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Mr. Scott Myers, Director, Community Infrastructure
Oklahoma Department of Commerce
900 N Stiles Avenue
Oklahoma City, OK 73104

Dear Mr. Scott Myers:

This engagement letter is to confirm the engagement of Deloitte Advisory¹ (“Advisor”) to provide State of Oklahoma’s Department of Commerce (“ODOC” or “Department”) the Duplication of Benefits and Verification services described below (the “Services”).

SCOPE OF SERVICES

The nature of the Services Advisor is to perform for the Department is as follows:

- Provide Duplication of Benefit (DOB) analysis and verification on units of general local government funded through the CDBG-DR program. The scope of services will include calculating and documenting funds received by units of local government from other sources such as FEMA, SBA, Insurance, and any other sources and assess whether a Duplication of Benefit has occurred. Subrogation Agreements will be developed for each unit of local government. The Subrogation Agreement helps ensure that the unit of local government will repay any assistance later received for the same purpose as the CDBG-DR funds. Services will utilize DOB guidelines as provided by the U.S. Department of Housing and Urban Development and set forth in Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) at 42 U.S.C 5155; 24 CFR Part 570 and OMB Circulars and DOB Federal Register Notice 76 FR 71060.

DELIVERABLES

The following deliverables will be provided to the Department during this engagement:

- For the units of government and associated projects awarded through the \$93.7 million in CDBG-DR funding (\$10.6 million and \$83.1 million), prepare the written final report summation of duplication, verification of existing duplication, and identification of risks to ODOC regarding grant funding.²

¹ As used in this engagement letter, “Deloitte Advisory” means Deloitte & Touche LLP.

² The first allocation (\$10.6 Million) was released by HUD on March 5, 2013, in the Federal Register at Vol. 78, No. 43, Page 14329 entitled: “Allocations, Common Application, Waivers and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response to Hurricane Sandy” (FR-5696-N-01). The second allocation (\$83.1 Million) was released by HUD on June 3, 2014, in the Federal Register at Vol. 79, No. 106, Page 31964 in a notice entitled: “Second Allocation, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant Disaster Recovery Funds in Response to Disasters Occurring in 2013”.

- Conduct an exit debrief with ODOC on analysis and verification, which will be presented orally at a time convenient for both ODOC and Advisor.

The Services will be performed in accordance with the *Statement on Standards for Consulting Services* issued by the American Institute of Certified Public Accountants (AICPA).

ENGAGEMENT STAFFING

We have structured the following engagement team for the performance of the Services:

Shawn Kilchrist, Managing Director will participate as Engagement Leader, maintaining overall responsibility for the engagement on behalf of Advisor.

Gregory Eaton, Senior Manager will coordinate daily management of this engagement and be the technical leader.

Additional support may also be provided by other professionals who will be identified during this engagement.

FEES, TIMING, AND OTHER SERVICES

Our total fees for this engagement will be \$89,856 and are based on the following hourly billing rates:

Resource Level	Hourly Rate
Partner/Principal/Director	\$350
Senior Manager	\$300
Manager	\$271
Senior Consultant	\$206
Consultant	\$206

Such rates recognize the experience and special skills of the applicable personnel as well as the complexity of the Services. Our hourly rates are adjusted from time to time; we will advise you promptly if a rate adjustment is being made.

Fees for this engagement will be billed biweekly as the work progresses for fees accrued by us since our last invoice in performing our Services.

In the event the Client requests and Advisor agrees to assist the Client in resolving questions related to its deliverables or Services that were not contemplated at the time of the execution of this engagement letter, including those questions that may relate to third parties, Advisor will be compensated for any time and expense that it may incur while responding to requests for information, clarifications, additional procedures, documents, or other tasks or activities.

Any such change in scope or additional tasks or activities needed will be approved in writing by the client and will be performed at the hourly rates above and will be performed subject to the terms of this engagement letter unless a new engagement letter is entered into by the parties for such tasks or activities.

Our fees are based upon Advisor's current understanding of the requirements, the proposed approach, the estimate of the level of effort required, Advisor's roles and responsibilities, any assumptions set forth herein, and active participation of the Department's management and other personnel, as described in this engagement letter. Based on the complexity and duration of this project and in Advisor's experience, issues sometimes arise that require procedures beyond what was initially anticipated. If this should occur, we will discuss it with you prior to performing any additional work.

This engagement is expected to start during February 2017 and be completed by the end of December 2017.

ACKNOWLEDGMENTS AND AGREEMENTS

The Department acknowledges and agrees to the following:

- Substantial and meaningful involvement of the project lead of the Department is critical to the success of this engagement. The Department shall be responsible for ensuring that the identified Department personnel actively participate in both the planning and execution of this engagement.
- Advisor will not make any management decisions, perform any management functions, or assume any management responsibilities.
- Deliverables provided to the Department hereunder by Advisor may be disclosed by the Department to the Department only for their informational purposes and solely in their capacity as Leadership of the Department.
- Deliverables provided to the Department hereunder by Advisor may be disclosed by the Department to the Department's independent accountants to the extent required solely in connection with their audit of the Department's financial statements.
- Advisor will retain copies of the deliverables and any information evidencing Advisor's performance of the Services hereunder and any Department confidential information contained in such retained materials shall remain subject to our confidentiality obligations set forth in the General Business Terms attached hereto as Exhibit A.
- The Services will not constitute an engagement to provide audit, compilation, review, or attestation services as described in the pronouncements on professional standards issued by the American Institute of Certified Public Accountants, the Public Department Accounting Oversight Board, or other regulatory body and, therefore, we will not express an opinion or any other form of assurance as a result of performing the Services.

During the term of this engagement, the Department may request that Advisor perform additional services that are not encompassed by this engagement letter. Advisor may perform such additional services upon receipt of a separate signed engagement letter with terms and conditions that are acceptable to Advisor and the Department.

This engagement letter, together with (a) the General Business Terms attached hereto [as Exhibit A] and made a part hereof, (b) the portion of the bid documents issued by the State of Oklahoma, and the response of Advisor that describe the services to be provided constitute the entire agreement between the Department and Advisor with respect to this engagement, supersede all

other oral and written representations, understandings, or agreements relating to this engagement, and may not be amended except by the mutual written agreement of the Department and Advisor. If there is a conflict between the terms of the engagement letter together with the General Business Terms attached hereto, and the portion of the bid documents issued by the State of Oklahoma and the response of Advisor incorporated herein, the engagement letter together with the General Business terms will control.

Please indicate your acceptance of this agreement by signing in the space provided below and returning this engagement letter to us. A duplicate of this engagement letter is provided for your records.

Very truly yours,

Deloitte & Touche LLP

By: _____

Shawn Kilchrist, Managing Director

Accepted and Agreed to by the Oklahoma Department of Commerce:

By: _____

Title: _____

Date: _____

EXHIBIT A — GENERAL BUSINESS TERMS

1. Services. The services provided by Deloitte Advisory (the “Services”) under the engagement letter to which these terms are attached (the “Engagement Letter”) may include advice and recommendations, but Deloitte Advisory will not make any decisions on behalf of Client in connection with the implementation of such advice and recommendations. For purposes of these terms and the Engagement Letter, “Client” shall mean the entity as defined in the Engagement Letter.

2. Payment of Invoices. Client will compensate Deloitte Advisory under the terms of the Engagement Letter for the Services performed and expenses incurred, through the term or effective date of termination of this engagement. Deloitte Advisory’s invoices are due upon receipt. Client shall be responsible for any taxes imposed on the Services or on this engagement, other than taxes imposed by employment withholding for Deloitte Advisory personnel or on Deloitte Advisory's income or property.

3. Term. Unless terminated sooner as set forth below, this engagement shall terminate upon the completion of the Services. Either party may terminate this engagement, with or without cause, by giving thirty (30) days’ prior written notice to the other party. In the event of a termination for cause, the breaching party shall have the right to cure the breach within the notice period. Deloitte Advisory may terminate this engagement upon written notice to Client if Deloitte Advisory determines that the performance of any part of the Services would be in conflict with law, or independence or professional rules.

4. Deliverables.

a) Deloitte Advisory has rights in, and may, in connection with the performance of the Services, use, create, modify, or acquire rights in, works of authorship, materials, information, and other intellectual property (collectively, the “Deloitte Advisory Technology”).

b) Upon full payment to Deloitte Advisory hereunder, and subject to the terms and conditions contained herein, (i) the tangible items specified as deliverables or work product in the Engagement Letter (the “Deliverables”) shall become the property of Client, and (ii) Deloitte Advisory hereby grants Client a royalty-free, fully paid-up, worldwide, nonexclusive license to use the Deloitte Advisory Technology contained in the Deliverables in connection with the use of such Deliverables. Except for the foregoing license grant, Deloitte Advisory or its licensors retain all rights in and to all Deloitte Advisory Technology.

c) To the extent any Deloitte Advisory Technology provided to Client hereunder constitutes inventory within the meaning of section 471 of the Internal Revenue Code, such Deloitte Advisory Technology is licensed to Client by Deloitte Advisory as agent for Deloitte & Touche Products Company LLC on the terms and conditions contained herein. The rights granted in this Section 4 do not apply to any Deloitte Advisory Technology that is subject to a separate license agreement between Client and any third party (including Deloitte Advisory’s affiliates).

5. Limitation on Warranties. This is a services engagement. Deloitte Advisory warrants that it shall perform the Services in good faith and with due professional care. **DELOITTE ADVISORY DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

6. Limitation on Damages and Indemnification.

- a) Deloitte Advisory, its subsidiaries and subcontractors, and their respective personnel shall not be liable to Client for any claims, liabilities, or expenses relating to this engagement (“Claims”) for an aggregate amount in excess of the fees paid by Client to Deloitte Advisory pursuant to this engagement, except to the extent resulting from bad faith, or intentional misconduct of Deloitte Advisory or its subcontractors. In no event shall Deloitte Advisory, its subsidiaries or subcontractors, or their respective personnel be liable to Client for any loss of use, data, goodwill, revenues, or profits (whether or not deemed to constitute a direct Claim), or any consequential, special, indirect, incidental, punitive, or exemplary loss, damage, or expense relating to this engagement.
- b) Client shall indemnify and hold harmless Deloitte Advisory, its subsidiaries and subcontractors, and their respective personnel from all Claims arising from Client’s disclosure of the Services or Deliverables to any third party, except to the extent resulting from the recklessness, bad faith, or intentional misconduct of Deloitte Advisory or its subcontractors
- c) In circumstances where any limitation on damages or indemnification provision hereunder is unavailable, the aggregate liability of Deloitte Advisory, its subsidiaries and subcontractors, and their respective personnel for any Claim shall not exceed an amount that is proportional to the relative fault that the conduct of Deloitte Advisory and its subcontractors bears to all other conduct giving rise to such Claim.

7. Client Responsibilities. Client shall cooperate with Deloitte Advisory in the performance of the Services, including providing Deloitte Advisory with reasonable facilities and timely access to data, information, and personnel of Client. With respect to the data and information provided by Client to Deloitte Advisory or its subcontractors for the performance of the Services, Client shall have all rights required to provide such data and information, and shall do so only in accordance with applicable law and with any procedures agreed upon in writing. Client shall be solely responsible for, among other things (a) the performance of its personnel and agents; (b) the accuracy and completeness of all data and information provided to Deloitte Advisory for purposes of the performance of the Services; (c) making all management decisions, performing all management functions, and assuming all management responsibilities; (d) designating a competent management member to oversee the Services; (e) evaluating the adequacy and results of the Services; (f) accepting responsibility for the results of the Services; and (g) establishing and maintaining internal controls, including monitoring ongoing activities. Deloitte Advisory’s performance is dependent upon the timely and effective satisfaction of Client’s responsibilities hereunder and timely decisions and approvals of Client in connection with the Services. Deloitte Advisory shall be entitled to rely on all decisions and approvals of Client.

8. Force Majeure. Neither party shall be liable for any delays or nonperformance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order, or requirement of any governmental agency or authority.

9. Limitation on Actions. No action, regardless of form, relating to this engagement, may be brought by either party more than one year after the cause of action has accrued, except that an action for nonpayment may be brought by a party not later than one year following the due date of the last payment owing to the party bringing such action.

10. Independent Contractor. Each party hereto is an independent contractor and neither party is, nor shall be considered to be, nor shall purport to act as, the other’s agent, partner, fiduciary, joint venture, or representative.

11. Confidentiality and Internal Use.

a) All Services and Deliverables shall be solely for Client's benefit, and are not intended to be relied upon by any person or entity other than Client. Client shall not disclose the Services or Deliverables, or refer to the Services or Deliverables in any communication, to any person or entity except (i) as specifically set forth in the Engagement Letter, or (ii) to Client's contractors solely for the purpose of their providing services to Client relating to the subject matter of this engagement, provided that such contractors comply with the restrictions on disclosure set forth in this sentence. Client, however, may create its own materials based on the content of such Services and Deliverables and use and disclose such Client-created materials for external purposes, provided that, Client does not in any way, expressly or by implication, attribute such materials to Deloitte Advisory or its subcontractors.

b) To the extent that, in connection with this engagement, either party (each, the "receiving party") comes into possession of any confidential information of the other (the "disclosing party"), it will not disclose such information to any third party without the disclosing party's consent, using at least the same degree of care as it employs in maintaining in confidence its own confidential information of a similar nature, but in no event less than a reasonable degree of care. The disclosing party hereby consents to the receiving party disclosing such information: (i) as expressly permitted in the Engagement Letter; (ii) to contractors providing administrative, infrastructure, and other support services to the receiving party and subcontractors providing services in connection with this engagement, in each case, whether located within or outside of the United States, provided that such contractors and subcontractors have agreed to be bound by confidentiality obligations similar to those in this Section 11(b); (iii) as may be required by law or regulation, or to respond to governmental inquiries, or in accordance with applicable professional standards or rules, or in connection with litigation or arbitration pertaining hereto; or (iv) to the extent such information (a) is or becomes publicly available other than as the result of a disclosure in breach hereof, (b) becomes available to the receiving party on a nonconfidential basis from a source that the receiving party believes is not prohibited from disclosing such information to the receiving party, (c) is already known by the receiving party without any obligation of confidentiality with respect thereto, or (d) is developed by the receiving party independently of any disclosures made to the receiving party hereunder. Nothing in this Section 11(b) shall alter Client's obligations under Section 11(a). Deloitte Advisory, however, may use and disclose any knowledge and ideas acquired in connection with the Services to the extent they are retained in the unaided memory of its personnel.

12. Survival and Interpretation. All provisions that are intended by their nature to survive performance of the Services shall survive such performance, or the expiration or termination of this engagement. For purposes of these terms and the Engagement Letter, "Deloitte Advisory" or "Advisor" shall mean Deloitte & Touche LLP. No affiliated or related entity of Deloitte Advisory, or such entity's personnel, shall have any liability hereunder to Client and Client will not bring any action against any such affiliated or related entity or such entity's personnel in connection with this engagement. Without limiting the foregoing, such affiliated and related entities are intended third-party beneficiaries of these terms, and may in their own right enforce such terms. **Each of the provisions of these terms shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise, notwithstanding the failure of the essential purpose of any remedy.** Any references herein to the term "including" shall be deemed to be followed by "without limitation."

13. Assignment and Subcontracting. Except as provided below, neither party may assign any of its rights or obligations (including interests or Claims) relating to this engagement or the

Services, without the prior written consent of the other party. Client hereby consents to Deloitte Advisory subcontracting or assigning any portion of the Services to any affiliate or related entity, whether located within or outside of the United States. Services performed hereunder by Deloitte Advisory's subcontractors shall be invoiced as professional fees on the same basis as Services performed by Deloitte Advisory's personnel unless otherwise agreed.

14. Non-exclusivity. Deloitte Advisory may (a) provide any services to any person or entity, and (b) develop for itself, or for others, any materials or processes, including those that may be similar to those produced as a result of the Services, provided that Deloitte Advisory complies with its obligations of confidentiality set forth hereunder.

15. Non-solicitation. During the term of this engagement and for a period of one (1) year thereafter, each party agrees that its personnel (in their capacity as such) who had substantive contact with personnel of the other party in the course of this engagement shall not, without the other party's consent, directly or indirectly employ, solicit, engage, or retain the services of such personnel of the other party. In the event a party breaches this provision, the breaching party shall be liable to the aggrieved party for an amount equal to thirty percent (30%) of the annual base compensation of the relevant personnel in his or her new position. Although such payment shall be the aggrieved party's exclusive means of monetary recovery from the breaching party for breach of this provision, the aggrieved party shall be entitled to seek injunctive or other equitable relief. This provision shall not restrict the right of either party to solicit or recruit generally in the media.

16. Entire Agreement, Amendment, and Notices. These terms, and the Engagement Letter, including attachments, constitute the entire agreement between the parties with respect to this engagement; supersede all other oral and written representations, understandings, or agreements relating to this engagement; and may not be amended except by a written agreement signed by the parties. In the event of any conflict or ambiguity between these terms and the Engagement Letter, these terms shall control. All notices hereunder shall be (a) in writing; (b) delivered to the representatives of the parties at the addresses set forth in the Engagement Letter, unless changed by either party by notice to the other party; and (c) effective upon receipt.

17. Governing Law, Jurisdiction and Venue, and Severability. These terms, the Engagement Letter, including attachments, and all matters relating to this engagement shall be governed by, and construed in accordance with, the laws of the State of Oklahoma (without giving effect to the choice of law principles thereof). Any action based on or arising out of this engagement or the Services shall be brought and maintained exclusively in any state or federal court, in each case located in Oklahoma County, the State of Oklahoma. Each of the parties hereby expressly and irrevocably submits to the jurisdiction of such courts for the purposes of any such action and expressly and irrevocably waives, to the fullest extent permitted by law, any objection that it may have or hereafter may have to the laying of venue of any such action brought in any such court and any claim that any such action has been brought in an inconvenient forum. If any provision of these terms or the Engagement Letter is unenforceable, such provision shall not affect the other provisions, but such unenforceable 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 herein.