

Investment Training and Consulting Institute, Inc.
investci.com

April 19, 2024

Kim Stirner
Chief Audit Executive
State Board of Administration of Florida
1801 Hermitage Boulevard
Tallahassee, FL 32308
Kimberly.Stirner@sbafla.com

Sent via email

Dear Kim,

Thank you for thinking of Investment Training and Consulting Institute, Inc. (ITCI) as a resource to provide subject matter expertise (SME) advisory services on your investment audits at the State Board of Administration (SBA) for the 2024-2025 fiscal year. Please accept this proposal as a follow-up to our discussions. We look forward to working with you and the audit team at the SBA once again.

The annual investment audit advisory arrangement will be established with SBA's Internal Audit Division. SME consulting will be provided in investment-related risk assessment /control analysis and investment-related internal audit processes. In addition, the time contracted in this advisory agreement can also provide SME service in Investment Risk, Investment Compliance, and ERM with the prior authorization of the Chief Audit Executive (CAE).

Specific examples of investment audit advisory services in this area can include such areas as:

- Review and provide feedback on the SBA audit team's risk assessment and embedded audit plans.
- Provide pre-planning support, conduct and attend client meetings and interviews for selected Investment Audits.
- Review and assess identified risks and key controls within an investment audit prepared by Audit Staff.
- Review and assess audit work program steps for a specific investment audit.
- Discuss industry best practices and conduct training discussions with SBA internal audit staff as needed. We consider this vital to the "knowledge transfer" process.
- Serve as a subject matter expert (SME), providing support for the audit team throughout the completion of fieldwork as requested.
- Review and provide feedback on the audit report prepared by the SBA audit team. ITCI can also review management's response to ensure appropriate corrective action is planned.



To effectively complete such areas above, it will be necessary to perform the following related tasks within the specific investment audit under review:

- Review policies, procedures and/or management reports related to in-scope investment activities and the policies and procedures of the associated front, middle and back-office functions.
- Review interview and/or walk-through documentation.
- Review process/system flowcharts and narratives.

The proposed July 2024 through June 2025 one-year SME advisory services will include the following:

July 2024 through June 2025:

- 40 Hours (allocated resources) of Advisory Services by ITCI senior associates to be used over the twelve-month period stated above. While it is anticipated the hours will be fully utilized, a reasonable number of hours may be rolled over to the next period in the event of something unexpected.

Additional provisions of this annual SME advisory agreement:

1. Eight hours of allocated resources can be converted into one full on-site day (8 hours). One-month prior notice of on-site day conversion is requested to accommodate travel plans.
2. Six hours can be converted into one full (6 hours) virtual "on-site" day.
3. Preliminary preparation for virtual or onsite days will be charged to the allocated resources.
4. Off-site advisory services and preparation will be allocated in 15-minute intervals.
5. Any additional hours needed over the allocated resources in the 12-month period will be agreed to between ITCI and SBA and contracted under a separate SME supplemental amendment.
6. ITCI will inform the SBA of hours/days used within the allocated resources on a upon the SBA's request.
7. Any training contracts between ITCI and SBA are considered separate and will not impact this SME advisory agreement in any matter.

The SME Advisory annual fixed fee price is quoted below. This fee is considered an all-in cost, including travel for two on-site days if requested and administrative fees.

US \$25,000

Fees will be invoiced in advance of the SME contracted time period (divided into two payments) in the following schedule:

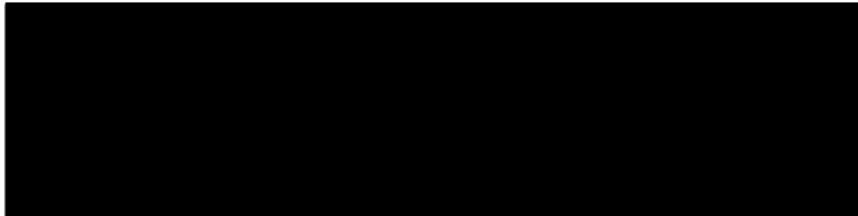


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\$12,500 paid prior to July 1, 2024

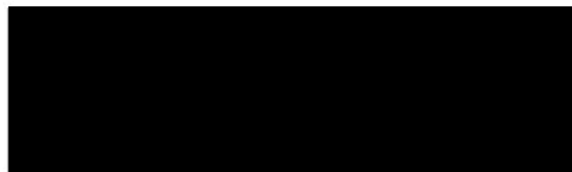
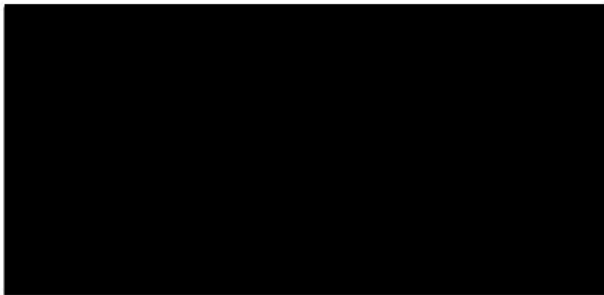
\$12,500 paid prior to January 1, 2025

Thank you for allowing us to submit this proposal. Please let me know what additional information I can provide to assist you in this process. You can reach me at 785-224-6713 (cell) or at bdavison@Investci.com.



Confirmation of Terms of Proposal

Having read this Proposal, the State Board of Administration agrees to engage the Investment Training and Consulting Institute, Inc. upon the terms set forth herein and in the corresponding addendum.





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ITCI Team Biographies

Audit Principal - Barbara Davison CIA, CIDA, CISA, FLMI

Barbara Davison is the founder, current President, and Audit Principal of the Investment Training and Consulting Institute, Inc. (ITCI), located in Topeka, Kansas. Established in 1997, ITCI provides training and audit consulting in the areas of Investments, Derivatives, and Risk Management to the Board of Directors, Management, Operations, and Auditors.

ITCI is dedicated to training and assisting auditors in conducting their investments and derivatives audits through a very popular and successful co-sourcing arrangement with internal audit. For twenty-plus years, ITCI has been globally recognized as the company that has developed the niche expertise in this highly complicated area and has consulted and/or trained more than 1,000 companies in various industries. In 2001, ITCI began sponsoring the highly specialized certification program, the "Certified Investments and Derivatives Auditor" (CIDA), for investment auditors. CIDA Certifications have been awarded to auditors representing 33 different countries.

Barbara is a distinguished faculty leader for the International Institute of Internal Auditors, where she has served for more than 28 years. She is a Certified Internal Auditor, Certified Information System Auditor, Certified Investments and Derivatives Auditor, a Fellow of the Life Management Organization and the author of five books on investment and derivative auditing: Auditing Investment Activities, Auditing Derivatives Strategies, Auditing Merger and Acquisitions Strategies, Understanding and Auditing Investments and Derivatives, and The CIDA Study Guide, First and Second Edition. Previously, Barb obtained her Series 7 and Series 65 from the National Association of Security Dealers (NASD).

Prior to forming ITCI, Barbara was Assistant Vice President for a mid-west Financial Organization where she directed investment operations for the general account and mutual funds. Her responsibilities also included portfolio management of two mutual funds, which were part of a \$7 billion portfolio. Prior to her seven years in investments, Barbara was Assistant Vice President and Manager of Internal Audit for six years, where she was responsible for the management of corporate audit activities, computer security, information systems audits and assisted in new business strategies.



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Previous Clients	Partial List	Previous Clients
New York Life	MetLife Insurance	Illinois TRS
CIGNA	Fidelity Investments	CUNA Mutual Ins.
Wal-Mart	Pfizer	Shell Oil
Hunt Oil Company	ConAgra	Ameren Energy
LG&E Energy	Peoples Energy	ING Financial Services
NICOR	Gillette	Salt River Project Energy
Microsoft	County of Orange	Enbridge
Vanguard Securities	Federal Reserve Bank	First Security Corp.
Mutual of New York	Avery Dennison	Dow Chemical
Credit Lyonnais	Kansas City Power and Light	Allstate Insurance
NC State Auditor	Vermont National Life	SRS of Kansas
RGA Reinsurance	California Lottery	Citigroup
SC State Auditor	Mass Mutual Insurance	M&I Bank
H&R Block	World Bank	Canada Wheat Board
AICPA	IFC	Royal Caribbean
United Nations	Pacific Life Insurance	PWC
Ernst & Young	Florida Power & Light	Fleet Bank Boston
Deloitte & Touche	BCBS of IA	Texas Instruments
Central Bank of Barbados	Central Bank of Finland	Central Bank of Colombia
Central Bank of Uganda	Central Bank of Malawi	Central Bank of Tanzania
Central Bank of Zambia	Central Bank of Zimbabwe	Commercial Federal
Nationwide Insurance	Northwestern Mutual	Peabody Coal
University of Notre Dame	Stanford University	TD Bank
Praxair	Arch Coal, Inc.	Regence Blue Shield
Standard Life Insurance	Washington State Auditor	CA Earthquake Assn.
Hogan Taylor	PG&E Corporation	Purdue University
Canada Mortgage & Housing	Farm Credit Canada	Bank of Hawaii
United Parcel Service	Lutheran Brotherhood	TIAA-CREF
MOSERS	Countrywide Home Loans	Dominion Resources



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AGL Resources	Conectiv, Inc.	Piedmont Natural Gas
Previous Clients	Partial List	Previous Clients
Wells Fargo	Alticor	Capital One
Pinnacle West	The Sanwa Bank	Grant & Thornton
Duke Energy	Institute of Internal Auditors	Sun Life of Canada
Lutheran Brotherhood	Cargill, Inc.	MIS Training Institute
Virginia State Auditor	Texas State Auditor	Cox Enterprises
Florida State Retirement	CITGO	Freddie Mac
Barclays Global Investors	Farm Credit Canada	Fannie Mae
Bank of the West	Public Service of New Mexico	Kansas City P&L
Ensign Peak Advisors	IBM	Ford Motor Credit
BC Hydro - Powerex	Placer Dome	Potash Corporation
Alaska Permanent Fund	Bi-State Development	St. Louis University
Federal Housing Finance Administration	PNC Bank	AgFirst Bank
Conseco	American Electric Power	Allegheny Energy
State Street Bank	Chase Manhattan	Banker's Trust
Wisconsin Energy	Exelon Power Team	National Bank of Canada
Chevron	Duke Energy	Sempra Energy
Proctor and Gamble	Provincial Auditor of Canada	Grant Thornton
Farm Credit Administration	Prudential Insurance	American Express
Commercial Metals	PACCAR	Sempra Energy
Westar Energy	Placer Dome	John Hancock
Southwest Airlines	Canada Mortgage and Housing	Anheuser Busch
Marathon Oil	Office of the Auditor General	Aquila Energy
Internal Revenue Service	Securities Exchange Commission	Old Mutual Insurance
FHLB Pittsburgh	FHLB Boston	FHLB Cincinnati
FHLB Seattle	FHLB Chicago	FHLB Topeka
FHLB Atlanta	FHLB New York	FHLB Des Moines
FHLB Indianapolis	FHLB San Francisco	IMF
SASK Energy	Kellogg Endowment	FINRA

**ADDENDUM TO THE LETTER AGREEMENT ("Agreement") BETWEEN THE
INVESTMENT TRAINING AND CONSULTING INSTITUTE, INC. ("Contractor") AND
THE STATE BOARD OF ADMINISTRATION OF FLORIDA ("SBA")
DATED APRIL 19, 2024**

1. Notwithstanding any provision in this Agreement between the parties, Contractor and agrees that 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.

2. Notwithstanding any provision in this agreement between the parties, Contractor acknowledges and agrees that the SBA, as an entity of the State of Florida, is prohibited from entering into a limitation of remedies agreement. See Florida Attorney General Opinion 85-66, dated August 23, 1985.

3. Contractor 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 Agreement between the parties, the provisions and procedures of Chapter 119, Florida Statutes will prevail.

To the extent applicable, Contractor shall comply with Chapter 119, Florida Statutes. In particular, Contractor shall:

- (a) Keep and maintain public records required by the SBA in order to perform the services under the Agreement;
- (b) Upon request from the SBA's custodian of public records, provide the SBA with a copy of the requested records or allow the 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 Agreement and following completion of the Agreement if Contractor does not transfer the records to the SBA; and
- (d) Upon completion of the Agreement, transfer, at no cost, to the SBA all public records in Contractor's possession (if so directed by the SBA) or keep and maintain public records required by the SBA to perform the service. If Contractor transfers all public records to the SBA upon completion of the Agreement, Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If Contractor keeps and maintains public records upon completion of the Agreement, Contractor shall meet all applicable requirements for retaining public records. Contractor 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.

4. IF CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE MANAGER'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, 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**

5. The SBA does not consent to automatic renewal. All renewals shall be in writing, signed by both parties.

6. Notwithstanding any provision to contrary, this Agreement shall not be construed as a waiver (i) of the sovereign immunity of the State of Florida; (ii) a waiver of the State of Florida's rights under the 11th Amendment to the United States Constitution; or (iii) to a jury trial. This Agreement shall be construed and enforced in accordance with the laws of the State of Florida without regard to conflict of law principles. Any proceeding to resolve disputes regarding or arising out of this Agreement 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.

7. Contractor shall assign, subcontract, or otherwise transfer its rights and duties under this Agreement without prior written approval from the SBA.

8. In accordance with section 448.095(5), Florida Statutes, Contractor shall register with and use, and cause any of its subcontractors to register with and use, the E-Verify system to verify the work authorization of all new employees of the contractor or subcontractor performing services within the United States. Contractor acknowledges that SBA is subject to and Contractor agrees to comply with Section 448.095, Florida Statutes, as amended from time to time, to the extent applicable.

9. Consistent with the Florida Transparency in Contracting Initiative, the SBA posts certain operational contracts on its website, and this Agreement (which includes this Addendum) will be one of the agreements posted. Contractor hereby agrees that the SBA is authorized to post this Agreement (including any amendments or addenda hereto) and a description of the content of the Agreement (including any amendments or addenda hereto) on the SBA's website.

10. Either party may terminate the Agreement by notice in writing in the event the other party is in default with respect to any material term or condition to be undertaken by it in accordance with the Agreement. If the SBA terminates the Agreement in accordance with this

provision, Contractor shall repay any fees paid by SBA to Contractor for any unused portion of service on a pro rata basis.

11. Contractor shall comply with the provisions of SBA Policy #10-409 Confidential/Sensitive Electronic Data Handling, as amended from time to time. Contractor 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. Contractor will provide immediate notice to the SBA of any known or suspected violation of SBA policy. For purposes of this Agreement, "SBA Data" means all data accessed, created, maintained, obtained, processed, stored, or transmitted by Contractor in the course of performing the Agreement and all information derived therefrom.

12. SBA Data shall be considered confidential and proprietary information to the extent permitted by Florida or other applicable law. Contractor 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.

13. Contractor shall not use SBA Data except as permitted by the Agreement. Contractor has established appropriate administrative, technical, and physical safeguards to protect the confidentiality of, and to prevent the unauthorized use or access to, SBA Data.

14. Contractor shall encrypt all data in transmission and at rest using an SBA approved encryption technology.

15. Contractor shall ensure that Contractor employees, agents, or assigns, assisting in the performance of the Agreement have passed appropriate, industry standard, background screening (include criminal background checks) and possess the qualifications and training to comply with the terms of the Agreement, before being provided access to SBA Data. Upon the SBA's request, Contractor shall provide to the SBA an attestation that the foregoing background checks have been completed.

16. (i) During the term of and for a period of six (6) years after the expiration or termination of this Agreement, the SBA shall have the right to have any person or entity designated by the SBA, including an independent public accountant or auditor and/or any federal or state auditor, to inspect, review and/or audit, any books, records and supporting documents relating to this Agreement and/or the subject matter of this Agreement (the "Records"). In the event such right is exercised and upon no less than thirty (30) business days' prior written notice by the SBA, Contractor agrees to permit reasonable access to its premises and the Records during Contractor'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 and for a period of six (6) years after the expiration or termination of this Agreement, Contractor shall maintain and retain the Records, at its sole expense. 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 six (6) year access and/or retention periods described herein, then this 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 Section may include, without limitation,

Contractor's compliance with the terms of this Agreement and its obligations under federal and state law.

(ii) Contractor shall use commercially 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 Section including, without limitation, causing its relevant and knowledgeable employees and/or representatives to be reasonably available to assist and to respond to reasonable inquiries and requests of the SBA and/or its designees. Contractor shall respond (including, if relevant and appropriate, with an action plan) within a reasonable time to any reports, findings and/or assessments provided to Contractor by the SBA and/or its designees, and Contractor shall provide a copy of all such responses to the SBA. Contractor acknowledges and agrees that any such report, finding and/or assessment is intended for the sole use and for the benefit of the SBA.

(iii) Except as set forth herein, the SBA shall bear the costs of any inspection, review and/or audit described in section 16. However, in the event that there is a final adjudication by a court of competent jurisdiction that Contractor overcharged the SBA or that Contractor engaged in or committed (including through acts or omissions) any fraud, misrepresentation and/or non-performance, then Contractor 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. Contractor'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 Contractor's additional reimbursement obligation hereunder.

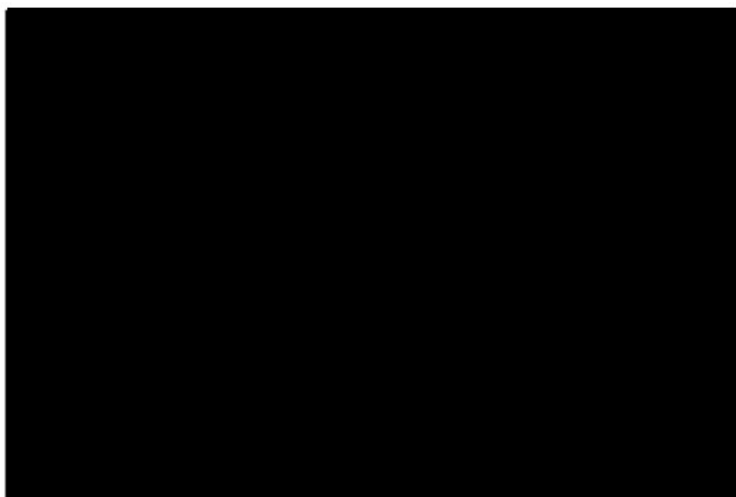
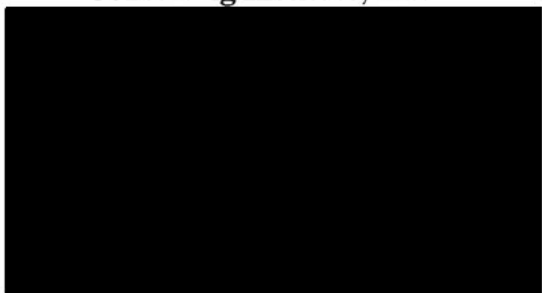
17. Contractor shall not at any time destroy any SBA Data without the prior written consent of the SBA. If requested by the SBA, within 30 days of the completion, termination or expiration of the Contract, Contractor will transfer SBA Data to the SBA (if so directed by the SBA) or, unless otherwise required by any applicable law, destroy all SBA Data possessed by Contractor. Contractor shall provide the SBA documentation affirming the completion of any SBA requested data transfer (including confirmation of receipt by the SBA) and the destruction of any SBA Data possessed by Contractor.

18. Contractor agrees to protect, 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 counsel fees and expenses, and investigation, collection, settlement and litigation costs) resulting or arising from or in any way related to Contractor's breach of data security, negligent acts or omissions, fraud, willful misconduct, violation of law, or breach of this Agreement.

IN WITNESS WHEREOF, each party has caused this Addendum to be executed by its respective duly authorized officer as of April 26, 2024 (the “**Effective Date**”).

**Investment Training and
Consulting Institute, Inc.**

State Board of Administration of Florida





**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

**1801 HERMITAGE BOULEVARD, SUITE 100
TALLAHASSEE, FLORIDA 32308
(850) 488-4406**

**POST OFFICE BOX 13300
32317-3300**

**RON DESANTIS
GOVERNOR
CHAIR**

**JIMMY PATRONIS
CHIEF FINANCIAL OFFICER**

**ASHLEY MOODY
ATTORNEY GENERAL**

**LAMAR TAYLOR
INTERIM EXECUTIVE DIRECTOR &
CIO**

MEMORANDUM

Date: April 19, 2024

To: Paul Groom
Deputy Executive Director

From: Lamar Taylor
Interim Executive Director & CIO

Subject: Delegation of Authority

I will be out of the office from **8:00 a.m. on Monday, April 29, 2024 through 5:00 p.m. on Thursday, May 9, 2024**. I hereby appoint **Paul Groom** as my designee to carry out the duties and responsibilities that have been delegated to me by the State Board of Administration/Executive Director.

Prior to carrying out these duties and responsibilities, **Paul** will consult and coordinate with Executive Service Staff and other employees of the State Board of Administration, as needed.

If, because of unforeseen circumstances, this absence from the office extends beyond **5:00 p.m. on Thursday, May 9, 2024**, the delegate listed above will continue to be my designee as described above for a reasonable period thereafter.

