

**CONTRACT FOR ACTUARIAL CONSULTING SERVICES TO THE FLORIDA  
HURRICANE CATASTROPHE FUND  
BETWEEN  
THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
AND  
MERLINOS & ASSOCIATES, INC.**

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WHEREAS, the State Board of Administration of Florida (the “Board” or “SBA”), on behalf of the Florida Hurricane Catastrophe Fund (“FHCF”), issued an Invitation to Negotiate (“ITN”) on January 31, 2023, for Actuarial Consulting Services for Commutation of Hurricane Losses, and

WHEREAS, MERLINOS & ASSOCIATES, INC. (“Contractor”) responded to the ITN and was selected by the ITN evaluation team for recommendation to the Chief Operating Officer of the FHCF, and

WHEREAS, the Contractor was approved by the Chief Operating Officer of the FHCF to be a participant in the pool of actuarial consultants for purposes of commutation of hurricane losses, and

WHEREAS, the SBA desires to retain the services of the Contractor to provide actuarial expertise relative to the property and casualty insurance market, and the Contractor is willing and able to provide the services set out in this Contract,

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

1. SERVICES. —The Contractor will provide the services set forth in Schedule A to this Contract and will carry out the terms and conditions of this Contract as set forth herein. These services will consist of actuarial consulting services as set forth in Schedule A, which is attached and incorporated into this Contract by reference.

2. COMPENSATION. —The Contractor shall be paid the compensation specified in Schedule A for the services specified in Schedule A at the times and in the manner specified therein. If requested to travel by the SBA, the SBA agrees to reimburse the Contractor for reasonable and necessary expenses incurred subject to the maximums for travel provided by section 112.061, Florida Statutes, and any other applicable laws or rules. All other expenses of the Contractor, including, but not limited to, mailing and telephone expenses, copying costs, and overhead costs, are to be paid by the Contractor.

3. ADDITIONAL SERVICES. —Upon mutual agreement of the parties, the Contractor may perform other services for the SBA as requested by the SBA in writing. The scope of the services and the compensation shall be agreed upon between the parties in advance and in writing before such other services are rendered.

4. CONTRACT NOT ASSIGNABLE OR DIVISIBLE WITHOUT CONSENT; USE OF SUBCONTRACTORS AND NON-EMPLOYEES. —The Contractor may not assign, subcontract, or otherwise transfer its rights and duties under this Contract without the prior written approval of the SBA. The Contractor may not use any subcontractors or other persons not directly employed by the Contractor in the performance of services under this Contract without the prior written approval of the SBA. The Contractor is responsible for its subcontractors and non-employee's performance of the services and compliance with this Contract to the same extent as it is responsible for its own performance and compliance.

5. ORGANIZATIONAL AND RESOURCE CHANGES. —The Contractor must notify the SBA at least two weeks' advance notice of any organizational or resource changes that could affect the Contractor's provision of the services. After reviewing the changes, the SBA may require a renegotiation of the fees or terms of this Contract if the SBA determines that a renegotiation is required to address potential adverse impacts on the quality of services.

6. PROFESSIONAL DESIGNATIONS. —The Contractor shall provide proof of professional designations at the time the SBA assigns work under Schedule A to the Contractor. The Contractor also agrees that should any professional designation become revoked, suspended, lapsed, non-renewed, or otherwise not in-force, the Contractor will notify the SBA within 15 days of this event.

7. USE OF E-VERIFY SYSTEM. — The Contractor shall use the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired during the Contract term who may perform services under this Contract.

8. FLORIDA PUBLIC RECORDS LAW. —Notwithstanding any other provision of this Contract, the Contractor acknowledges and agrees that the State Board of Administration of Florida 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, the provisions and procedures of Chapter 119, Florida Statutes will prevail. To the extent applicable, the Contractor shall comply with Chapter 119, Florida Statutes. In particular, the Contractor shall:

(a) Keep and maintain public records required by the SBA to perform the services under this Contract.

(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 Contract and, if the Contractor does not transfer the records to the SBA, following completion of the Contract.

(d) Upon completion of the Contract, transfer, at no cost, to the SBA all public records in the Contractor's possession or keep and maintain public records that were required by the SBA to perform the Professional Team Consulting Services. If the Contractor transfers all public records to the SBA upon completion of the Contract, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Contractor keeps and maintains public records upon completion of the Contract, the Contractor shall meet all applicable requirements for retaining public records. The Contractor shall provide all records that are stored electronically to the SBA, upon request from the SBA's custodian of public records. To the extent allowed under Florida public records law, this provision does not require the Contractor to retrieve, destroy, provide, or transfer records stored for disaster recovery purposes in encrypted files in a secure off-site facility, where retrieval would be difficult or impractical.

**IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'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**

9. PROTECTION OF CONFIDENTIALITY; RECORDS RETENTION; DATA SECURITY. —

(a) To the extent permitted by state and federal law, the Contractor will hold all records

provided by the SBA as confidential and will not release them to third parties. 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 Contractor.

(b) The Contractor shall retain all records applicable or relevant to this Contract received by the SBA or created by the Contractor while performing the services of this Contract in a secure manner that protects the confidentiality of the records. The Contractor 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 of FHCF participants for the benefit of any party other than the SBA. The Contractor 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 SBA’s statutory powers and duties, and the use of which would provide an advantage to any party other than the SBA.

(c) Nothing in this Contract is intended to supersede or modify the requirements of the public records provisions of Chapter 119, Florida Statutes, or the trade secret protections provided in sections 812.081 and 815.045, Florida Statutes, and do not apply to data or information that is not otherwise confidential and:

- (i) is in or becomes part of the public domain.
- (ii) was in the possession of the Contractor prior to receipt from the SBA.
- (iii) is compelled to be disclosed by law or pursuant to an order or requirement of a court, administrative agency, or other governmental body, without restrictions on subsequent use or disclosure, provided that the receiving party notifies the disclosing party promptly upon receipt of such order or requirement and in any event prior to such disclosure (unless such notification would be unlawful) to enable the disclosing party to seek a protective order or otherwise prevent or restrict such disclosure.
- (iv) was lawfully disclosed to the Contractor by a third party having the right to make the disclosure.

(d) This section does not affect the Contractor’s ownership rights as to administrative records, pre-existing intellectual property, or intellectual property developed by the Contractor unrelated to the scope of services under this Contract.

(e) The Contractor agrees that except to the extent required by applicable professional standards or to the extent that such records are included in the backup systems of the Contractor, the Contractor shall destroy these records no earlier than the date specified by the SBA. At the end of the applicable retention period, the Contractor shall destroy the documents in a manner that protects the confidentiality of the records.

(f) The Contractor shall notify the SBA within 48 hours upon becoming aware of any security breach, unauthorized use or transmission of data, or alleged or suspected security violation.

(g) If the Contractor possesses or has access to SBA Data, the Contractor shall annually disclose to the FHCF its written procedures for securing and destroying the records.

(h) The process for retention, return, and destruction of electronic records is subject to the approval of the SBA and shall comply with applicable professional standards and the Florida Public Records Law, Chapter 119, Florida Statutes.

(i) If SBA Data will reside in the Contractor's system, the SBA may conduct, or may request the Contractor to conduct at the Contractor's expense, an annual network penetration test or security audit of the Contractor's system(s) on which SBA Data resides.

(j) 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 Contractor Representatives that have a legitimate business need.

(k) The Contractor shall encrypt all data transmissions containing Confidential Information using an SBA approved encryption technology.

(l) The Contractor shall maintain and secure adequate back-ups of all documentation and programs utilized to process or access SBA Data.

#### 10. RIGHT TO AUDIT. —

(a) During the term of this 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, 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 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, the 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 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 an applicable law relating to the retention of Records), the 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 five (5)-year access and/or retention periods described herein, then

this Section 9 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 9 may include, without limitation, the Contractor's compliance with the terms of the Contract, compliance with any applicable foreign, federal, state and/or local law or regulation, and an assessment of risks and controls.

(b) The Contractor shall use best 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 9 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. The 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 the Contractor by the SBA and/or its designees, and the Contractor shall provide a copy of all such responses to the SBA. The 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.

(c) Except as set forth herein, the SBA shall bear the costs of any inspection, review and/or audit described in this Section 9. However, in the event, the SBA and/or its designees conclude that the Contractor overcharged the SBA or that the Contractor engaged in or committed (including through acts of omissions) any fraud, misrepresentation and/or non-performance, then the 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. The 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 the Contractor's additional reimbursement obligation thereof.

11. INDEMNIFICATION. —The 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 attorney's fees and expenses, investigation, collection, settlement and litigation costs) resulting or arising from or in any way related to the Contractor's breach of data security, negligent acts or omissions, fraud, willful misconduct, violation of law or breach of the Contract. This paragraph shall be enforced to the fullest extent permitted under Florida law.

## 12. CONFLICTS OF INTEREST. —

(a) The Contractor and the SBA acknowledge the existence of the potential for a conflict of interest between the Contractor's duties under this Contract and the Contractor's other business activities. However, the SBA reserves the right not to assign work to the Contractor relating to a FHCF Participant for which the Contractor has performed work. The Contractor shall exercise its

obligation and responsibilities to the SBA with a continuing awareness of the possibility of a conflict of interest.

(b) The Contractor shall promptly inform the SBA upon becoming aware of any potential conflict of interest between the Contractor's duties under this Contract and the Contractor's other business activities. The Contractor shall promptly provide information regarding any such situations as requested by the SBA. This Contract may be unilaterally cancelled by the SBA, without 30 days' notice, upon the Contractor's failure to notify the SBA of any conflict and the Contractor shall make full reimbursement to the SBA of all fees paid to the Contractor by the SBA for any actuarial services found by the SBA to be conflicted.

13. SBA 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. The online complaint system is available 24/7, while the hotline is operated Monday-Saturday from 8:00 a.m. to 10:00 p.m. and Sunday from 9:00 a.m. to 3:00 p.m. by an independent company and tips are anonymously referred to the Inspector General of the SBA. The Contractor agrees to report any suspected SBA-related fraud, theft, or financial misconduct on an anonymous basis to this hotline.

14. SBA HARASSMENT PREVENTION POLICY. —The Contractor 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 the Contractor comes into contact with while working on matters pursuant to this Contract.

15. SBA COMMUNICATIONS AND EXTERNAL AFFAIRS POLICY. —The Contractor hereby affirms its receipt of SBA Policy No. 10-004, Communications and External Affairs Policy, from the SBA. The Contractor agrees that it shall comply with the Communications and External Affairs Policy, and such modifications to the policy as may be provided to the Contractor from time to time, to the fullest extent that the Communications and External Affairs Policy applies to the Contractor. 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 section shall not prevent the Contractor from telling external parties that it provides Actuarial Consulting Services to the SBA and/or FHCF.

16. FLORIDA TRANSPARENCY IN CONTRACTING INITIATIVE. —Consistent with the Florida Transparency in Contracting Initiative, the SBA posts certain operational contracts on its website, and this Agreement will be one of the agreements posted. The 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.

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:

Mark Brannon  
Merlinos & Associates, Inc.  
5550 Peachtree Parkway, Suite 600  
Peachtree Corners, Georgia 30092

18. TERMINATION. —This Contract may be terminated by either party at any time, without penalty or damages, upon 30 days' advance notice in writing. Termination of the Contract shall not affect the right of either party to bring an action against the other with respect to the Contract. In addition to any other provisions for termination of this Contract, the SBA may unilaterally and immediately terminate this Contract upon the insolvency or bankruptcy of the Contractor.

19. APPLICABLE LAW; VENUE. —This Contract shall be governed by, construed under, and interpreted in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Any proceedings 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.



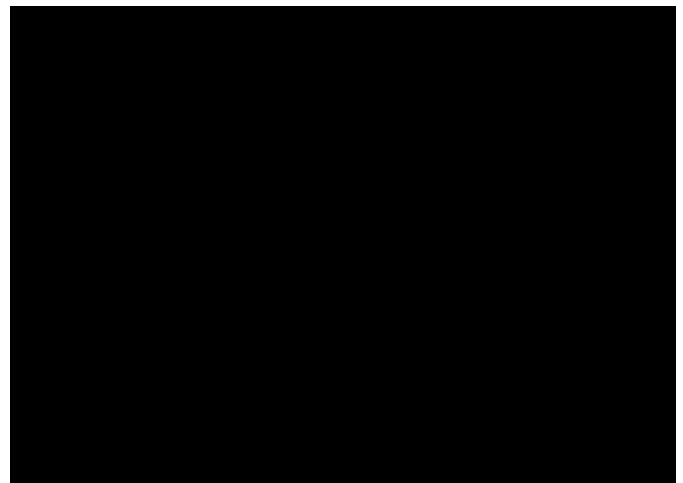
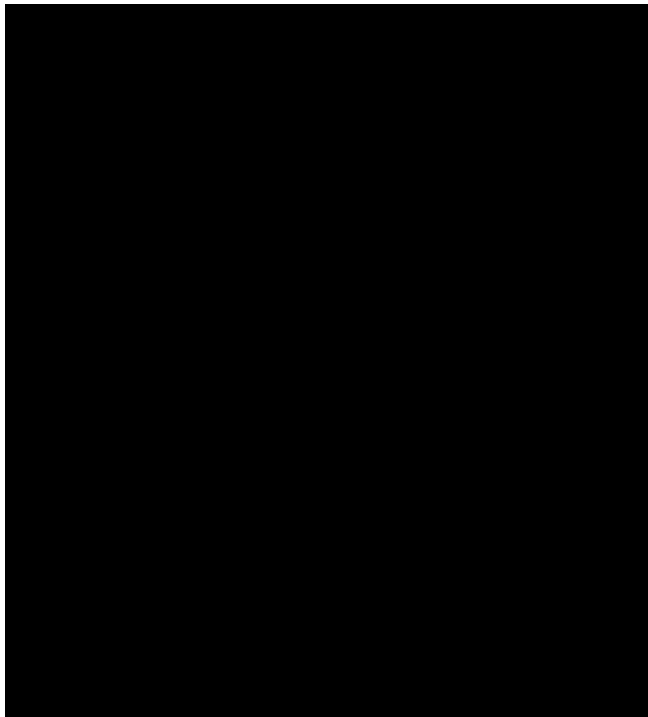
20. SEVERABILITY. —If any provision of this Contract is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions, and this Contract shall be construed and enforced as if such provision had not been included.

21. TERM. —This Contract takes effect upon execution by the second party to sign the Contract and terminates five (5) years from such date, unless extended in writing by mutual agreement of the parties or unless terminated as provided in paragraph 17.

22. COUNTERPARTS. —This Contract may be executed in counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same agreement.

23. ENTIRE UNDERSTANDING. —This Contract, including Schedule A, embodies 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.

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



**CONTRACT FOR ACTUARIAL CONSULTING SERVICES TO THE FLORIDA  
HURRICANE CATASTROPHE FUND BETWEEN  
THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
AND  
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**SCHEDULE A:  
SERVICES AND COMPENSATION**

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The Reimbursement Contract requires commutation negotiations of outstanding losses to begin no later than 60 months after the end of the Contract Year. Services to be performed under this Contract may be used if the SBA and the FHCF Participant cannot mutually agree on the present value of outstanding losses as indicated in Article X(3)(d)2 of the FHCF Reimbursement Contract.

Services shall include, but are not limited to, the following:

1. Review the participating insurer's methodology, data and calculations for the outstanding and incurred but not reported (IBNR) losses to determine if the valuations are appropriate.
2. Review the FHCF's actuary's methodology, data and calculations for the outstanding and IBNR losses to determine if the valuations are appropriate.
3. If necessary, prepare an alternative methodology comparing the Contractor's methodology to determine if the methodology and assumptions presented are appropriate.
4. If necessary, participate in the selection of a third mutually appointed actuary to a panel of three actuaries as outlined in Article X(3)(d)2 of the FHCF Reimbursement Contract.
5. The Contractor shall provide its conclusion in a report that meets applicable actuarial standards of practices along with any supporting documentation.
6. Other actuarial related services as requested by the SBA.

Reports shall be provided in the format and timeframe as specified by the SBA but at a minimum shall include:

- Ultimate and present value evaluations and a point estimate
- Documentation for underlying assumptions
- Description of Merlino's methodology
- Description of the data reviewed
- Description of the calculation used
- Specify if an alternative comparison was used and indicate the results
- Determination of whether the amount is reasonable and appropriate
- All supporting documents for the FHCF to review

Upon assignment of a project from the SBA, the Contractor will notify the SBA within two business days if there is a potential conflict under Paragraph 12, and if not, the Contractor shall provide the SBA with a plan, estimate of hours, staff assigned, travel time, if any, and the anticipated total cost for the project in writing. The parties will agree in advance, in writing, on the estimate. If it appears the previously agreed to estimated cost will be exceeded, the Contractor shall notify the SBA and provide a revised estimate for consideration of additional compensation. The parties shall agree, in writing, to the revised estimate for the services to be eligible for compensation under this Contract. The SBA reserves the right to approve or reject any estimate. If the actual costs are lower than the estimate, the Contractor shall bill the actual cost to the SBA.

The SBA shall compensate the Contractor at the following rates for approved project hours:

<b>Role</b>	<b>Hourly Rate</b>
Consulting Actuary 1	\$335
Consulting Actuary 2	\$315
Consulting Actuary 3	\$300
Consulting Actuary 4	\$285
Actuarial Analyst 1	\$275
Actuarial Analyst 2	\$240
Actuarial Analyst 3	\$210
Actuarial Analyst 4	\$190
Administration	\$90

Final billing of services is applicable only to actual time worked and travel time shall be billed and compensated at the hourly rate for only that portion of travel that the Contractor is actively engaged in performing services on behalf of the SBA.