive Director's 2025 performance reflected an average rate of at least 4 on all job performance factors and that the annual audit of the December 31, 2025 financial statements did not reveal any material misstatements or significant deficiencies. If these two requirements have been met, the Executive Director is eligible to receive the final longevity incentive payment in December 2026 if he remains serving as the Executive Director.

A sample resolution for the Board of Directors to consider regarding Executive Director Bart Boles' eligibility to receive his final longevity incentive payment is included on page 4-3.

Adding Executive Director Designate to 457(b) Plan

The Executive Director Designate's employment agreement provides for participation in the Texas Life and Health Insurance Guaranty Association's Section 457(b) retirement plan. The proposed resolution included on page 4-3 ratifies and approves Jan Graeber's admission to the plan effective April 1, 2026, consistent with the terms of the employment agreement.

RESOLUTION RECOMMENDING THE FINAL LONGEVITY PAYMENT TO THE EXECUTIVE DIRECTOR

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the report from its Personnel Committee that Executive Director Bart Boles has met all the requirements to receive the final longevity incentive payment in his Executive Employment and Deferred Compensation Contracts and such payment will be made to Mr. Boles on December 1, 2026.

RESOLUTION RATIFYING THE EXECUTIVE DIRECTOR DESIGNATE'S PARTICIPATION IN THE 457(b) RETIREMENT PLAN

The Personnel Committee recommends the following resolution be presented to the Board of Directors for consideration and possible adoption.

RESOLVED, the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee that Executive Director Designate Jan Graeber 's admission to the TLHIGA's 457(b) retirement plan is ratified and approved effective April 1, 2026.

Item 5

Executive Session:

A. Discussion of the confidential elements of the Executive Employment and Deferred Compensation Contract for the Executive Director
B. Advice from Counsel

<u>Item 6</u>

Consideration and possible action on items discussed in Executive Session

Item 7

Consideration and possible action on Committee’s Charter

REVIEW OF THE CHARTER OF THE PERSONNEL COMMITTEE

The Personnel Committee annually reviews its Charter to assess whether it adequately reflects all the activities and responsibilities. Since its initial adoption, the Charter has been revised as follows:

1. A change in 2011 to reflect the legislative change of the TLHIGA's name,
2. A change in 2016 regarding the role of the Committee in the annual evaluation of the Executive Director, and
3. A change in 2018 that involved adjusting the timing of the Committee's annual performance evaluation of the Executive Director to coincide with the calendar year evaluation period used for all other TLHIGA staff.

Management has no recommended changes for the Committee to consider.

The current version of the Personnel Committee Charter is included on pages 7-2 and 7-3.

TLHIGA

Board of Directors
Charter of the Personnel Committee
Amended and Restated July 31, 2018

I. Purpose

The Personnel Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities in respect of personnel and employees of the Association. This Charter does not alter the provisions of the Association's Act, Bylaws, Plan of Operation, Policies and Procedures, the Texas Open Meeting Act, or the Texas Public Information Act. The Personnel Committee's primary responsibilities are to:

- Ensure the Board of Directors conducts an annual performance review of the Executive Director and make recommendations to the Board of Directors regarding Executive Director's compensation and benefits.

- Consider and review benefits to be provided to Association employees.

- Monitor training initiatives of Association management and staff as required by Association policies or the Board of Directors.

II. Committee Composition and Meetings

The Personnel Committee shall be comprised of three or more directors, each of whom shall be free from any relationship that would interfere with the exercise of his/her independent judgment. All members of the Committee shall have a basic understanding of management of employees, and at least one member of the Committee should have personnel management experience.

The chair and members of the Personnel Committee shall be appointed by the Board of Directors. If the chair or a committee member is absent from a committee meeting, the Board Chair may appoint a temporary, substitute chair or member in accordance with the Bylaws.

The Committee shall meet at least once annually, or more frequently as circumstances dictate. The Personnel Committee Chair shall prepare and/or approve an agenda in advance of each meeting. Written materials shall be received from management and others, if appropriate, in advance of meeting dates. Personnel Committee members are responsible for reviewing written materials in sufficient depth before a meeting in order to meaningfully participate in Committee dialogue.

Unless other arrangements are made, the Personnel Committee requires Association management and the Association's General Counsel to attend all meetings of the Committee. The Committee may request other professionals to attend a committee meeting, or to meet with any members of, or consultants to, the Committee. The Committee shall report to the Board of Directors after each meeting and shall make recommendations, as necessary, to the Board of Directors. The Committee only has the power to act on behalf of the Board of Directors with specific prior approval granted in a resolution of the Board.

III. Responsibilities and Duties

1. Annually solicit performance evaluation information of the Executive Director from all Directors and provide a compilation evaluation report to the Board of Directors for consideration at the Committee's first meeting of the calendar year, usually January or February, and make recommendations for the Executive Director's compensation and benefits at the next Board of Directors meeting.

2. Review and recommend to the Board benefits for Association employees.

3. Monitor and recommend to the Board training for Association management and employees.

4. Make recommendations to the Board as necessary regarding personnel or employment matters.

5. Perform any other activities consistent with this Charter, the Association's Act, Bylaws, Plan of Operation, Policies and Procedures, the Texas Open Meetings Act, and the Texas Public Information Act, and as the Personnel Committee and Board of Directors deem necessary or appropriate.

6. Maintain minutes of meetings and report to the Board of Directors on significant results of the foregoing activities.

7. Review and reassess the adequacy of this charter at least annually and recommend any proposed changes to the Board for approval.

Item 8

Consideration and possible action regarding the Committee's 2026 Calendar of Activities and next meeting date

COMMITTEE'S 2026 CALENDAR OF ACTIVITIES
AND NEXT MEETING DATE

Included on pages 8-2 and 8-3 are the portions of the 2026 Calendar of Activities relating to the Personnel Committee's meeting dates, agenda items, related activities, and completion dates. The items shown in red are specific responsibilities for the Personnel Committee Chair. These are subject to change at the Committee's discretion.

Based on the Committee's current activities, we have tentatively scheduled the next Committee meeting for 9 AM Central on **Tuesday, January 19, 2027.**

TLHIGA

2026

2026 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 4/22/26

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
4	ED		1/13/26	**EXECUTIVE DIRECTOR** (or staff) will file the final agendas for the January 20, 2026 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	1/9/26
6	PER	CH	1/20/26 9:00 AM virtual	**Personnel Committee Meeting** - Review of prior meeting's minutes - Review of benefits, compensation and training components in 2026 Operating Budget, including staff compensation - Review of report from compensation consultant - Review succession plan for Executive Director position - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director - Annual review of Committee's Charter	1/20/26
10	BOD A-I PER	CH CH CH	1/27/26 8:30 AM	**Board of Directors Meeting** Consideration and possible action on the following: - Election of Officers - Appointment of Committee Chairs and Members - Review of Board of Directors corporate goverannce comments - Review the compilation of evaluations of General Counsel - Review and possible actions on various active member company receiverships - Executive Director's report on operations - Adoption of 2026 Operating and Capital Expenditure Budgets - Regular operational and financial approvals (minutes, NOLHGA invoice, future meetings, financial statements, etc.) **A-I COMM CHAIR** will report on the Committee's discussions regarding the necessity for Class A or Class B assessments in 2026 **PERS COMM CHAIR** will report on the Committee's discussion regarding: - Review of benefits, compensation and training components in 2026 Operating Budget, including staff compensation - Report from compensation consultant - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director	1/27/26
31	PER	CH	7/2/26	**PERS COMM CHAIR** and counsel will be provided the draft agenda for the July 22, 2026 Committee meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	
32	ED		7/14/26	**EXECUTIVE DIRECTOR** (or staff) will file the final agendas for the July 21, 2026 A-I Committee meeting and the July 22, 2026 Personnel Committee meeting with the Texas Secretary of State's office.	
35	PER	CH	7/22/26 9:00 AM virtual	**Personnel Committee Meeting** - Review the non-salary benefits provided to TLHIGA employees, including renewal of employee insurance benefit plans - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans - Meet in Executive Session for the Committee to discuss confidential personnel matters and receive advice from counsel - Review of the Committee's Charter	

TLHIGA

2026

2026 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 4/22/26

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
38	BOD A-I PER	CH CH CH	8/5/26 8:30 AM	**Board of Directors Meeting** **A-I COMM CHAIR** will provide a report to the Board of Directors that includes the following: - Necessity for a Class B assessment or refund in 2026 - Any recommended revisions to the Investment Policy - Any recommended changes to investments - Any recommended changes to the A/I Committee Charter **PERS COMM CHAIR** will provide a report to the Board of Directors that includes the following: - Any actions on the benefits provided to TLHIGA employees - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans Executive Session confidential discussion of financially troubled member insurance companies Review and possible actions on various active member company receiverships Executive Director's report on operations Review of IRS Form 990 Corporate governance enhancements Regular operational and financial approvals (i.e. minutes, NOLHGA invoice, future meetings, financial statements, etc.)	
52	PER	CH	1/5/27	**PERS COMM CHAIR** will review the draft agenda for the January 19, 2027 Committee meeting with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	
54	BOD	CH	1/5/27	**BOD CHAIR** and counsel will be provided the draft agenda for the January 26, 2027 BOD meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted, including any anticipated recommendations for Board action from the Personnel or A-I Committees.	