



September 28, 2021

To the Honorable Mayor and Members of the City Council  
City of Brookings  
520 3rd Street, Suite 230  
Brookings, SD 57006

This letter (this "Agreement") outlines the understanding of the terms and objectives of the consulting engagement between Eide Bailly LLP ("Eide Bailly") and the City of Brookings, hereinafter called "the City" (or "You").

### **Scope of Engagement**

We will work with you to provide consulting services in connection with (a) Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB - 87) and any related implementation guidance or additional GASB pronouncements, as directed by You and under your direction and as indicated in our proposal dated July 30, 2021.

Our engagement will be performed under the *Statements on Standards for Consulting Services* issued by the American Institute of Certified Public Accountants (AICPA). We will not provide audit, review, compilation or financial statement preparation services to any historical or prospective financial information or provide attestation services under the AICPA *Statements on Standards for Attestation Engagements* and assume no responsibility for any such information.

You will provide us, as promptly as possible, all requested information and documentation reasonably deemed necessary or desirable by us in connection with the engagement. You represent and warrant that all information and documentation provided or to be provided to us is true, correct and complete, to the best of your knowledge and belief. We are authorized to rely upon such information and documentation without independent investigation or verification.

We may use third party service providers and / or affiliated entities (including Eide Bailly Shared Services Private Limited) (collectively, "service providers") in order to facilitate delivering our services to you. Our use of service providers may require access to client information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of client information accessed by such service provider and any work performed by such service provider.

We agree to retain our work papers for a period of at least eight years from the date of our report.

## Timeline

We will begin this engagement upon acceptance of this Agreement. We would expect to have our work completed by September 30, 2022 and subject to renewal by the City, as agreed-upon with Eide Bailly. This timetable assumes the timely receipt of requested information and the cooperation of the parties involved. If delays are experienced in receiving information, the delivery of our work will be delayed accordingly.

## Fees

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices are payable upon presentation. As stated in our proposal dated July 30, 2021, due to the uncertainty of GASB 87 implementation regarding the number of leases, the level of involvement by Eide Bailly consultants and the response to our questions, we propose an hourly rate at the rates listed below on a time and materials basis, up to a maximum amount of \$15,000. If, during the course of the engagement we determine additional hours would be needed, we would discuss this with you prior to proceeding beyond this point.

| Staff Level            | Hourly Rate |
|------------------------|-------------|
| Partner                | \$ 250/ hr. |
| Senior Manager/Manager | \$ 200/ hr. |
| Senior Associate       | \$ 180/ hr. |
| Associate              | \$ 160/ hr. |
| Staff                  | \$ 120/ hr. |

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to subpoenas in any third-party legal, regulatory, or other proceedings at your request. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our agreed upon services are completed and all deliverables issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

The City accepts responsibility for the results of the services being provided and agrees to perform the following functions in connection with this engagement:

- Make all management decisions and perform all management functions.
- Designate a competent individual to oversee the services.
- Evaluate the adequacy and results of the services performed.
- Accept responsibility for the results of the services.
- Establish and maintain internal controls, including monitoring ongoing activities.

## **DISPUTE RESOLUTION**

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

### ***Mediation***

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Sioux Falls, South Dakota.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

## **INDEMNITY**

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees, against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys' fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.


## **ASSIGNMENTS PROHIBITED**

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly LLP, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities. If you have any questions, please let us know.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Respectfully,

  
\_\_\_\_\_  
Brian Stavenger, CPA  
Partner

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RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the City of Brookings by:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_