



June 29, 2018

To the Board of Directors and Management
Iowa Finance Authority
2015 Grand Avenue
Des Moines, Iowa 50312

RE: Forensic Accounting and Internal Control Examination

This letter is to confirm our understanding of the services that we are to provide for the Iowa Finance Authority.

Scope of Engagement

We will conduct a forensic accounting and internal control examination of Iowa Finance Authority in accordance with the legislation's "Independent Investigation of Iowa Finance Authority". The time period under examination will be January 1, 2011 through June 30, 2018. Observations from our previous engagement letter executed by the Iowa Finance Authority on May 2, 2018, will be incorporated into this engagement. Specific scope items are detailed below:

- Conduct an analysis of all expenses reimbursed by the state to the former director of the authority and all employees of the authority.
 - Such expenses shall include all travel, lodging, meals, beverages, personal services, entertainment, office expenses, and all other expenditures not included in the authority's budget.
- Conduct an analysis of personal financial or other personal accounts used by the former authority director or any employee of the authority to collect agency fees or other moneys collected by the authority.
- Provide a comprehensive narrative report inclusive of workpapers documenting the information considered, procedures performed by us, and observations to the Iowa Finance Authority no later than November 16, 2018. It is our understanding our report, or a summary of our report, will be provided by the Iowa Finance Authority to the general assembly no later than December 1, 2018.

Our engagement will be conducted in accordance with lawful forensic accounting and internal control examination techniques.

Iowa Finance Authority 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.

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Timeline

We will begin our procedures upon acceptance of this engagement agreement. If delays are experienced in receiving information, the delivery of the report will be delayed accordingly. Should we experience difficulties in these areas we will inform you promptly and discuss the effect on our timetable with you. You also agree that we may discuss this engagement with other partners or associates in our firm for the purpose of obtaining expertise, research materials or other matters essential to this engagement. You agree to accept the limiting conditions as listed in our report and to the scope of the report. You also agree that we may disengage ourselves from this engagement for any reason

Fees

Eide Bailly LLP is dedicated to professionalism and service to our clients. While professional fees should be reasonable, they must be representative of the professional quality of the services to be provided. Our fees are based upon the amount of time required to complete the assignment and the level of personnel assigned. The fees for our examination will be as follows: \$250/hour for partners/directors/senior managers, \$190/hour for managers, and \$160/hour for staff associates. Please note that we may require payment in full prior to the issuance of our final report/deliverable. We have agreed to a \$15,000 progress amount. We will provide oral updates in increments of \$15,000 to discuss services rendered and services to be performed. Based on previous work performed to date, we believe our estimated fees to complete the engagement under this engagement letter will range from \$60,000 to \$75,000. We will seek approval before exceeding this estimated fee range.

We will bill out-of-pocket expenses as incurred. Expenses to be reimbursed to us include, but are not limited to: travel, lodging, food, telephone, photocopying and facsimile charges. Automobile mileage will be reimbursed at the rate of \$0.545 per mile. Travel time will be charged at half the standard hourly rates identified. Due to inflation or other cost-of-living increases, hourly rates may increase slightly annually. One month advance notice will be provided of any rate changes.

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 discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. 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.

In accordance with our firm policies, work may be suspended if your account becomes 30 or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written 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.

Should our relationship terminate before our examination procedures are completed and a report 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.

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/choice of law and venue/set off

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 Polk County, Iowa.

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.

Iowa law governs this engagement without regard to its choice-of-law provisions. Any litigation arising out of or related to this engagement must be brought in Polk County District Court, Des Moines, Iowa.

Should you obtain a money judgment against us due to a failure to perform under this engagement, we consent to such judgment being set off from moneys owed us by the State of Iowa or any other agency of the State of Iowa under any other Agreement.

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 and/or tax return 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.

We shall indemnify the State of Iowa and you from any and all liabilities, damages, settlements, judgments, costs and expenses, related to or arising from our gross negligent acts or omissions, our performance or attempted performance of pursuant to this engagement letter, our failure to comply with all local, state and federal laws and regulations, or our failure to make all reports, payments and withholdings required by federal and state law with respect to social security, employee income and other taxes, fees or costs required by us to conduct business in the State of Iowa. All indemnification obligations imposed by this paragraph survive the termination of this engagement.

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 against any losses – arising from the actions or inaction of you or any of your employees, 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, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

Conclusion

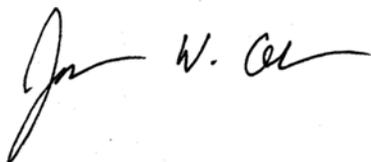
We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign this copy and return it to us. If the need for additional procedures arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter.

Very truly yours,

Eide Bailly LLP



Jeremy G. Bendewald, MBA, CFE, CFI
Director of Forensic Services



Jason W. Olson, MBA, CPA/CFF, CFE, CFI
Partner - Forensic Accounting

Accepted By:

IOWA FINANCE AUTHORITY

Signature

Title

Date