

**CONTRACT FOR ADMINISTRATIVE AND ACTUARIAL SERVICES PROVIDED TO
THE FLORIDA HURRICANE CATASTROPHE FUND
BETWEEN THE STATE BOARD OF ADMINISTRATION OF FLORIDA
AND PARAGON STRATEGIC SOLUTIONS, INC.
SBA CONTRACT NO.**

This Contract is made as of MARCH 26, 2025, by and between the State Board of Administration of Florida (the "SBA") on behalf of the Florida Hurricane Catastrophe Fund ("FHCF") and Paragon Strategic Solutions, Inc. ("Paragon" or "Contractor").

WHEREAS the SBA issued an Invitation to Negotiate ("ITN") on October 14, 2024, for Administrative and Actuarial Services, and

WHEREAS Paragon responded to the ITN and was selected to provide Administrative and Actuarial Services to the FHCF, and

WHEREAS the SBA desires to retain the services of Paragon to provide Administrative and Actuarial Services, and Paragon is willing and able to provide the Administrative and Actuarial Services, as set out in this Contract,

NOW, THEREFORE, in consideration of mutual promises hereinafter set forth, the parties agree as follows:

1. ADMINISTRATIVE SERVICES. — Subject to the terms and conditions of this Contract, Paragon shall provide Administrative Services to the FHCF. The Administrative Services shall consist of the services as set forth in Schedule A, which is attached hereto and incorporated by reference, to this Contract. Additional services, as provided for in paragraph 6, may also be provided pursuant to this Contract.

2. ACTUARIAL SERVICES. — Subject to the terms and conditions of this Contract, Paragon shall provide Actuarial Services to the FHCF. The Actuarial Services shall consist of the services as set for in Schedule B, which is attached hereto and incorporated by reference, to this Contract. Additional services, as provided for in paragraph 6, may also be provided pursuant to this Contract.

3. INFORMATION TECHNOLOGY SUPPORT, IT STAFF AND MAINTENANCE SERVICES. — Subject to the terms and conditions of this Contract, Paragon shall provide Information Technology Support, IT Staff and Maintenance Services to the FHCF. The Information Technology Support, IT Staff and Maintenance Services shall consist of the services

as set forth in Schedule C, which is attached hereto and incorporated by reference to this Contract.

4. ATTENDANCE AT MEETINGS. — At SBA's direction, Paragon shall attend FHCF Advisory Council meetings, rule development workshops, SBA Trustees meetings and any other meetings directed by the SBA. In addition, Paragon shall assist the FHCF with planning and conducting an annual FHCF participating insurers workshop in a location within Florida to be determined by the FHCF each year. Paragon agrees to provide staff to attend and speak at the workshop, assist with planning the program, and invite appropriate speakers, along with possible payment of any food or drink minimum charge required by the lodging establishment, if requested by the FHCF or SBA.

5. COMPENSATION AND EXPENSES. — As compensation for the Administrative Services, Actuarial Services and Information Technology Support, IT Staff and Maintenance Services provided herein, the SBA shall pay Paragon according to Schedule D at the times and in the manner specified therein. The parties acknowledge that Paragon's performance and the SBA's obligation to pay under this Contract is contingent upon the approval of the SBA's budget by the SBA Trustees at the June 2025 Meeting or as soon as reasonably possible thereafter. Notwithstanding the foregoing, if the budget is not approved at the June 2025 Meeting, Paragon shall still be compensated for any services provided under this Contract before Paragon receives notice from the SBA that the budget was not approved.

6. ADDITIONAL SERVICES. — If the SBA or the FHCF requests Paragon to provide additional services that are not set forth in Schedule A and Schedule B to this Contract, the parties will agree in advance, in writing, on the scope of those additional services and an estimate of the cost of those additional services. When additional services are being provided pursuant to an estimate and it appears that the previously agreed to estimated cost will be exceeded, the parties shall agree, in writing, to a new estimate of costs in order for the additional services to be eligible for compensation under this Contract. All other expenses of Paragon, including, but not limited to, mailing and telephone expenses, travel time, copying costs, salaries, and overhead costs, are to be paid by Paragon.

7. PERFORMANCE OF SERVICES. — Paragon represents that the "FHCF Administrative Team" and "FHCF Actuarial Team" in Appendix A will perform the services pursuant to this Contract. If the FHCF Administrative and FHCF Actuarial Team are insufficient to complete any of the SBA and/or FHCF services in Schedules A, B, and C in accordance with the requested timelines, Paragon shall promptly add additional qualified personnel resources to the "FHCF Administrative Team" or "FHCF Actuarial Team" to perform the affected services, at no additional charge to the SBA. Paragon agrees that this Contract may not be assigned or divided and that no subcontractors may be used to fulfill the requirements of this Contract without the expressed written consent of the SBA. Notwithstanding the foregoing, portions of the services may be performed by one or more of Paragon's affiliates on behalf of or in coordination with Paragon

to the extent such colleagues are listed in the FHCF Administrative Team or FHCF Actuarial Team in Appendix A. Paragon shall perform its services with the skill and care ordinarily employed by similar professionals performing similar services for similar projects ("Standard of Care").

8. PROFESSIONAL DESIGNATIONS. — Paragon agrees to provide proof that the actuary(s) leading Actuarial Services and certifying work via actuarial reports to the FHCF are Fellows of the Casualty Actuarial Society in good standing yearly during the term of this Contract. Paragon agrees that should any professional designation become revoked, suspended, lapsed, non-renewed, or otherwise not-in-force, Paragon will notify the SBA within 15 days of this event.

9. CLIENT SERVICES. — Paragon shall have a philosophy for providing excellent customer service to meet the SBA's needs. Upon execution of the Contract, Paragon shall assign a Client Services Liaison, who shall be an executive within Aon, that is independent of the FHCF Administrative Team and FHCF Actuarial Team to ensure quality customer service and satisfaction. The Client Services Liaison shall in connection with this Contract:

(a) Participate in one-on-one quarterly meetings with the Chief Operating Officer unless the parties agree to other timing of such meetings.

(b) Proactively manage the SBA and FHCF's satisfaction with the services provided by Paragon under this Contract.

(c) Handle any performance issues and/or complaints.

(d) Determine appropriate corrective action to resolve disputes or issues.

10. ORGANIZATIONAL AND RESOURCE CHANGES. — Paragon shall provide the SBA with at least two weeks' advance notice of any planned changes in Paragon's Key Personnel of the FHCF Administrative Team and FHCF Actuarial Team in Appendix A and shall promptly notify the SBA of any such unplanned changes to Key Personnel. Paragon acknowledges and understands that the SBA has entered into this Contract in reliance upon Paragon's representation that the services will be provided by the FHCF Administrative Team and FHCF Actuarial Team in Appendix A. Upon notification of any such reductions in positions for either team, the SBA may require a renegotiation of the fees and/or terms of this Contract if the SBA determines that a renegotiation is required to address potential adverse impacts on the quality of services. This Contract may be unilaterally canceled by the SBA upon Paragon's insolvency.

11. CONFIDENTIALITY. —

(a) To the extent permitted by state and federal law, Paragon will hold all SBA Data as

confidential and will not release any SBA Data not already in the public domain to third parties other than Paragon Representatives (as defined in Appendix B) unless otherwise directed by the SBA. As used in this paragraph, the term “third parties” includes, but is not limited to, business affiliates, subsidiaries, or the parent corporation, if any, of the Paragon. However, this paragraph does not preclude Paragon from providing exposure database information to modelers under contract with the SBA for modeling services as directed by the SBA. Paragon may disclose SBA Data if required to be disclosed by any applicable federal or state law provided that prior to any such disclosure pursuant to applicable law Paragon shall give the SBA prompt written notice and Paragon shall use all reasonable efforts, in good faith, to provide the SBA with the opportunity to quash or abate such legal process or seek a protective order. For purposes of this Contract, “SBA Data” means all data accessed, created, maintained, obtained, processed, stored, or transmitted by Paragon in the course of performing the services set forth in the Contract and all information derived therefrom, except SBA Data does not include Paragon IP (as defined in subsection (d) of this paragraph).

(b) Paragon shall retain all SBA Data in a secure manner that protects the confidentiality of the SBA Data.

(c) Paragon agrees to maintain the confidentiality of any of the SBA’s non-commercial and unique systems, processes, or software that would reasonably constitute trade secrets during the term of this Contract and after termination of this Contract, and agrees, during the term of this Contract and after termination of this Contract, not to use or disclose any such trade secrets or knowledge thereof for the benefit of any party other than the SBA unless directed by the SBA. Paragon acknowledges that such use or disclosure may be subject to criminal penalties under section 812.081, Florida Statutes. For purposes of this Contract, the term “trade secret” includes any scientific, technical, or commercial information that is secret, of value, used in the execution of the FHCF’s statutory powers and duties, and the use of which would provide an advantage to any party other than the SBA.

(d) This paragraph does not affect Paragon’s ownership rights in Paragon IP. For purposes of this Contract, “Paragon IP” means (i) administrative records, pre-existing intellectual property, or intellectual property developed by Paragon outside of the course of performing the services under this Contract and (ii) Paragon’s proprietary FHCF systems and any information in data fields in the FHCF systems that pertain to Paragon notes about programming changes, the latter of which does not exclude actual data processed or data generated as a result of the processing of such data.

12. COOPERATION WITH THIRD PARTIES. – Paragon shall reasonably cooperate with the SBA and its (i) agents, (ii) contractors, including without limitation the SBA’s properly authorized governmental entity and other third party contractors such as technology staff under contract with the SBA, and (iii) properly authorized individuals directly or indirectly accessing the SBA’s data on behalf of third parties as reasonably requested by the SBA, to provide to the SBA’s

agents and other contractors reasonable access to the FHCF Administrative Team and FHCF Actuarial Teams. The SBA agrees not to unnecessarily or unreasonably interfere with, delay, or otherwise impede Paragon's performance under this Contract, with such requests for access.

13. FLORIDA INDEMNIFICATION AND LIMITATION OF REMEDIES. —

(1) Paragon agrees to indemnify, defend and hold harmless the SBA, its trustees, officers and employees from and against any and all costs, claims, demands, damages, losses, liabilities and expenses (including reasonable attorney's fees and expenses, investigation, collection, settlement and litigation costs) resulting or arising from or in any way related to Paragon's breach of data security, negligent acts or omissions, fraud, willful misconduct, violation of law or breach of Contract (including the Systems Use Terms in Section 3 of Appendix B).

(2) Paragon's indemnification obligations under subparagraph (1) above with respect to any legal action is contingent upon the SBA giving Paragon written notice of any action or threatened action, the opportunity to take over and settle or defend any such action at Paragon's sole expense, and assistance in defending the action at Paragon's sole expense. Paragon shall not be liable for any cost, expense, or compromise incurred or made by the SBA in any legal action without Paragon's prior written consent, which shall not be unreasonably withheld.

(3) In no event will Paragon be liable for incidental, special, or consequential damages, including lost revenues or profits, even if Paragon has been advised of the possibility of such damages. Further, in no event will the Contractor be liable by virtue of this Contract for any claim made by any third party related to the Administrative and Actuarial Services or other services performed under this Contract.

(4) SBA understands and agrees that Paragon will not be responsible for providing any legal, accounting, taxation, regulatory or other specialist advice that may be required as a result of the services provided under this Contract.

(5) Paragon's liability (whether in contract, tort, negligence, strict liability, by statute or otherwise) to the SBA or to any third-party concerning performance or non-performance or otherwise related to this Contract (including the Systems Use Terms in Section 3 of Appendix B) will in the aggregate be limited to direct and actual damages not to exceed \$5,000,000 or the aggregate amount paid to Paragon by the SBA for the previous 12-months, whichever is larger.

(6) Notwithstanding any other provision of this Contract, the SBA, as an entity of the State of Florida, is prohibited from entering into indemnification agreements. See Florida Attorney General Opinion 99-56, dated September 17, 1999. The SBA is also prohibited from entering into a limitation of remedies agreement. (For the avoidance of doubt, the SBA does not agree to

arbitration). See Florida Attorney General Opinion 85-66, dated August 23, 1985. This paragraph shall be enforced to the fullest extent permitted under Florida law.

14. CONFLICTS OF INTEREST. —

(a) Paragon and the SBA acknowledge the existence of the potential for a conflict of interest between Paragon's duties under this Contract and Paragon's other business activities or those of Aon or its subsidiaries. Paragon shall exercise its obligations and responsibilities to the SBA with a continuing awareness of the possibility of a conflict of interest.

(b) Paragon agrees to promptly notify the SBA should a conflict of interest, real or apparent, arise between its duties under this Contract and Paragon's other business activities or those of Aon or its subsidiaries. Paragon shall promptly provide information regarding any such situations as requested by the SBA.

(c) The fact that Aon or its subsidiaries may provide services to one or more FHCF participants shall not in and of itself require disclosure pursuant to this paragraph.

(d) The disclosures required pursuant to this paragraph shall be made in good faith and to the best of Paragon's ability.

15. SBA HARASSMENT PREVENTION POLICY. — Paragon hereby affirms its receipt of SBA Policy No. 10-254, Harassment Prevention Policy, from the SBA and hereby agrees to avoid harassment, as that term is defined in Policy No. 10-254, of any individual whom Paragon comes into contact with while working on matters pursuant to this Contract.

16. SBA COMMUNICATIONS AND EXTERNAL AFFAIRS POLICY. — Paragon hereby affirms its receipt of SBA Policy No. 10-004, Communications and External Affairs Policy, from the SBA. Paragon agrees that it shall comply with the Communications and External Affairs Policy, and such modifications to the policy as may be provided to Paragon from time to time, to the fullest extent that the Communications and External Affairs Policy applies to Paragon. All communications from external parties regarding the SBA or the SBA's affairs are to be referred to the SBA's Manager of External Affairs. This paragraph shall not prevent Paragon from telling external parties that it provides Administrative and Actuarial Services to the FHCF.

17. NOTICES. — All notices required under this Contract, except notices of termination, may be made by e-mail, U.S. Mail, or by a commercial delivery service such as United Parcel Service or Federal Express. Notices of termination shall be in writing and sent by certified mail to the other party. Notices to the SBA which are mailed are to be addressed as follows:

Florida Hurricane Catastrophe Fund

State Board of Administration of Florida
P.O. Box 13300
Tallahassee, FL 32317-3300

Notices to the SBA which are delivered by commercial delivery service are to be addressed as follows:

Florida Hurricane Catastrophe Fund
State Board of Administration of Florida
1801 Hermitage Blvd., Suite 100
Tallahassee, FL 32308

Notices to the Contractor which are mailed or delivered by commercial delivery service are to be addressed as follows:

Paragon Strategic Solutions, Inc.
8200 Tower
5600 West 83rd Street, Suite 1100
Minneapolis, MN 55437

18. TERMINATION. — The contractual arrangement set out herein may be terminated by either party at any time, without penalty or damages, upon six months' notice in writing, unless a shorter period is mutually agreed to in writing.

(a) Upon termination or expiration of this Contract, Paragon shall if the SBA does not select Paragon to continue to provide the Administrative and Actuarial Services:

(1) Cooperate fully with the SBA, its consultant(s), if any, and any succeeding vendor designated by the SBA to provide Administrative and Actuarial Services in the SBA's transition of the Administrative and Actuarial Services to the succeeding vendor, including those services that will be specifically identified within the Exit Strategy Implementation Plan provided for in paragraph 19, Exit Transition Assistance.

(2) Provide the SBA the option to purchase the then-current version of the FHCF systems for a reasonable one-time payment. If the parties are unable to agree to a reasonable fee within 60 days after notice by either party that this Contract is to be terminated, the parties shall engage an appraiser qualified to appraise computer software like the FHCF systems, and who is accredited by the American Society of Appraisers. The selection of the appraiser shall be agreed to by both parties, the costs shall be borne equally by both parties, and the appraiser's decision as to the amount of the one-time reasonable payment shall be final.

19. EXIT TRANSITION ASSISTANCE. — Upon termination of this Contract pursuant to paragraph 18, Paragon agrees to provide certain transition services to the SBA and/or the

succeeding vendor(s). The term and scope of such transition services shall be set forth in a specific and detailed Exit Strategy Implementation Plan on a schedule identified and agreed to by both parties. Paragon shall be compensated at an agreed upon rate taking into consideration the level of transition services provided and staff utilized during the transition. Exit transition assistance shall be provided for up to twelve (12) months during the term of the Contract and after termination of the Contract such services will be limited to post-contract activities involving knowledge transfer and all reasonable termination assistance requested by the SBA to facilitate the orderly transfer of such new system and any remaining Paragon services to the SBA or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance shall be deemed by the parties to be governed by the terms and conditions of this Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. Exit transition services may include:

(a) Paragon's cooperation with the SBA, its consultants(s), and succeeding vendor(s) designated by the SBA;

(b) a non-proprietary explanation of the fundamental equivalent of the technical requirements of any residual Paragon services or proprietary products used to carry out the Contract and all documentation supporting such functionality;

(c) usage patterns, growth rates and other information of interest to a vendor attempting to appropriately size and plan for a similar service;

(d) in post-migration status, answering reasonable questions on an as-needed basis.

20. SEVERABILITY. — If any provision of this Contract is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions, and this Contract shall be construed and enforced as if such provision had not been included.

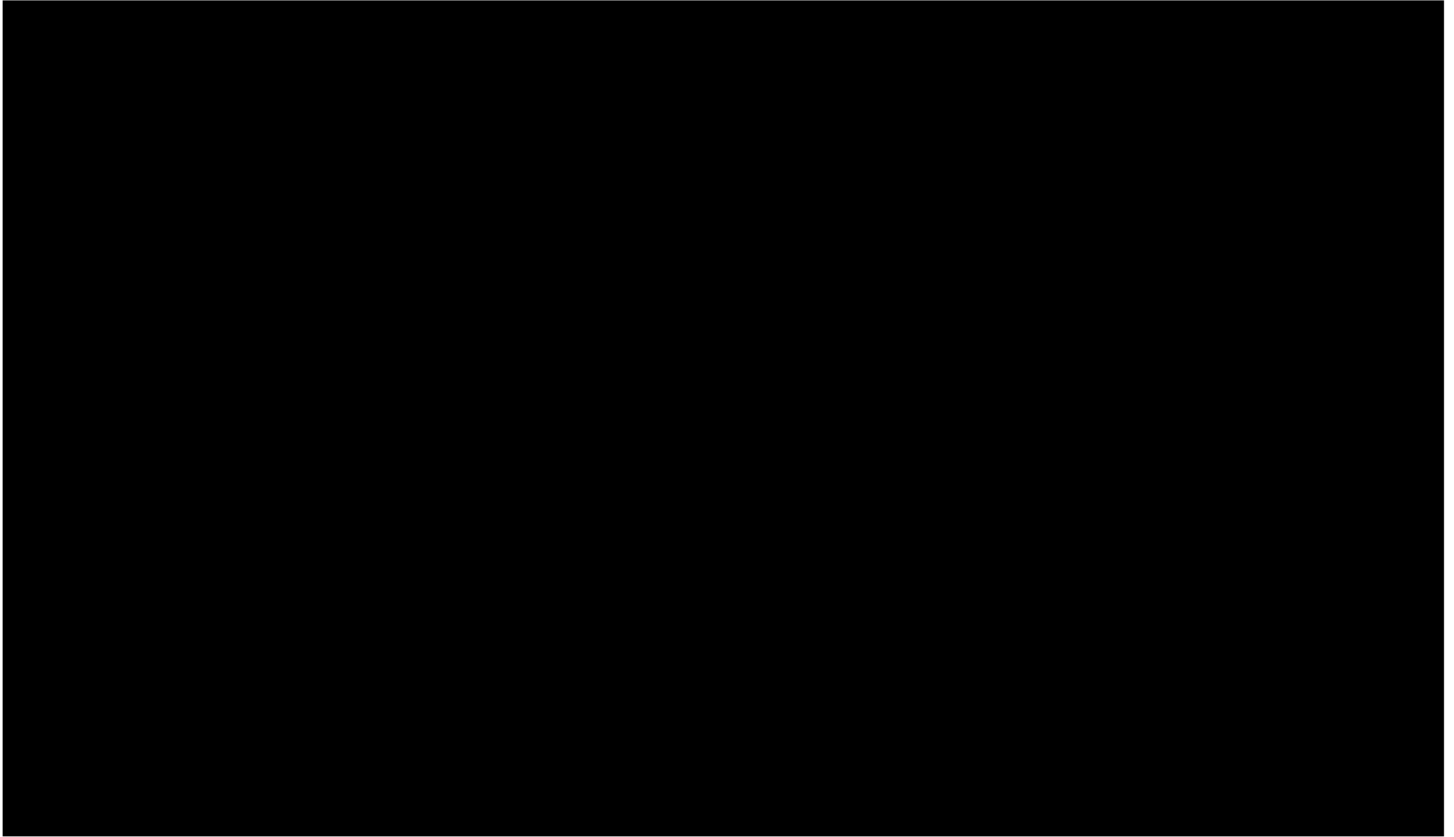
21. TERM. — This Contract takes effect on April 1, 2025, and terminates on March 31, 2030, unless extended in writing by mutual agreement of the parties or terminated according to paragraph 18.

22. DUE DATE. — If any due date in Schedule A, B, or C fall on a Saturday, Sunday, or legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable date which is not a Saturday, Sunday, or legal State of Florida or federal holiday.

23. ENTIRE UNDERSTANDING. — This Contract, including Schedules A, B, C, D and Appendix A and B incorporated herein, embody the entire understanding of the parties, supersedes any prior agreements or understandings with respect to the subject matter hereof, and cannot be altered, amended, supplemented, or abridged, or any provisions waived except by written agreement of the parties as herein provided.

24. APPENDIX B. — (General Terms and Conditions) is attached hereto and incorporated by reference into this Contract. In the event of a conflict between this Contract and Appendix B, the terms of Appendix B will prevail and control.

IN WITNESS WHEREOF, the parties have executed this Contract on the dates indicated below.



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THE FLORIDA HURRICANE CATASTROPHE FUND
BETWEEN THE STATE BOARD OF ADMINISTRATION OF FLORIDA
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SCHEDULE A: SCOPE OF ADMINISTRATIVE SERVICES**

Paragon shall provide the Administrative Services to the SBA and/or the Florida Hurricane Catastrophe Fund ("FHCF") under the above-referenced Contract to include, but are not limited to, the following:

1. PARTICIPANT COMMUNICATION

- Serve as the primary phone and email point of contact for all FHCF participants (referred to throughout the Contract as "FHCF participant(s)" or "participant(s)") with a dedicated phone line and email address, with staff available between the hours of 8:00 a.m. and 5:00 p.m. Eastern, Monday through Friday, but excluding legal State of Florida or federal holidays.
- Provide participants with guidance on issues related to exposure reporting, loss reporting, updating participant information, and Reimbursement Contract execution.
- Acknowledge participants' emails sent to Paragon's dedicated email box for FHCF Administrator communications and respond to participants' phone calls received at Paragon's dedicated FHCF Administrator communications 800 line within 24 hours of receipt on a business day.
- Distribute participants specific confirmations to acknowledge disbursements.
- Send electronic reminders to FHCF participants regarding upcoming Proof of Loss Report filing deadlines as well as upcoming commutation deadlines no less than 20 days from the due date.
- Update website information for contract year-specific criteria by June 1 each year.
- Post within 10 days any ad hoc website updates requested by SBA. Paragon website shall be upgraded pursuant to the IT Project List included in Schedule C.
- Facilitate new participants' receipt of onboarding information.
- Develop and maintain a dynamic website with continuous updates in a format specified by the SBA which shall include, but not limited to, Frequently Asked Questions, bulletins and informational messaging.

2. ACCOUNTING, CASH MANAGEMENT, FINANCIAL REPORTING AND BANKING

- No less than 20 days before due, send invoices to FHCF participants for reimbursement premium and interest due, including provisional premium installments and the final true-up installment (for participants that have submitted a complete and accurate data call by the September 1, statutory due date), as well as send invoices to

FHCF participants for the return of any excess reimbursements and adjustments to premium following a resubmission of a participant's data call file.

- Analyze Open Receivables and send a report to the FHCF no later than the third business day of each month.
- Pursue collection of outstanding receivables monthly.
- Utilize secure methods for obtaining banking information from FHCF participants in accordance with current NACHA guidelines.
- Prepare and submit ACH template information to the FHCF's banking institution when new participants are onboarded or existing participants' information changes.
- Prepare and transmit weekly ACH payment information in a format as prescribed by the FHCF's banking institution.
- Coordinate with the FHCF's banking institution to troubleshoot any technical issues.
- Within two business day of receiving a Return Items Report from the FHCF's banking institution, initiate appropriate action or research the cause of any returned payments and re-initiate payment within five business days of receipt of FHCF's participant's corrected information.
- Prepare management reports that include transactional and accounting details that assist FHCF staff with monthly and annual reports to support the reconciliation of the FHCF's trial balance as necessary for preparation of the FHCF's audited and unaudited financial statements.
- Coordinate with the FHCF Actuarial Team to calculate projected year-end Fund balance information when requested by the SBA.
- On an annual basis, leverage Aon and other treasury resources to review banking best practices that provide efficiencies relevant to the FHCF's business and protection against fraud and provide written proposals recommending changes to the SBA.
- Ensure appropriate segregation of duties and internal controls in the participant reimbursement process.
- Provide monthly loss reporting for all covered events as requested by the FHCF.

3. CONTRACT MANAGEMENT

- Update FHCF participants' contact information as needed using a form prescribed by the SBA.
- Maintain participants' contact information in a recordkeeping system that allows for easy retrieval and reporting by the SBA. This service will be implemented pursuant to the IT Project List schedule included in Schedule C.

4. REIMBURSEMENT CONTRACT PROCESSING

- Send reimbursement contracts to FHCF participants one month prior to the due date of March 1 via DocuSign or other SBA-approved electronic signature method unless a delay in sending the reimbursement contract occurs due to legislative changes or if directed by the SBA Trustees.
- Execute reimbursement contracts on behalf of the SBA, as FHCF Administrator, within one week of receipt from an individual company or one week from receipt of all participants in an NAIC group.
- Ensure adequate controls are in place to verify coverage levels selected by participants are correctly recorded and maintained in a recordkeeping system that allows for easy retrieval and reporting of information by SBA. The “retrieval and reporting by the SBA” will be implemented pursuant to the IT Project Schedule included in Schedule C.
- Track the receipt of executed reimbursement contracts and follow up on any incomplete information and/or delinquencies.
- Ensure any deeming provisions under the reimbursement contracts are handled correctly.
- Provide a status report of the receipt and execution of reimbursement contracts no later than March 8.
- Facilitate the receipt, tracking and routing of the approval process for participant requests for exemption from the FHCF in accordance with Rule 19-8.012, Florida Administrative Code with final determinations recorded in a recordkeeping system accessible by the SBA. The “accessible by the SBA” will be implemented pursuant to the IT Project Schedule included in Schedule C.

5. EXPOSURE DATA PROCESSING AND PREMIUM CALCULATION

- Send the Data Call instructions to FHCF participants annually by June 1, unless a delay in sending the Data Call is necessary due to legislative changes or if directed by the SBA Trustees.
- Review, follow up, and approve the submissions of construction code mappings, mixed occupancy single structures worksheets, and any other supplementary information provided and approve within two weeks of receipt of complete information unless an earlier approval is needed.
- Receive aggregated exposure data from the Web Insurer Reporting Engine (*WIRE*) system, review explanations when thresholds are exceeded, and review any other information provided by the FHCF participant.
- Perform integrated data validations as directed by the SBA with automated methods to ensure accurate premium calculations.
- By September 30 of each year, for participants that complied with the September 1 reporting due date, calculate such FHCF participants’ premiums using the rates from

the annual Ratemaking Formula Report based on such FHCF participants coverage selections and exposure data as of June 30th of the current year unless an earlier calculation is requested by the SBA. If the rates from the annual Ratemaking Formula Report are finalized after June 1st of the current year, or the rates are subsequently updated as the result of SBA changes, the September 30th target will be extended by one day for each day after June 1st until the final rates are approved by the SBA.

- Upon receipt from the FHCF Actuarial Team, populate and test the retention multiples, payout multiple, relativities and rates established in the annual Ratemaking Formula no later than July 1 each year, or within two weeks if the retention multiples, payout multiple, relativities and rates are finalized or updated after June 1st.
- Accelerate premium calculations if directed by the SBA due to a hurricane or examination schedule.
- Record FHCF participants' aggregate exposure data and premium in a recordkeeping system that can be accessed by the SBA. The "accessed by the SBA" will be implemented pursuant to the IT Project Schedule include in Schedule C.
- Review and reconcile data from policies assumed from Citizens Property Insurance Corporation and/or Unsound Insurers. Assist with any other special reporting requirement in the data call instructions.
- Assist the FHCF's actuary in identifying unusual trends in aggregate exposure data reported from year to year to identify potential reporting errors.

6. CLAIMS PROCESSING

- Maintain an automated system with the capability of receiving, processing and retaining Proof of Loss Reports and Detailed Claims Listings by FHCF participants. The system must manage multiple contract years and allow submissions at any time by FHCF participants.
- Systematically calculate reimbursements based on participants' retentions, selected coverage levels, loss adjustment expense and maximum payout based on coverage provided by the FHCF for reimbursement upon receipt of a Proof of Loss.
- Proof of Loss Reports filed by participants must be either advanced for SBA review or placed on an administrative hold as allowed in SBA procedures to allow for weekly reimbursements within one week, or as otherwise agreed upon between Paragon and the SBA with respect to legal State of Florida or federal holidays.
- Excess reimbursements shall be invoiced within one week of approval by SBA, but if such date falls on a Saturday, Sunday, or a legal State of Florida or federal holiday, then the next following business day.
- Manage reimbursements for multiple contract years and ensure any amounts owed from participants are received prior to issuing reimbursements.
- Process reimbursements for multiple hurricanes in a single season, ensuring retentions are applied properly and ensuring the maximum payout is not exceeded.

- Manage a third event drop-down in FHCF participants' retentions when applicable and calculate reimbursements, which include tracking reimbursements until commutation.
- Monitor and evaluate the need for a hold back in reimbursements when analyzing FHCF estimated claims-paying capacity in collaboration with the SBA.
- Provide loss data to the FHCF's actuary to allow the actuary to establish a loss reserve at a minimum monthly.
- Provide real-time access to FHCF participant's reported losses by hurricane, including total incurred losses, total paid losses, total outstanding losses, IBNR and total reimbursed by the SBA.
- Provide written notice to the SBA of any participant request for an advance within two business days of receipt of a request sent to Paragon's dedicated FHCF Administrator's inbox or if the advance indicator is selected by the participant upon submission in FHCF Online Claims System (OCS).

7. COMMUTATION

- Assist the SBA during the commutation timeframe established in the FHCF reimbursement contract.
- Participate in planning activities with the SBA for upcoming commutation negotiations.
- Initiate early commutation with FHCF participants as allowed under the FHCF reimbursement contract.
- Facilitate the request and receipt of all required supporting documents from participants to allow for expeditious review according to the commutation timeframe specified in the reimbursement contract.
- Facilitate and participate in the review process for each final Proof of Loss Report and corresponding supporting documentation, according to procedures established by the SBA.
- Provide sufficient staff to assist the SBA in the review of outstanding losses, including evaluating supporting documents from FHCF participants, if requested by the SBA.
- Engage with FHCF participants in follow-up discussions to ensure requests are properly supported.
- Track status and progress of commutations to ensure commutation timeframe is not exceeded.
- Assist in preparation of materials in support of negotiations with FHCF participants.
- Facilitate the execution of commutation agreements.

8. ONGOING DATA RESUBMISSIONS AND EXAMINATION SUPPORT

- Process Data Call resubmissions within one week of receipt through the WIRE system.
- Review updated loss reports resulting from examinations within four weeks when requested by the SBA.
- Prepare and provide information and reports needed to conduct Exposure examinations according to a pre-defined examination schedule provided by the FHCF. This information can include memoranda, approved participant mappings and methodologies, relevant participant correspondence, summary reports and prior year comparison reports on an FHCF participant's FHCF Data Call submission to the SBA. This information will be provided no later than 5 business days after the receipt of the Data Call submission for an exam scheduled to begin in October or November and no later than 60 days prior to the scheduled start date of an exam beginning in any other month.
- Prepare and provide information and reports needed to conduct Claims examinations which can include memoranda, FHCF participant correspondence, comparisons of a participant's Detailed Claims Listing to its Data Call, and summary reports on a FHCF participant's losses, reimbursements, and advances to the SBA no later than 5 business days after request from the SBA.
- Prepare and provide Exposure examination reports to the SBA for Data Call resubmissions no later than 5 business days after receipt of the Data Call resubmission.
- Maintain a status log of FHCF Data Call resubmissions and updated Proof of Loss Report submissions.
- Assist the SBA with issues that arise during the examination process.
- Attend and participate in examination meetings if requested by the SBA.
- Provide responses on special inquiries from the SBA based on timelines agreed upon by the SBA and Paragon.

9. SERVICE ORGANIZATION CONTROLS (SOC) 1, TYPE 2 REPORT

Paragon shall issue, at its own expense, on September 1, of each year, a SOC 1, Type 2 report covering the Security, Availability, and Confidentiality Trust Services Criteria, prepared by a nationally recognized audit firm in accordance with the American Institute of Certified Public Accountants ("AICPA") standards for SOC 1 reports, or successor standards as the AICPA may amend the same from time to time. The SBA reserves the right to approve the control objectives prior to Paragon executing an engagement letter which approval shall occur within 5 business days from Paragon's request. The parties agree that if additional control objectives requested by the SBA result in a significant increase in cost to Paragon, an amendment to the Contract may be requested which shall be handled through the Control Request Procedure referenced in Schedule C.

10. OTHER CONSULTING AND ADVISORY ROLES

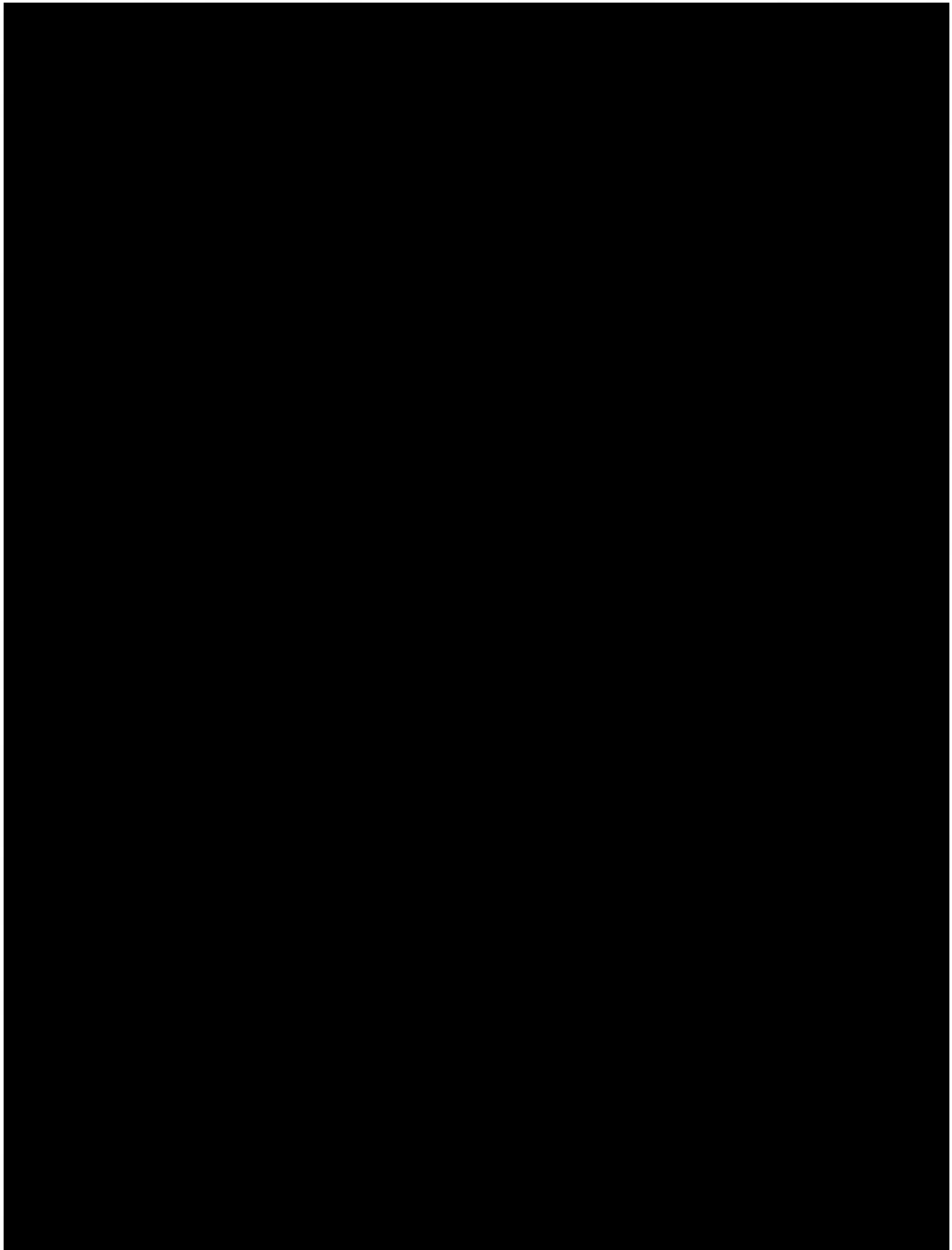
If requested by the SBA, Paragon shall:

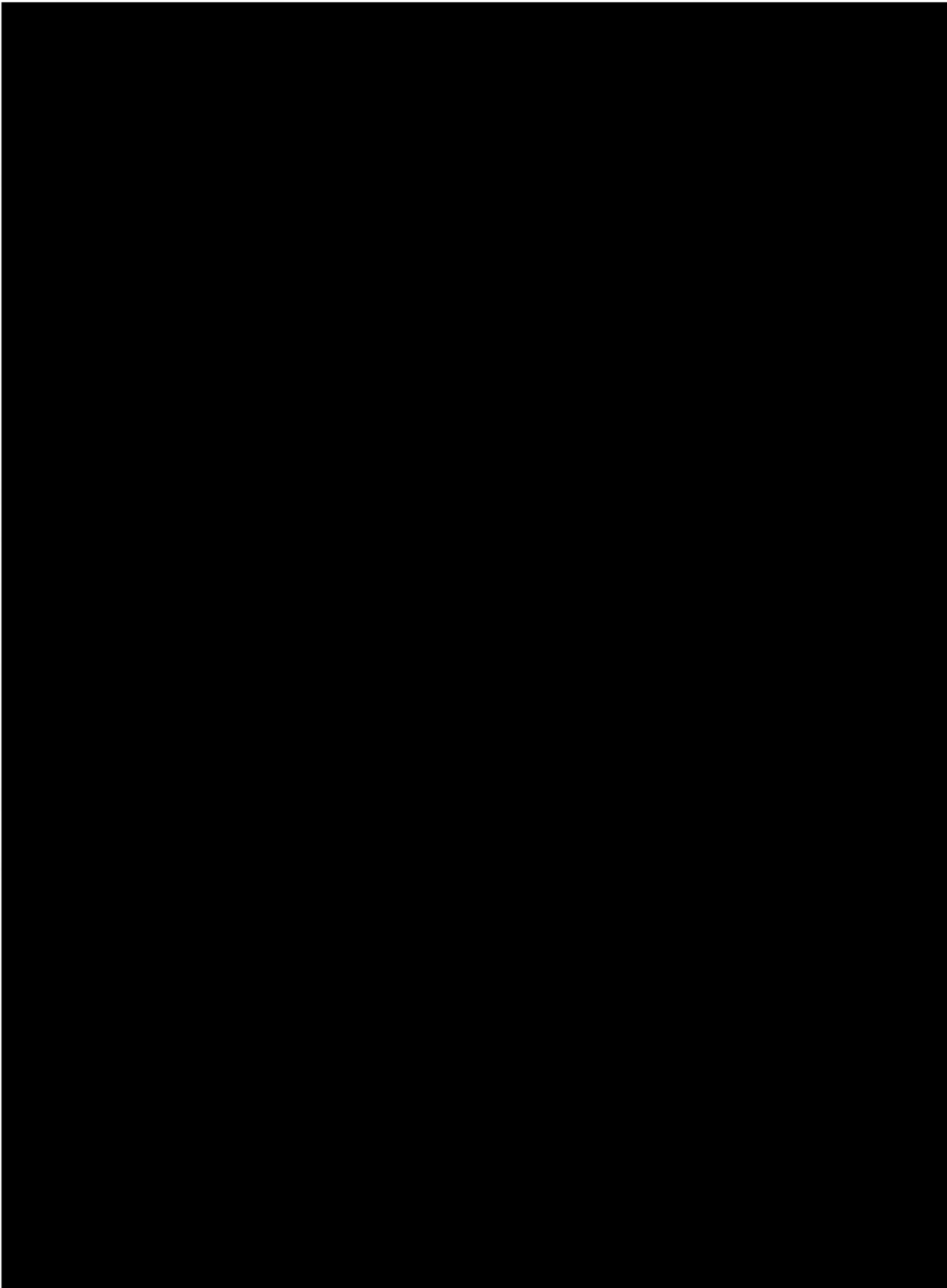
- Provide advice to the SBA on matters pertinent to the operation of the FHCF which may include, but is not limited to advice on reinsurance, capital markets, Florida property insurance market issues, and legislative analysis.
- Prepare documents and presentations at the direction of the SBA for FHCF meetings such as rule workshops and hearings, FHCF Advisory Council meetings, SBA Trustees Meetings, and other events.
- Provide timely assistance to the FHCF on ad hoc requests, including developing and evaluating legislative proposals and analyzing impacts to the FHCF.

11. SPECIFIC FINANCIAL CONSEQUENCES FOR ADMINISTRATIVE SERVICES

Financial consequences will be assessed for failure to perform the following services required by the Contract. Financial consequences are at the sole discretion of the SBA and will be assessed on a daily basis, unless otherwise noted, until the deliverable is provided to the satisfaction of the SBA and will apply to each target period beginning with the first full month or quarter of Paragon's performance, as applicable, and each and every month/quarter thereafter.

The SBA reserves the right to recoup such financial consequences by reducing payment of the next invoice by the amount of financial consequence owed or by requiring Paragon to pay financial consequences in US Dollars within thirty (30) calendar days after the required due date. If any due date falls on a Saturday, Sunday, or a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday, or a legal State of Florida or federal holiday. The SBA also reserves the right to implement other appropriate remedies, such as Contract termination, when Paragon has failed to perform/comply with the provisions of the Contract.





Management or
Enhancement

within 30 days of
request by the SBA.

**CONTRACT FOR ADMINISTRATIVE AND ACTUARIAL SERVICES PROVIDED TO
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SCHEDULE B: SCOPE OF ACTUARIAL SERVICES**

Paragon shall provide Actuarial Services to the SBA and/or the Florida Hurricane Catastrophe Fund ("FHCF") under the above-referenced Contract to include, but are not limited to, the following:

1. REIMBURSEMENT PREMIUM FORMULA

- Provide trended exposure data to the modelers under contract with the SBA no later than November 15 of each year.
- Develop the FHCF Reimbursement Premium Formula pursuant to Section 215.555(5), Florida Statutes, and provide documentation to support the methodology in accordance with Actuarial Standards of Practice.
- Provide the final FHCF Reimbursement Premium Formula Report to the FHCF Advisory Council members at least 2 business days prior to the publicly noticed FHCF Advisory Council meeting in March each year and provide updates to the FHCF Reimbursement Premium Formula if necessary due to legislative changes or if directed by the SBA Trustees.
- Update the final FHCF Reimbursement Premium Formula if necessary due to subsequent changes made by the Florida legislature and/or SBA Trustees.
- Assist the SBA in defining the scope of consulting services to be provided by hurricane catastrophe modeling vendors for the purposes of establishing rates and estimating losses to the FHCF.
- Assist the SBA, as requested, in the evaluation and negotiation of hurricane catastrophe modeling vendor(s) services.
- Recommend strategies to optimize the use of multiple hurricane catastrophe models.
- Establish actuarially-indicated rates according to rating factors developed in collaboration with the SBA.
- Evaluate and recommend potential new rating factors, if applicable, by June 1 for the subsequent contract year.
- Collaborate and coordinate with SBA staff, the FHCF Administrator, and other service providers regarding issues related to the Reimbursement Contract, Data Call, and examination programs, which could impact FHCF premium, rates or the Reimbursement Premium Formula.
- Evaluate FHCF exposure data and other inputs and assumptions used in hurricane loss modeling.
- Evaluate hurricane catastrophe model data outputs and the efficacy of combining outputs from several models for ratemaking.

- Oversee and evaluate any special ratemaking studies, if needed.
- Oversee the modeling for any individual participant ratemaking analysis, if needed.

2. LOSS RESERVING

- Provide the SBA with loss reserving services associated with hurricane losses of the FHCF used to establish current reserves, loss payment patterns, current capacity and future projected capacity.
- Provide quarterly loss reserve analysis to include both industry and FHCF layer reported paid, case and IBNR loss changes, ultimate total loss reserve point estimate, loss payment patterns, trends, and percentage of total development by covered event within 20 days after the quarter end.
- Work with the FHCF Administrator to provide monthly loss reporting for all covered events as requested by the FHCF for accounting purposes.
- Track and report loss development on reported losses for individual participants per event as well as a contract year as a whole.
- Upon the occurrence of a covered event, provide post event loss estimate analyses based upon the FHCF's post event modeler loss estimates to the SBA within three business days of receipt of all modeler estimates.

3. COMMUTATION

- Provide the necessary resources to assist the SBA during the commutation timeframe established in the FHCF reimbursement contract.
- Provide the necessary actuaries during the commutation timeline to assist in evaluating each participant's actuarial opinion on outstanding losses if requested by the SBA.
- Participate in planning activities with the SBA for upcoming commutation negotiations.
- Participate in periodic commutation meetings, provide status updates and actuarial opinions as it relates to the commutation process.
- Review participant's actuarial opinion on reported incurred but not reported (IBNR) losses. This includes working with the participants to get information necessary to complete a review and write an opinion.
- Prepare actuarial opinions the SBA can use in negotiations with FHCF participants and participate with the SBA in negotiations with FHCF participants.
- Recommend appropriate discounting factors for IBNR and outstanding losses to the SBA.
- Facilitate the request and receipt of all required supporting documents from participants to allow for expeditious review according to the commutation timeframe specified in the reimbursement contract.
- Track the status of actuaries' work, ensuring peer reviews of opinions and respond to status inquiries from the SBA.

4. OTHER ACTUARIAL DUTIES

- Present actuarial findings, including the Reimbursement Premium Formula, to the SBA Trustees, the FHCF Advisory Council, legislative staff or committees, other governmental agencies with oversight responsibilities, and required workshops as deemed necessary by the SBA.
- Provide advice, assist, and participate in presentations, hearings, and proceedings before the SBA Trustees, the FHCF Advisory Council, legislative staff or committees, other governmental agencies with oversight responsibilities, and required workshops as deemed necessary by the SBA.
- Assist in developing projections of Fund balance, cash flow, and other analyses as requested by the SBA for probable maximum loss estimates, bonding capacity estimates, post event bond issuance and other financing. At a minimum, analyses are required annually by January 15, April 15, and October 10 unless a later date is deemed appropriate by the SBA.
- Collaborate with the SBA staff to develop and update Florida Administrative Code rules and associated forms to include the Reimbursement Contract and Data Call.
- Create charts/graphs and other visual aids for the FHCF to use in presentations.
- Assist in the determination of claims examination materiality standards.
- Identify unusual trends in aggregate exposure data reported from year to year.
- Provide analysis of projected cash flow/loss payments to assist the SBA in determining the amount of liquidity needed in the investment portfolio.
- Provide FHCF-specific analyses for Risk Transfer and/or Cat Bond transactions or other financial transactions and information when requested by the SBA.
- Provide FHCF-specific analyses based on legislative proposals as requested by the SBA.
- Verify any work product through a peer review process prior to submitting it to the SBA.
- Provide ad hoc reports based on requests from the SBA.

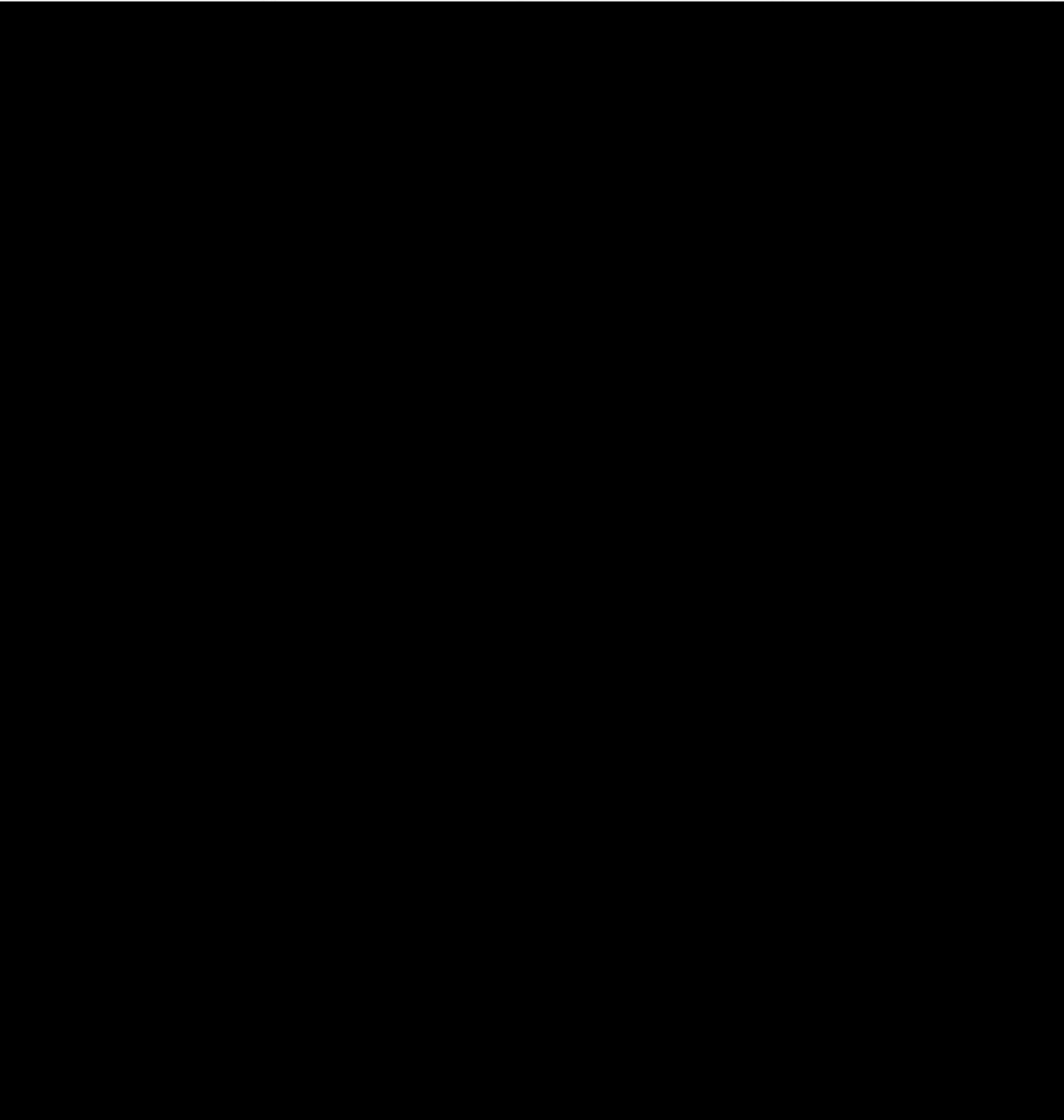
5. INSURANCE MARKET EXPERTISE

Provide advice to the SBA on a number of matters pertinent to the operation of the FHCF including reinsurance, capital markets and the Florida property insurance market.

6. SPECIFIC FINANCIAL CONSEQUENCES FOR ACTUARIAL SERVICES

Financial consequences will be assessed for failure to perform the following services required by the Contract. Financial consequences are at the sole discretion of the SBA and will be assessed on a daily basis, unless otherwise noted, until the services are performed to the satisfaction of the SBA and will apply to each deadline beginning with the first full month or quarter of Paragon's performance, as applicable, and each and every month/quarter thereafter. The SBA reserves the right to recoup such financial consequences by reducing payment of the next invoice by the amount of financial consequence owed or by requiring Paragon to pay financial consequences in US Dollars within forty-five (45) calendar days after the required due date. If any due date falls

on a Saturday, Sunday, or a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday, or a legal State of Florida or federal holiday. The SBA also reserves the right to implement other appropriate remedies, such as Contract termination, when Paragon has failed to perform/comply with the provisions of the Contract.



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SCHEDULE C: SCOPE OF INFORMATION TECHNOLOGY SERVICES**

Paragon shall provide Information Technology Services to the SBA and/or the Florida Hurricane Catastrophe Fund ("FHCF") under the above-referenced Contract to include, but are not limited to, the following:

1. TECHNOLOGY SUPPORT AND MAINTENANCE

- Routine maintenance of FHCF systems and applications.
 - Routine maintenance is defined as infrastructure maintenance and support, application support to include corrective and preventive maintenance, resolution of issues encountered by users, systems administration, security monitoring including annual penetration testing, security patches, performance monitoring and analysis, technical diagnostics and troubleshooting, configuration management, and system repair management
- Annual programming changes.
 - Annual programming changes are defined as programming changes necessary to incorporate annual updates to FHCF systems in preparation for the upcoming contract year requirements
- Annual meetings to discuss enhancements to existing systems
- Maintain a functional design document outlining all data requirements, data transfer and update schedules, transmission media and processing steps which will be provided to the SBA when requested

No later than October 31st of each year:

- Paragon shall conduct an Annual meeting with the SBA, utilizing IT resources familiar with technology offerings in the industry and best practices, to discuss ways to mechanize processes and enhance the functionality, efficiency and usability of the FHCF systems and applications.

2. SYSTEMS CAPABILITIES

- Paragon shall provide a system of applications for the purpose of collecting, processing, storing, tracking and reporting all SBA Data collected and calculated for each FHCF participant for each contract year.
- Maintain the ability to receive large data transmissions through a web services format or modern file transmission methods should a participant have files larger than the 100 MB requirement of the Online Claims System.

- Host a public FHCF website (currently <https://fhcf.paragon.aon.com>) with content directed by the SBA that is easily updated and configured.¹
- Maintain a recordkeeping platform, accessible by the SBA, capable of storing all participant data and information needed to administer the FHCF processes, including but not limited to:
 - Executed participant contracts¹
 - Participant coverage level selections and premium amounts¹
 - Participant contact information¹
 - Annual rates derived from the Ratemaking Formula Report
 - Reported loss information
- Provide a web platform for participants to file Proof of Loss Reports, which includes but is not limited to:
 - Integrated data validations to be used by participants prior to submitting a report
 - Systematic processing of loss reports for reimbursement once a participant's retention has been met on a paid basis
 - Automated controls to ensure the accuracy of reimbursement calculations
 - Ability to perform data validations, including validations as approved by the SBA, in order to determine reasonableness of reimbursement requests
 - Systematic controls that track prior reimbursements and ensure the requested reimbursement does not exceed the participant's maximum limit and protect against overpayment
 - Allow SBA permissions/access to approve all outgoing payments
 - Databases or other mechanisms for tracking exposure and claims examinations and calculating FHCF premium changes based on exposure examination results and calculating under/overpayments based on resubmitted claims data¹
 - Dashboard that displays company-specific metrics with real time alerts, including email communications, for companies that have outstanding or upcoming reporting requirements¹
 - Capability of receiving large data files up to 100 MB in a single upload to the Online Claims System
 - Identification and segregation of documents exempt from Chapter 119, Florida Statutes, and/or protected under the trade secret laws of the State of Florida starting with Proof of Loss Reports for FHCF contract years 2020 and forward
- Integrated applications to be cloud-based.
- Ability to update content as well as the ability to respond to design/configuration changes in systems as discussed in Section 6, Change Management.
- Maintain password complexity requirements acceptable by the SBA.

¹ Identified in the IT Project List occurring during Contract Year 4/1/2025-3/31/2026

- Utilize multi-factor authentication.
- Schedule planned system downtime for routine patches and upgrades, with advance notification in writing.

3. MANAGEMENT REPORTING

- Provide ad hoc reports, not requiring enhancements to IT systems, based on requests from the SBA.
- Maintain proper audit trails of all processing and reporting functions.
- Provide SBA management with routine reports including, but not limited to:
 - Aged receivables
 - Claims received and claims paid, including any calculated interest, as well as corresponding dates
 - Premiums invoiced and received, including any calculated interest, as well as corresponding dates
 - Coverage selections and calculated premiums by participant
 - Status report containing detailed participant commutation information including reported loss amounts in relation to each participant's retention and limit, internal progress on analysis of the final Proof of Loss Report, all internal and external deadlines associated with the commutation process, internal progress on the status of each participant's scheduled examinations, and final settlement amounts. ¹
 - Report to assist the SBA examination staff on exposure and claims exams
- Capability to separately track and report on updated loss reports required during the FHCF examination and commutation process.
- Track and report on reported loss data for individual participants as well as a contract year as a whole.

4. IT PROJECT LIST

The parties have agreed to a project list ("IT Project List") below for enhancements and new functionalities to the FHCF system to be completed by Paragon during the first 12 months of this Contract. Successful completion of a project is defined by SBA approval following user testing or a functionality demonstration by Paragon.

For each item in the IT Project List below, Paragon's Business Analyst shall meet with the SBA and determine the SBA's business needs for each project. Paragon shall submit a project description to the SBA which will include, at a minimum, a summary of the current process (if applicable), a summary of the new process, an estimated timeline and sufficient detail to understand whether the business requirements are captured accurately. This summary shall be approved or declined by SBA within 5 business days from receipt for each item.

IT Project List

Title	Effort	
Provide DCL download of data for SBA (DCL Database Table)	Large	Project 1
Provide DCL backload of data for SBA (DCL Database Table)	Large	
Saving POL & Checklist as PDF	Medium	
Update email address on ACH and statement emails	Small	
Enhancement Automatically place name and date in the date field of Administrative POL	Medium	
Enhancement Add Master List fields FHCF Internal		Project 2
Add Contract Tracking FHCF Internal	Move	
Add Data Call Tracking to FHCF Internal	Access DB to FHCF	
Add Commutation Tracking to FHCF Internal		
Add Contacts to FHCF Internal		
Upgrade Paragon's informational FHCF website for more flexibility	Large	
Automation of Commutation Grid	Large	
Claims Incurred Basis Report	Large	
Claims Paid Basis Report	Large	
Display Current Year Coverage Selection		Project 3
Status of Quarterly & Annual filing requirements		
Access to Company contracts & FHCF forms & Filings	Dashboard	
Ability for companies to manage their FHCF contacts		
Alerts to participants		
Add recipient contact for Interest Only & Overpayments	Medium	
Auto generated email notification to company when 1/3 drop down causes adjustment in retention	Medium	
Provide mgmt report that identifies which companies have/haven't reported quarterly POLs	Large	Project 4
Registration Status Report by User by Company (Paragon)	Large	
Track who and when someone deletes or unregisters a company	Medium	
Change FHCF ExpProcessing to use the documents api instead of aon.grids.imaging	Extra Large	
SBA Admin users should receive verification email for all officers being added	Medium	
Create a demote button for SBA users in case they accidentally verify the wrong user	Medium	
Remove decimals from POL	Small	
Provide capability for submission by Company post reporting closure date	Medium	
Add mechanism to automatically shut down hurricane reporting	Medium	

The parties may jointly agree to change the priority order of the items on the IT Project List or to delete/add to the IT Project List using the Change Management procedure outlined herein.

5. SNOWFLAKE DATA SHARE

Replicating specified data from Paragon's Snowflake environment to the SBA's Snowflake environment is the preferred method of sharing data. The parties have discussed and agreed that Paragon will create the Snowflake Data Share at no initial set up cost to the SBA; however, annual fees for the cost of Snowflake in Paragon's Azure instance are included in Schedule D, Information Technology Support & Maintenance.

6. CHANGE REQUEST PROCEDURE

If either party identifies necessary changes to the Scope of Services set forth in this Schedule, including additional deliverables or enhancements not contemplated in the current Scope of Services, it shall submit a Change Request Form as provided in Appendix 1 to this Schedule to the other party to specify the change requested. A written explanation including price adjustment, if any, and/or project schedule adjustment, if any, shall be provided for consideration and

evaluated within 30 days or as otherwise mutually agreed. If both parties mutually agree to the change, the Change Request will be incorporated into the Schedule as an addendum when signed by authorized representatives of both parties. If the parties jointly agree that certain services and/or projects are already considered in the Scope of Services set forth in this Schedule a Change Request is not required.

**State Board of Administration
Change Request Form**

Change Request # _____

Contract # XXXXXX

Change Request Date _____

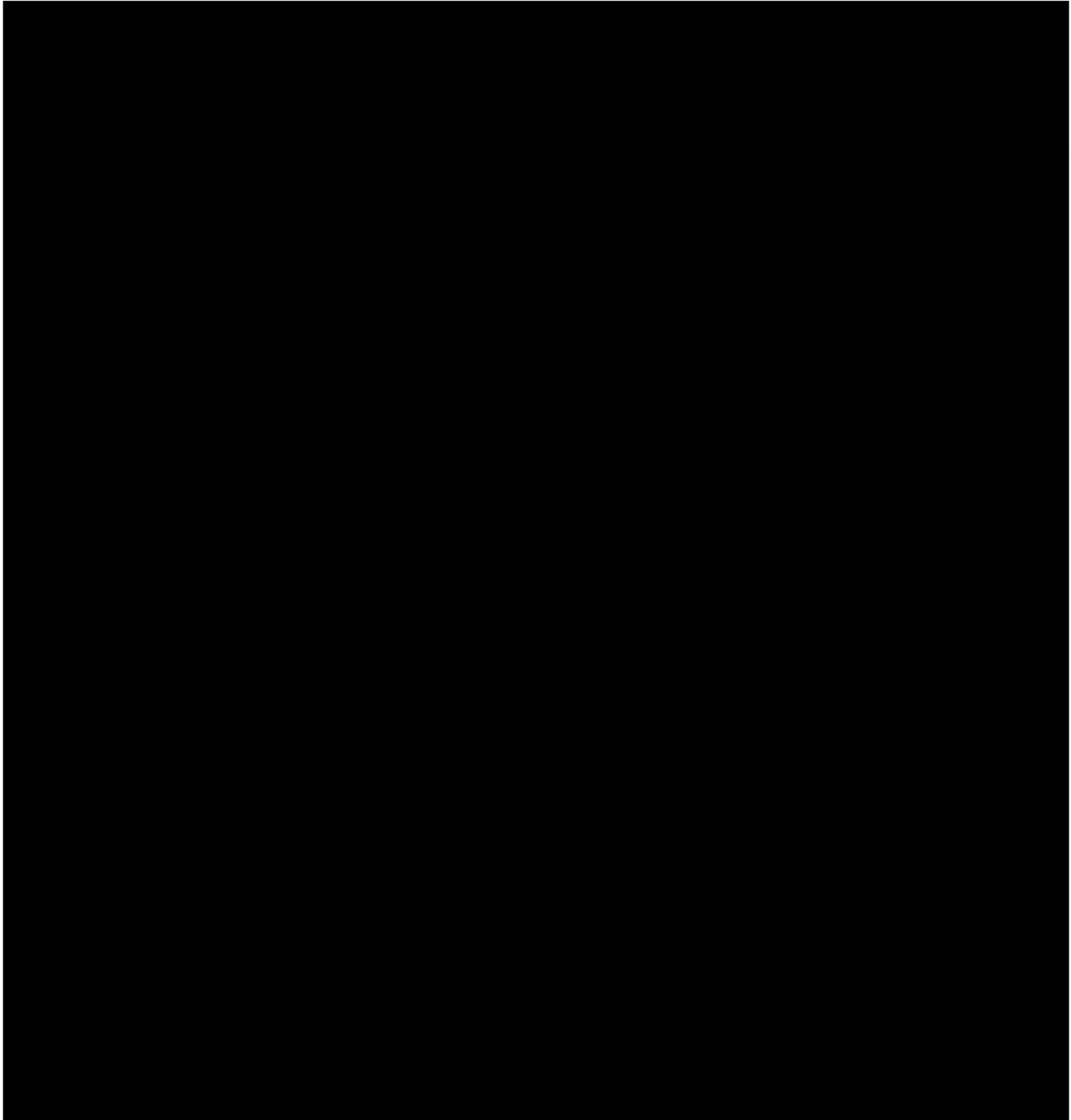
Requestor Name	
Reason for Change	
Description of Change Requested	
Impact to Project Schedule	
Change Pricing	
Deliverables	
Staff Required	

Authorized SBA Signature

Authorized Paragon Signature

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SCHEDULE D: COMPENSATION**

Compensation for the services provided under this Contract will be as follows:



1. GENERAL INFORMATION

1.1. TEAM STRUCTURE

For the purpose of this Appendix, Paragon's FHCF resources are presented in an organization chart format. The positions of CFO and CIO do not work directly on the FHCF and are not subject to Section 9 of the Contract; these positions are included to show that while finance and IT department personnel work on the FHCF under the supervision of an FHCF Director, they have separate corporate reporting channels.

1.2. KEY PERSONNEL

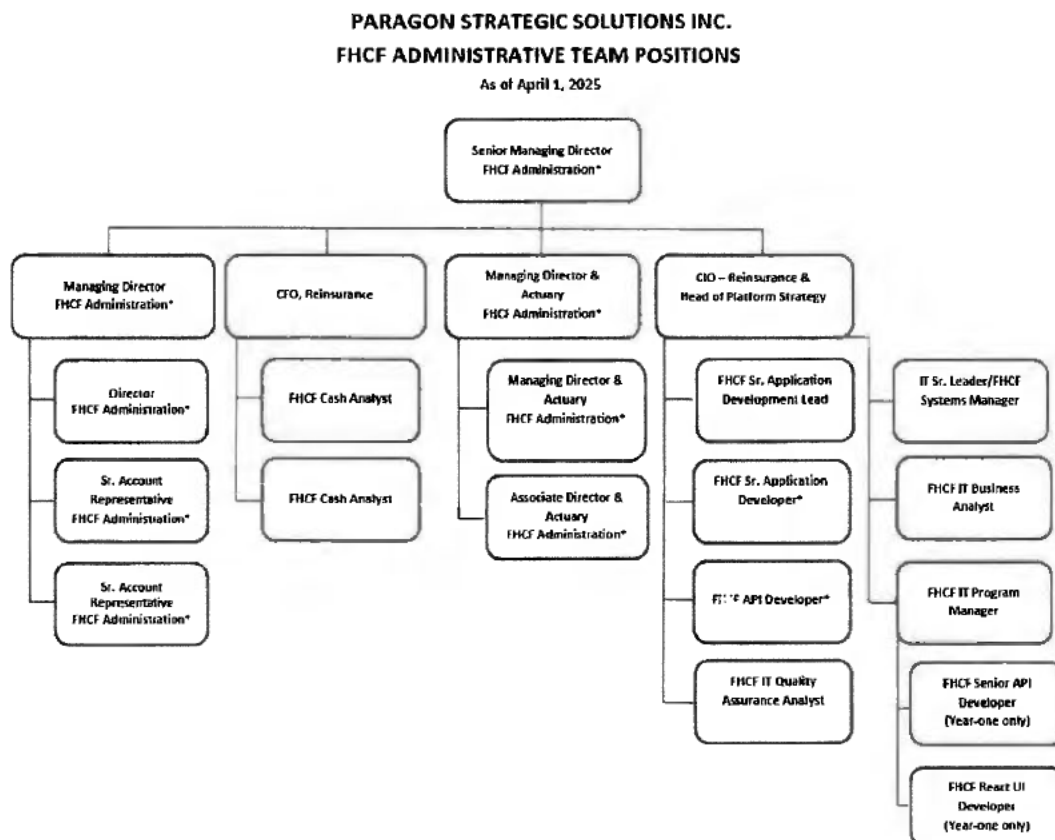
Pursuant to the Contract, Paragon is required to provide the SBA with at least two weeks' advance notice of any planned changes in Paragon's Key Personnel of its FHCF Administrative Team and FHCF Actuarial Team and promptly notify the SBA of any unplanned Key Personnel changes. Key Personnel are identified below with an '*'.

1.3. TITLES

While Paragon titles have been included to identify the different FHCF staff positions, titles are subject to change and such changes do not require a notification by Paragon to the SBA.

2. PARAGON TEAMS

2.1. FHCF ADMINISTRATIVE

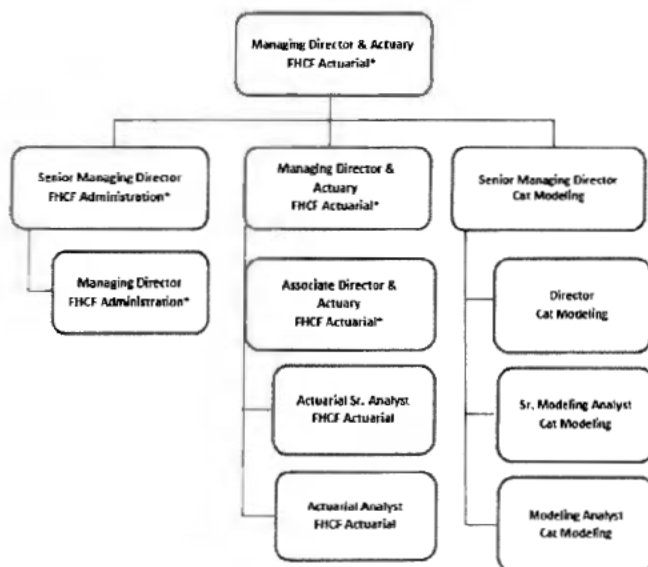


2.2. FHCF ACTUARIAL

PARAGON STRATEGIC SOLUTIONS INC.

FHCF ACTUARIAL TEAM POSITIONS

As of April 1, 2025



1. GENERAL TERMS

1.1. CONTRACT TRANSPARENCY

Consistent with the Florida Transparency in Contracting Initiative, the SBA posts certain operational contracts on its website, and this Contract will be one of the contracts posted. Paragon Strategic Solutions Inc. ("Paragon") hereby agrees that the SBA is authorized to post this Contract (including any amendments or addenda hereto) and a description of the content of the Contract (including any amendments or addenda hereto) on the SBA's website.

1.2. COUNTERPARTS

This Contract may be executed in one or more counterparts, and when each party has executed at least one counterpart, this Contract shall be deemed to be one and the same document.

1.3. FRAUD HOTLINE

The SBA maintains a fraud hotline at (888) 876-7548 to encourage individuals to report suspected SBA-related fraud, theft, or financial misconduct on an anonymous basis. Within 30 days following the effective date of this Contract, Paragon agrees to communicate this hotline information to those of its employees that are responsible for providing services under this contract. Paragon also agrees to re-communicate this hotline information at the request of the SBA.

1.4. GOVERNING LAW; VENUE

This Contract shall be governed by, construed under and interpreted in accordance with laws of the State of Florida without regard to conflict of law principles. Any proceedings to resolve disputes regarding or arising out of this Contract shall be conducted in the state courts located in Leon County, Florida, and the parties hereby consent to the jurisdiction and venue of those courts.

1.5. SUBCONTRACTOR/AGENTS

Paragon shall be responsible and accountable for the acts or omissions of Paragon Representatives (as defined in Section 2.4 of this Appendix B) to the same extent it is responsible and accountable for its own actions or omissions under this Contract. Paragon agrees to impose the requirements of this Contract on all Paragon Representatives

1.6. RIGHT TO AUDIT

- a. During the term of the Contract and for a period of five (5) years after the expiration or termination of the Contract, the SBA shall have the right to have any person or entity designated by the SBA (provided such person or entity is subject to confidentiality obligations that would protect confidential information obtained as a result of such inspection, review or audit), including an independent public accountant or auditor and/or any federal or state auditor, inspect, review and/or audit, any books, records and supporting documents relating to the Contract and/or the subject matter of the Contract (the "Records"). In the event such right is exercised and upon no less than ten (10) business days' prior written notice by the SBA, Paragon agrees to permit reasonable access to its premises and the Records during Paragon's normal business hours. The SBA shall have the right, in connection with any such inspection, review and/or audit, to have one or more members of its staff present at all times. During the term of the Contract and for a period of five (5) years after the expiration or termination of the Contract (or for any longer period of time that may be required by any applicable law relating to the retention of Records), Paragon shall maintain and retain the Records, at its sole expense, except to the extent that Paragon is required by Section 1.7(d) and Section 2.11 of this Appendix B to return or destroy such Records to the SBA as directed by the SBA. In the

event the SBA and/or its designees are in the process of conducting such an inspection, review and/or audit upon the expiration of the five (5)-year access and/or retention periods described herein, then this Right to Audit Section shall survive in its entirety until the conclusion of such inspection, review and/or audit, in the SBA's or the SBA designee's reasonable determination. For the avoidance of doubt, the scope of any inspection, review and/or audit under this Right to Audit Section may include, without limitation, Paragon's compliance with the terms of the Contract, compliance with any applicable foreign, federal, state and/or local law or regulation, an assessment of risks and controls and/or the source and application of the SBA's funds.

- b. Paragon shall use all reasonable efforts to cooperate with the SBA and any person or entity designated by the SBA in connection with any inspection, review and/or audit under this Right to Audit Section including, without limitation, causing its relevant and knowledgeable employees and/or representatives to be available to assist and to respond to reasonable inquiries and requests of the SBA and/or its designees. Paragon shall respond (including, if relevant and appropriate, with an action plan) within a reasonable time to any reports, findings and/or assessments provided to Paragon by the SBA and/or its designees, and Paragon shall provide a copy of all such responses to the SBA. Paragon acknowledges and agrees that any such report, finding and/or assessment is intended for the sole use and for the benefit of the SBA.
- c. Except as set forth herein, the SBA shall bear the costs of any inspection, review and/or audit described in this Right to Audit Section. However, in the event the SBA and/or its designees conclude that Paragon overcharged the SBA or that Paragon engaged in or committed (including through acts or omissions) any fraud, misrepresentation and/or non-performance, then Paragon shall be obligated to reimburse the SBA for the total costs of inspection, review and/or audit no later than ninety (90) days after the SBA's request for reimbursement thereof. Paragon's reimbursement obligation herein shall be in addition to all other rights, remedies and damages available to the SBA at law or in equity, which shall not be deemed waived or relinquished in any way because of Paragon's additional reimbursement obligation hereunder.

1.7. PUBLIC RECORDS

Notwithstanding any provision in this Contract between the parties, Paragon acknowledges and agrees that the SBA is bound by the provisions of Chapter 119 (Public Records), Florida Statutes, and in the event of any conflict between Chapter 119, Florida Statutes, and the terms of this Contract between the parties, the provisions and procedures of Chapter 119, Florida Statutes will prevail. To the extent applicable, Paragon shall comply with Chapter 119, Florida Statutes. In particular, Paragon shall:

- a. Keep and maintain public records required by the SBA in order to perform the services under the Contract;
- b. Upon request from the SBA's custodian of public records, provide the SBA with a copy of the requested public records or allow the public records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes or as otherwise provided by Florida law;
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the term of the Contract and following completion of the Contract if Paragon does not transfer the public records to the SBA; and
- d. Upon completion of the Contract, transfer, at no cost, to the SBA all public records in Paragon's possession (if so directed by the SBA) or keep and maintain public records required by the SBA to perform the services. If Paragon transfers all public records to the SBA upon completion of the Contract, Paragon shall destroy any duplicate public records that are exempt or confidential and exempt from public

records disclosure requirements. If Paragon keeps and maintains public records upon completion of the Contract, Paragon shall meet all applicable requirements for retaining public records. Paragon shall provide all public records that are stored electronically to the SBA, upon request from the SBA's custodian of public records, in a format that is compatible with the information technology systems of the SBA. To the extent allowed under Florida public records law, this provision does not require Paragon to retrieve, destroy, provide or transfer public records stored for disaster recovery purposes in encrypted files in a secure off-site facility, where retrieval would be difficult or impractical.

IF PARAGON HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO PARAGON'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF THE PUBLIC RECORDS AT:

**STATE BOARD OF ADMINISTRATION OF FLORIDA
POST OFFICE BOX 13300
TALLAHASSEE, FL 32317-3300
(850) 488-4406
SBACONTRACTS_DL@SBAFLA.COM**

1.8. E-VERIFY

In accordance with Section 448.095(5), Florida Statutes, Paragon shall register with and use and shall cause any of its subcontractors to register with and use, the E-Verify system to verify the work authorization status of all new employees of Paragon or subcontractor hired during the term of the Contract who may perform services under this Contract. Paragon acknowledges that SBA is subject to and Paragon agrees to comply with Section 448.095, Florida Statutes, as amended from time to time, to the extent applicable.

2. DATA SECURITY

2.1. DATA SECURITY STANDARDS

Paragon shall comply with either the provisions of applicable SBA policies (SBA Policy #20-404 Remote Access; SBA Policy #20-411 Anti-Virus; and SBA Policy #10-409 Confidential/Sensitive Electronic Data Handling), as amended from time to time, or NIST SP 800 Series, ISO/IEC 27000 Series, or a comparable similar industry standard. Paragon will provide immediate notice to the SBA of any known or suspected violation of any SBA policy or industry standard.

2.2. LOSS OR BREACH OF DATA

Paragon shall provide immediate notice to the SBA in the event it becomes aware of any security breach or any unauthorized transmission or loss of any SBA Data. In the event of loss or destruction of any SBA Data where such loss or destruction is due to the fault or negligence of Paragon, Paragon shall be responsible for recreating such lost or destroyed data in the manner and on the schedule set by the SBA, at Paragon's sole expense, in addition to any other damages the SBA may be entitled to by law or this Contract. In the event lost or damaged SBA Data is suspected, Paragon will perform due diligence, report findings to the SBA, and take all reasonable measures necessary to recover the SBA Data, all at Paragon's sole expense. If such

SBA Data is unrecoverable, Paragon will pay all costs to remediate and correct the problems caused by or resulting from each loss or destruction of SBA Data (including, without limitation, the cost to notify third parties and to provide credit monitoring services to third parties), in addition to any other damages the SBA may be entitled to by law or this Contract. Paragon acknowledges that failure to maintain security that results in a breach of SBA Data may subject this Contract to the administrative sanctions for failure to comply with Section 501.171, Florida Statutes, together with liability for any costs to the SBA of such breach of security caused by Paragon.

2.3. SECURITY AUDITS

If SBA Data will reside in Paragon's system, the SBA may request Paragon to conduct at Paragon's expense, an annual network penetration test or security audit of Paragon's system(s) on which SBA Data resides. If the term of the Contract is less than a year long, the penetration test or security audit of Paragon's system(s) on which SBA Data resides, may be exercised at any time during the term of the Contract.

2.4. DATA PROTECTION

No SBA Data will be transmitted or shipped to entities outside of the United States of America, nor will it be stored or processed in systems located outside of the United States of America, regardless of the method or level of encryption employed. Access to SBA Data shall only be available to authorized Paragon Representatives that have a legitimate business need. For purposes of this Contract, "Paragon Representatives" means Paragon's officers, directors, employees, agents, contractors, subcontractors and consultants (including affiliates thereof). Requests for access to the SBA's information technology resources shall be submitted to the SBA's Support and Office Services ("Help Desk") staff. With the SBA's approval, Paragon Representatives may be granted access to SBA information technology resources as necessary for fulfillment of related responsibilities. Prior to the provision of access to SBA information technology resources, Paragon agrees to provide the Paragon Representative a written copy of the SBA's Systems Use Terms set forth in Section 3 (the "Systems Use Terms"). Paragon agrees to be responsible in the event any Paragon Representatives breach any of the terms set forth in Section 3. However, it being understood that the SBA cannot bring the same breach of contract claim under the terms of Section 3 and any other similar terms under this Contract that would allow the SBA to recover twice under this Contract for the same claim. Remote connections are subject to detailed monitoring as deemed appropriate by the SBA.

2.5. ENCRYPTION

Paragon shall encrypt all SBA Data, in transmission and at rest, using an SBA approved encryption technology.

2.6. BACK-UPS

Paragon shall maintain and secure adequate back-ups of all documentation and programs utilized to process or access SBA Data.

2.7. DATA SECURITY PROCEDURES

Paragon has established appropriate administrative, technical, and physical safeguards to protect the confidentiality of, and to prevent the unauthorized use or access to, SBA Data. Paragon shall develop data security procedures to ensure only authorized access to SBA Data by Paragon Representatives for purposes of performing the Contract and to ensure no unauthorized access to SBA Data by individuals or entities other than those authorized by the Contract or the SBA. Paragon shall ensure that access to SBA Data by Paragon Representatives will be provided on a need-to-know basis and will adhere to the principle of least privilege. (The principle of least privileged means giving a user account only those privileges which are essential to perform its intended function.)

2.8. OWNERSHIP OF DATA

Paragon shall provide to the SBA, upon its request, SBA Data in the form and format reasonably requested by the SBA. Paragon will not sell, assign, lease, or otherwise transfer any SBA Data to third parties, or commercially exploit SBA Data, except as authorized by the SBA. Paragon will not possess or assert any lien or other right against or to any SBA Data in any circumstances. SBA Data is and shall remain the exclusive property of the SBA. SBA Data created by Paragon, obtained by Paragon from a source other than the SBA, or derived from SBA Data will become property of the SBA immediately upon the creation, receipt or derivation of such SBA Data, as applicable.

2.9. BACKGROUND CHECKS

Paragon shall confirm that Paragon Representatives assisting in the performance of the Contract have passed appropriate, industry standard, background screening (include criminal background checks) and possess the qualifications and training to comply with the terms of the Contract, before being provided access to SBA Data. Upon the SBA's request, Paragon shall provide to the SBA an attestation that the foregoing background checks have been completed.

2.10. COMPLIANCE

Paragon represents and warrants that it is in compliance with and agrees and covenants that it will at all times during the term of the Contract continue to be compliant with, all applicable laws, regulations and industry standards (including, without limitation, all applicable laws, regulations and industry standards relating to cybersecurity or data collection, storage, security or privacy) when performing this Contract.

2.11. RETURN/DESTRUCTION OF SBA DATA

Paragon shall not at any time destroy any SBA Data without the prior written consent of the SBA. As directed by the SBA, within 30 days of the completion, termination or expiration of the Contract, Paragon will transfer SBA Data to the SBA, or if directed by the SBA, to the SBA's designated succeeding vendor, in a format that is compatible with the information technology systems of the SBA, or, unless otherwise required by any applicable law (including, for the avoidance of doubt, Florida's public records retention laws), destroy all SBA Data possessed by Paragon. Paragon shall provide the SBA documentation affirming the completion of any requested SBA Data transfer (including confirmation of receipt by the SBA) and the destruction of any SBA Data possessed by Paragon. Notwithstanding the foregoing, Paragon may, in accordance with applicable legal, disaster recovery and professional requirements, store copies of SBA Data in an archival format which may not be immediately returned or destroyed but which would remain subject to the confidentiality obligations set forth in the Contract.

2.12. BUSINESS CONTINUITY PLAN/DISASTER RECOVERY

Paragon has implemented and will maintain business continuity and disaster recovery plans designed to minimize interruptions of services and ensure recovery of systems and applications used to provide the services under this Contract. Such plans cover the facilities, systems, data, applications, and employees that are critical to the provision of the services and will be tested at least annually to validate that the recovery strategies, requirements, and protocols are viable and sustainable. Paragon shall provide an executive summary of such plans setting forth prioritized threats, time criticality of business functions, resources needed to successfully recover, employee training and communication, and potential costs of recovery, as well as, including an assessment of the plans' most recent test results, to the SBA upon request. In the event of a business disruption that materially impacts (or is reasonably expected to materially impact) Paragon provision of services under this Contract, Paragon will promptly notify the SBA of the disruption and the steps being taken in response.

3. SYSTEMS USE

THE FOLLOWING ARE THE SYSTEM USE TERMS DESCRIBED IN SECTION 2.4 ABOVE. THESE TERMS MUST BE PROVIDED TO ANY USER PRIOR TO THE USER ACCESSING ANY SBA SYSTEM.

3.1. OWNERSHIP OF DATA

SBA Data is and shall remain the exclusive property of the SBA. User shall use SBA Data solely for authorized purposes. SBA Data created by User, obtained by User from a source other than the SBA, or derived from SBA Data will become property of the SBA immediately upon the creation, receipt or derivation of such data, as applicable. For purposes of this Section 3, Systems Use, "SBA Data" means all data accessed, created, maintained, obtained, processed, stored, or transmitted by User when using any SBA Account or SBA Systems and all information derived therefrom, except SBA Data does not include Paragon IP. For purposes of this Section 3, Systems Use, "SBA Systems" means any of the following:

- a. Any desktop, laptop, server, or other information technology resource (whether physical or virtual) under the administration or ownership of the SBA, wherever located;
- b. All business applications, including any related data, system services and functions provided by or under the administration or ownership of the SBA.

"User" means any Paragon Representative that will have access to SBA Systems. For the avoidance of doubt, Paragon Representatives who qualify as Users under this definition shall not be bound in their individual capacity.

3.2. NONDISCLOSURE

SBA Data shall be considered confidential and proprietary information to the extent permitted by Florida or other applicable law. User shall hold SBA Data in confidence and shall not disclose SBA Data to any person or entity except as authorized by the SBA or as required by law.

3.3. PRIVACY

User does not have a right to privacy regarding any activity conducted using the SBA Systems. The SBA can review, read, access or otherwise monitor all activities on the SBA Systems or on any other systems accessed by use of the SBA Systems, and purge any or all information on the SBA Systems. The use of a password does not create a right to privacy in the SBA Systems.

3.4. CREDENTIALS

Only persons who are authorized by the SBA may use SBA Systems. User shall not share SBA Account credentials with any other person, including but not limited to sharing of credentials with other authorized users. User shall immediately change User's password should it become known by any other person. For purposes of this Section 3, Systems Use, "SBA Account" means any set of system access credentials (e.g., a user ID and password) provided by the SBA.

3.5. COPYRIGHT

User shall not make copies of applications running on SBA Systems for use at home, on laptops, or for any other reason, without SBA authorization. User shall not import, download, copy or store SBA Data (including without limitation, emails) onto non-SBA owned devices without SBA authorization. User shall not import, download, copy, or store copyrighted material without permission from the copyright owner.

3.6. ANTI-VIRUS

If User accesses the SBA network remotely, User shall do so only on devices with industry standard, supported anti-virus software installed. This software must be active, be scheduled to perform virus checks at regular intervals, and have its virus definition files kept up to date.

3.7. INSTALLATION

User shall not install any applications, programs, applets, or snap-ins on any SBA equipment.

3.8. AUTHORIZED ACCESS

User shall not access (or attempt to gain access to) any SBA Account or SBA System other than that to which the User is authorized.

3.9. AUTHORIZED USE

User shall not use any SBA Account or SBA System to transmit, distribute, or store content or materials in a manner that violates SBA policies, U.S. state and federal laws, the laws of jurisdictions outside of the U.S., or the Systems Use Terms.

3.10. DATA SECURITY STANDARDS

User shall comply with either the provisions of applicable SBA policies (SBA Policy #20-404 Remote Access; SBA Policy #20-411 Anti-Virus; and SBA Policy #10-409 Confidential/Sensitive Electronic Data Handling), as amended from time to time, or NIST SP 800 Series, ISO/IEC 27000 Series, or a comparable similar industry standard. User will provide immediate notice to the SBA of any known or suspected violation of any SBA policy or industry standard.

3.11. VIOLATION REPORTING

If User becomes aware of (or suspects there may have been) any violation of the Systems Use Terms, User shall contact the SBA Support and Office Services ("Help Desk") at 850-413-1100 to report the situation.

3.12. VIOLATION PENALTIES

User understands the Systems Use Terms. User understands that violation of the Systems Use Terms may lead to penalties imposed by U.S. state and federal laws, and/or the laws of jurisdictions outside of the U.S.

3.13. PUBLIC RECORDS COMPLIANCE

User acknowledges that SBA Data will constitute "public records" which will be subject to public access and disclosure under Chapter 119, Florida Statutes unless such records are exempt from disclosure under Chapter 119, Florida Statutes. To the extent applicable, User shall comply with Chapter 119, Florida Statutes. In particular, User shall:

- a. Keep and maintain public records required by the SBA in order to perform the services under any applicable contract for services with the SBA ("Contract");
- b. Upon request from the SBA's custodian of public records, provide the SBA with a copy of the requested public records or allow the public records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes or as otherwise provided by Florida law;
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the term of the Contract and following completion of the Contract if User does not transfer the public records to the SBA; and
- d. Upon completion of the Contract, transfer, at no cost, to the SBA all public records in User's possession (if so directed by the SBA) or keep and maintain public records required by the SBA to perform the services. If User transfers all public records to the SBA upon completion of the Contract, User shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If User keeps and maintains public records upon completion of the Contract, User shall meet all applicable requirements for retaining public records. User shall provide all records that are stored electronically to the SBA, upon request from the SBA's custodian

of public records, in a format that is compatible with the information technology systems of the SBA.

- e. To the extent allowed under Florida public records law, this provision does not require Users to retrieve, destroy, provide or transfer public records stored for disaster recovery purposes in encrypted files in a secure off-site facility, where retrieval would be difficult or impractical.

**IF USER HAS QUESTIONS REGARDING THE
APPLICATION OF CHAPTER 119, FLORIDA STATUTES,
TO USER'S DUTY TO PROVIDE PUBLIC RECORDS
RELATING TO THIS CONTRACT, CONTACT THE
CUSTODIAN OF THE PUBLIC RECORDS AT:**

**STATE BOARD OF ADMINISTRATION OF FLORIDA
POST OFFICE BOX 13300
TALLAHASSEE, FLORIDA 32317-3300
(850) 488-4406
SBAContracts_DL@SBAFLA.COM**