



NOVOGRADAC
& COMPANY LLP®

April 1, 2020

Corrina Guardipee-Hall, Superintendent
Browning Public Schools
129 First Avenue SE
P.O. Box 610
Browning, MT 59417

RE: Compilation of a Financial Forecast for Browning Public Schools

Dear Ms. Guardipee-Hall:

Novogradac & Company LLP (“Novogradac,” “we,” “us” or “our”) is pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for Browning Public Schools (“Organization,” “you” or “your”) in connection with your potential new markets tax credit financed school renovation and high school sports complex project located in Browning, M.T. (the “Project”), expected to be financed in part with new markets tax credit-enhanced financing. The specific services we agree to provide to you are described below. If the Organization agrees to the terms set forth below, please sign a copy of this letter (the “Engagement Letter”) at the space provided below and return it to me.

You have requested that we prepare the forecast of the Project, its CDE lender(s), and any associated investment fund(s), which comprises the forecasted sources and uses of cash and forecasted taxable income for a period to be determined, including the related summaries of significant assumptions and accounting policies (forecast), and perform a compilation engagement with respect to the forecast. The forecast will not include a summary of significant accounting policies or other required disclosures not related to the significant assumptions.

A forecast presents, to the best of management’s knowledge and belief, the Project’s expected sources and uses of cash and taxable income for the forecast period. It is based on management’s assumptions reflecting conditions it expects to exist and the course of action it expects to take during the forecast period

Our Responsibilities

The objective of our engagement is to:

1. prepare the forecast and the accompanying supplementary information in accordance with the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA) based on information provided by you, and
2. apply accounting and financial reporting expertise to assist you in the presentation of the forecast without undertaking to obtain or provide any assurance that there are no material modifications that should be made in the forecast in order for it to be in accordance with guidelines for presentation of a forecast established by the AICPA.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or conclusion or provide any assurance on the forecast.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. Our engagement cannot be relied upon to disclose errors, fraudulent financial reporting, and misappropriation of assets, or illegal acts that may exist. However, we will inform the appropriate levels of the Organization's management of any material errors and or any evidence or information that comes to our attention during the performance of this engagement that indicates that fraud may have occurred. We will also report to the appropriate levels of the Organization's management any evidence or information that comes to our attention regarding illegal acts that may have occurred, unless they are clearly inconsequential. By your signature below, you acknowledge on behalf of the Organization that we have no responsibility to identify and communicate deficiencies in the Organization's internal control as part of this engagement.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare the forecast and accompanying supplementary information in accordance with guidelines for the presentation of a forecast established by the AICPA and assist you in developing the presentation of the forecast and accompanying supplementary information in accordance with the guidelines for presentation of a forecast established by the AICPA. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of the accounting principles to be applied in the preparation of the forecast and the accompanying supplementary information; and the development of the assumptions that reflect your plans and expectations regarding events and circumstances for the forecast period.
2. The preparation and presentation of the forecast and the accompanying supplementary information in accordance with guidelines for the presentation of the forecast established by the AICPA and the inclusion of all informative disclosures that are appropriate for the forecast under those guidelines and the development of assumptions that reflect your plans and expectations regarding events and circumstances for the forecast period.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the forecast and accompanying supplementary information that are free from material misstatement, whether due to fraud or error.
4. The prevention and detection of fraud.
5. To ensure that the Organization complies with the laws and regulations applicable to its activities.

6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with—
 - ◆ Access to all information of which you are aware is relevant to the preparation and presentation of the forecast, such as records, documentation, and other matters.
 - ◆ additional information that we may request from you for the compilation engagement.
 - ◆ unrestricted access to persons within the Organization with whom we determine it necessary to communicate.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your forecast and accompanying supplementary information. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

At the conclusion of the engagement, management agrees to supply us with a representation letter that, among other things, will confirm management's responsibility for the underlying assumptions and appropriateness of the financial forecast and its presentation. The Organization must notify us in writing of any changes in the intended recipients of the forecast.

Our Report

As part of our engagement, we will issue a report that will state that we did not examine or review the forecast and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it. It will also state that (1) there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material; and (2) we have no responsibility to update the report for events and circumstances occurring after the date of the report.

Our report will disclose that the Organization's management has elected to omit substantially all of the disclosures required by guidelines for the presentation of a forecast established by the AICPA. If the omitted disclosures were to be included in the forecast, they might influence the user's conclusions about the Organization's forecasted sources and uses of cash, forecasted net operating income and forecasted taxable income. Accordingly, the forecast is not designed for those who are not informed about such matters.

There may be circumstances in which the report differs from the expected form and content.

You agree to include our compilation report in any document containing the forecast that indicates that we have performed a compilation engagement on the forecast and, prior to inclusion of the report, to ask our permission to do so.

We will provide copies of the compilation report to you, and management is responsible for further distribution of the report.

Our engagement ends on delivery of an approved forecast. If you subsequently request an update to the forecast, we will provide you via email with a fee estimate for such update. If you reply accepting said fee quote, the update will be performed pursuant to this Engagement Letter.

This engagement does not include general consulting and advisory services, other than as set forth in this Engagement Letter ("Consulting Services"). The terms and conditions of any Consulting Services or follow-up services other than those set forth in this Engagement Letter must be mutually agreed upon in a separate written engagement letter.

In order for us to complete the engagement, management must provide assumptions and information that are appropriate for the forecast. If the assumptions provided are inappropriate and have not been revised to our satisfaction, we will be unable to complete the engagement, and accordingly, we will not issue a report on the forecast.

Consulting Services

Pursuant to the terms of our engagement, it is understood that Novogradac is providing assistance on a consulting basis to the Organization. The engagement described herein does not constitute any form of attestation engagement, such as an audit, compilation or review. Novogradac will therefore not issue any independent accountants' reports, findings, or other work product including a compilation, review, or audit report, on any financial statements or other materials in connection with this engagement. Because the engagement described herein does not constitute an audit or examination, we will not express an independent accountant's attestation opinion on the consulting services. In addition, we have no obligation to perform any procedures beyond those listed in Exhibit A.

You are responsible for establishing and maintaining effective internal controls. You are also responsible for making all management decisions and performing all management functions, for designating an individual with suitable skill, knowledge, or experience to oversee any nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

The Organization shall not solicit for purposes of employment any of Novogradac's staff assigned to the engagement described in this letter agreement ("Engagement Staff") without Novogradac's prior written consent, at any time while this Agreement is in effect and for a period of twelve (12) months following the earlier of completion of the services by such employee or termination of this Agreement (the "Non-Solicitation Period").

In order to hire an Engagement Staff during the Non-Solicitation Period, the Client must pay Novogradac a fee equal to one multiplied by the Engagement Staff's annualized final rate of pay while employed by Novogradac (the "Recruitment Fee"). Novogradac's greatest resource is its employees and Recruitment Fee is intended to compensate Novogradac for the loss of any employees should Client permanently hire any Engagement Staff.

Expected Fees

Our fee for the compilation of the financial forecast will be \$15,000, and \$5,000 for each additional run of the forecast. Our fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If additional time and effort is necessary to prepare and compile the financial forecast ("Unanticipated Services"), we will notify you with a revised fee quote and not perform additional work until you have given us your authorization to proceed. You will also be billed for travel and other out-of-pocket costs such as report production, typing, postage, etc. If we are compelled to respond to a subpoena or other enforceable order for document production, deposition or other testimony related to this engagement, you agree to pay us for all time and out-of-pocket costs we incur in complying with such requirements. The preceding sentence shall apply regardless of how much time has elapsed since we completed our engagement, and regardless of whether you are the party compelling us to produce documents or appear for testimony.

Our fees for the consulting services described in Exhibit A will be based on the time incurred at our then-current hourly rates, in accordance with the rate schedule below. You will also be billed for travel and other out-of-pocket costs such as report production, typing, postage, etc.

Our current hourly rates are as follows:

| | | |
|----------------------------|---------|------------------|
| Nicolo Pinoli | Partner | \$460/hour |
| Nick Henderson | Manager | \$280/hour |
| Various Professional Staff | | \$115-\$265/hour |

Our invoices for these fees will be rendered each month as work progresses and are payable on the closing date and must be paid shortly after our work product is delivered. In the event that the closing is abandoned or significantly postponed, our invoices will become due immediately at that time. We may elect to terminate our services for nonpayment, nonapproval of Unanticipated Services or because, in our opinion, our professional standards or other considerations require disengagement. By executing this Engagement Letter, you specifically consent to this right of disengagement. If we do disengage, our engagement will be deemed to have been completed upon notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, and to reimburse us for all out-of-pocket expenditures through the date of termination.

Miscellaneous Terms

The Organization hereby acknowledges and agrees that the relationship it has with Novogradac, as described herein, is non-exclusive and that we may represent, perform services for, and contract with, as many additional clients, persons or companies as we, in our sole discretion, see fit.

As members of the American Institute of Certified Public Accountants, we comply with the AICPA Code of Professional Conduct (the "Code"). The Code prohibits the disclosure of confidential client information without the specific consent of the client. It also contains guidance regarding conflicts of interest. If we believe a conflict of interest has arisen affecting our ability to deliver services to you in accordance with the Integrity and Objectivity rule contained in the Code, we will disclose this to you. If we conclude that safeguards can be applied to reduce the threats to compliance with the Integrity and Objectivity rule to an acceptable level, we will seek your consent to continue to render services. If we conclude that continuing to render services could result in violation of this rule, we reserve the right to suspend or terminate our services prior to completion.

The Organization shall not solicit for purposes of employment any of Novogradac's staff assigned to the engagement described in this Engagement Letter ("Engagement Staff") without Novogradac's prior written consent, at any time while this Engagement Letter is in effect and for a period of twelve (12) months following the earlier of completion of the services by such employee or termination of this Engagement Letter (the "Non-Solicitation Period"); provided that, for the avoidance of doubt, the foregoing shall not apply to any Engagement Staff that responds to a public general advertisement by the Organization or that solicited the Organization directly for employment.

Except in the case of any Engagement Staff hired in accordance with the proviso set forth in the immediately preceding paragraph, in order to hire an Engagement Staff during the Non-Solicitation Period, the Organization must pay Novogradac a fee equal to one multiplied by the Engagement Staff's annualized final rate of pay while employed by Novogradac (the "Recruitment Fee"). Novogradac's greatest resource is its employees and Recruitment Fee is intended to compensate Novogradac for the loss of any employees should the Organization permanently hire any Engagement Staff.

Limitation on Damages

Unless otherwise prohibited by law or regulation, the maximum amount of damages you may receive as a result of any determination that some or all of the services we performed under this and/or other mutual engagement letters between us and you were deficient, or for breach of contract, nonfeasance or negligence, shall be the fees paid to us for the disputed services. Similarly, the maximum amount of damages you can receive related to services you assert or believe we were required to perform, but which we did not perform, shall be the fees paid to us for said non-performed services. You and we agree that, because of the difficulty of determining and/or quantifying damages for breach of this Engagement Letter or for our negligence, said amount shall constitute liquidated damages for any claims you may assert arising from or related to this Engagement Letter. In no event shall we be liable for the consequential, special, incidental, or punitive loss, damage or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.).

Limitations Period on Actions

To the fullest extent permitted by law, no controversy, claim, suit or action, regardless of nature or form, relating to or arising out of this engagement, may be brought by or on behalf of the Organization and/or its Board of Managers, Board of Directors, Board committees, similar governing bodies, members, partners, principals, stockholders, principals, employees, agents, affiliates, and/or subsidiaries, against Novogradac & Company LLP, or its members, partners, principals, managers, employees, agents, affiliates, or subsidiaries, more than one (1) year after the cause of action accrues. The foregoing period of limitation shall not be subject to tolling of any kind. Nothing contained within this Engagement Letter shall operate to extend, lengthen, or toll any applicable statutory limitations period of less than one year or any accrual point for any cause of action provided by law.

Confidentiality and Working Paper Ownership

The working papers prepared in conjunction with this engagement are the property of our firm, constitute confidential information and will be retained by us in accordance with our firm's policies and procedures in accordance with applicable regulatory requirements. The Organization must maintain its own copy of documents provided to, or received from, us during the course of this engagement. The preceding sentence shall apply even if we have established a "client portal" within which you have the ability to upload, download or reference certain documents related to the services we have provided to you. Please note that documents on our client portal are generally purged automatically within a year of being posted to the portal, although certain archival copies of final deliverables may be retained for longer periods of time at our sole discretion.

Before providing us with any documents that contain credit card or individuals' social security numbers, please first mask or redact such numbers. If you choose to send any type of confidential information to us electronically, we strongly recommend that you use the secure transmission and/or client portal features of our ShareFile system, or you may use your own encrypted email service if you prefer. Our ShareFile service can be found at <https://novoco.sharefile.com/>. The signature block of our emails contains a link that will allow you to easily send documents to one of our personnel. We would also be pleased to create a client portal for your use. If you choose to electronically send us confidential information by any unsecure means, including without limitation unencrypted email, you agree to bear all risks and damages that may result if the communication is intercepted.

Third Party Use of Work Product & California Consumer Privacy Act Compliance

Any facsimile, Internet or other e-mail communication is tentative and preliminary and any work product is not final until received in signed form. As such, you agree not to act upon any information received in a facsimile, Internet or other e-mail communication until, and unless, you receive such information in signed form. You agree to obtain our

written permission before providing copies of the work product from this engagement to third parties. If you fail to obtain such permission from us, you agree to reimburse us for any costs and expenses we may incur as a result of your provision of the work product to one or more third parties.

We will only collect, use, retain, or disclose personal information for the purpose for which we are provided such personal information pursuant to this Engagement Letter (the "Contracted Business Purpose") and we will limit such collection, use, retention, or disclosure to activities reasonably necessary and proportionate to achieve the Contracted Business Purpose or another compatible operational purpose. As a Service Provider, defined pursuant to the California Consumer Privacy Act ("CCPA"), we will not collect, use, retain, disclose, sell or otherwise make personal information available in a way that does not comply with the CCPA, or which is unrelated to the Contracted Business Purpose.

Governing Law, Venue and Jurisdiction

All matters related to, concerning, or arising out of the professional relationship between the parties, or arising out of this Engagement Letter or the services provided or to be provided hereunder, shall be governed by, and construed in accordance with, the laws of the State of New York, with respect to all procedural and substantive issues, without giving effect to New York's conflict of laws rules. Any claim or action related to, concerning, or arising out of the aforementioned matters shall be brought and maintained exclusively with the United States District Court, Southern District of New York ("SDNY"), located in New York County, the State of New York. For any dispute or proceeding for which SDNY denies jurisdiction, such matters shall instead be brought before the Supreme Court of the State of New York, New York County, located in New York County, the State of New York. The parties expressly and irrevocably submit to the jurisdiction of the aforementioned courts for the purpose of any such claim or action and expressly and irrevocably waive, to the fullest extent permitted by law, any rights, defenses, and objections which it may have or hereafter may have to the laying of venue in the aforementioned courts, including but not limited to any claim that such forum is inconvenient.

Severability


Should any term or provision of this Engagement Letter, or part thereof, be declared or be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby and said illegal, unenforceable or invalid part, term or provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Engagement Letter.

Some of the services described in this Engagement Letter may be provided by partners of an affiliate controlled by Novogradac & Company LLP. We believe this Engagement Letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this Engagement Letter, please sign the enclosed copy and return it to us so that we may begin work on this engagement. If we do not receive this executed Engagement Letter (and any required retainer) in our office within thirty days of the date of this Engagement Letter, our offer to perform these professional services is automatically withdrawn. If we do agree in writing to extend the timeframe for execution of this Engagement Letter, please be aware that late initiation of the engagement will affect the timeframe for delivery of draft and final work products.

Ms. Guardipee-Hall
April 1, 2020
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We appreciate the opportunity to be of service to you.

Very truly yours,
NOVOGRADAC & COMPANY LLP

by: 
Nicolo Pinoli

RESPONSE:

This Engagement Letter correctly sets forth our understanding for the services to be provided, and I am fully authorized to execute this Engagement Letter and bind the Organization:

Accepted by:
Browning Public Schools

By: _____
Corrina Guardipee-Hall
Superintendent

Date: _____

Exhibit A

Our new markets tax credit (NMTC) consulting services include assisting you in resolving various accounting, tax, and audit issues when you request our assistance and we agree to assist. Examples of such services may include, but are not limited to the following:

- Participation in meetings, teleconferences, site visits, etc.;
- Consideration of findings, correspondence, and other information relating to NMTCs;
- Consideration and assistance with transactions to be recorded in the general ledger;
- Read, evaluate, and provide comments on NMTC financial projections prepared by the Organization;
- Provide introductions to potential NMTC investors;
- Assistance with preparing an RFP to solicit NMTC investors and evaluating responses; and
- Read, evaluate, and provide comments on tax-related legal agreements.