



PROPOSAL FOR PROPERTY VALUATION SERVICES

Lexington Fayette Urban County Government

Michael Skidmore

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Submitted by:

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1. About Centurisk

Centurisk is a wholly owned subsidiary of Constellation Software Inc. (Constellation), a leading, global provider of software and services to organizations in the public and private sector. Constellation acquires, manages, and grows industry-specific software companies that provide specialized, mission-critical solutions to address the unique needs of their customers. Constellation is publicly traded on the TSX under the symbol CSU. For the fiscal year ending December 31, 2024, consolidated revenues exceeded US \$10 Billion.

Our risk management roots are in property insurance valuation services but relationships with our customers, understanding the evolving property risk management landscape, and a drive to be more innovative led Centurisk to enter the risk management software market over two decades ago. Currently, our property risk management solution, featuring a combination of our RiskStar Property Risk Management software and onsite appraisal services, is unrivaled in the marketplace.

Considering our individual customer's needs and resources, Centurisk offers various levels of valuation service to address 100% of property values within a wide range of budgets.

			
<p>Onsite Appraisal</p> <p>USPAP-compliant insurance appraisal with on-site, physical inspection to collect building details and generate an accurate estimate of replacement or reproduction cost.</p>	<p>Virtual Valuation</p> <p>An inspection and valuation service completed by leveraging web-based tools and collaboration with knowledgeable building personnel to validate property data.</p>	<p>Valuation Estimator</p> <p>A custom-built matrix is applied to generate an accurate estimate of replacement cost leveraging property data stored in the AMP Property Risk Software application.</p>	<p>Annual Trending</p> <p>Regional trend factors are applied to current replacement cost values as a means of keeping them inline with the overall economic changes (e.g., increased cost of materials).</p>

Our combination of valuation consultants and state-of-the-art technology offers innovative and cost-effective services for initial and long-term solutions associated with property insurance and risk management.



Financial Stability

As part of the Constellation family of companies, we offer financial stability and an unmatched reputation.



Public Entity Specialists

Having worked with over 100 public sector risk pools, we are truly public entity specialists. It's where we thrive.



A Complete Solution

While many pools have similar goals, their needs can be unique. We offer a dynamic solution to address your complete SOV.



Continuous Innovation

As you evolve, so do we. Working with our customers to produce innovative new solutions is what we love to do.



Commitment to Quality

When our customers rely on us, we don't like to let them down. We are committed to providing quality work and accurate values.



A True Partnership

With a dedicated customer success manager, our team becomes an extension of yours. We're with you every step of the way.

2. Experience

Centurisk is confident in our ability to respond to the current and future needs of our customers by providing professional and accurate data collection, valuation estimates, and supplemental data needed for underwriting.

OUR CUSTOMERS CONFIDENTLY SELECT CENTURISK AS THEIR PARTNER FOR THE FOLLOWING REASONS:

- Our project team consists of **full-time employees** (no-subcontractors) and professional valuation consultants associated with the American Society of Appraisers. Our team specializes in providing property valuation services to government entities.
- Centurisk takes pride in being true public entity specialists, generating over ninety percent of our annual revenue serving public entities, **88 pooling groups and states nationwide**.
- Centurisk is the technology pioneer in asset management and property valuation solutions. Centurisk developed a comprehensive proprietary web-based property management system (**RiskStar™**) to provide our clients with the ability to manage, report, and perpetuate valuation data.
- **Quality Assurance & Project Management** - Centurisk has created internal project management standards which ensure consistent application of property data collection, valuation methodology and deliverables of draft and final reports. To ensure complete transparency of the project status and billing, Centurisk has developed a proprietary project management and communication tool. This tool provides our customers with 24/7 accessibility for real-time updates.
- Centurisk maintains professional affiliations with national insurance associations including the State Risk and Insurance Management Association (STRIMA), Association of Governmental Risk Pools (AGRIP), Public Risk Management Association (PRIMA) and the Risk and Insurance Management Society (RIMS).

CURRENT STATE & RISK POOL CUSTOMERS



2024 Centurisk - Proprietary & Confidential

Current States Served (9):

- State of Connecticut Insurance & Risk Mgmt. Board*
- State of Georgia Risk Management Services*
- State of Kentucky Risk & Insurance Services***
- State of Louisiana Office of Risk Management*
- Montana Risk Management & Tort Defense

- North Dakota Insurance Department*
- State of Ohio Office of Risk Management *
- South Carolina Insurance Reserve Fund *
- State of West Virginia BRIM***

Current Risk Pools Served (79):

- Alabama County Commissioners Association*
- Alaska Public Entities Insurance Pool
- Arizona Counties Insurance Pool
- Association of County Commissioners of Georgia*
- Association of County Commissioners of Oklahoma*
- Association of Arkansas Counties RMS*
- Association of Washington Cities Risk Management Services Agency*
- Bay Cities Joint Powers Insurance Authority
- Central Ohio Risk Management Association *
- Colorado School Districts Self Insurance Pool
- County Reinsurance Limited (CRL)*
- Delaware Valley Insurance Trust *
- Florida College System Risk Management Consortium*
- Florida Insurance Alliance*
- Keenan & Associates (25)
- Lexington-Fayette Urban County Government *
- Local Government Insurance Pool
- Middle Cities Risk Management Trust*
- Midwest Public Risk*
- Maryland Association of Boards of Education *
- Mississippi Association of Supervisors Insurance Trust*
- Mississippi School Boards Association*
- Nevada Public Agency Insurance Pool *
- New Hampshire Public Risk Management Exchange
- New Jersey MEL Joint Insurance Fund (8)
- NLC Mutual Insurance Company*

- North Carolina Association of County Commissioners *
- Northern California Cities Self Insurance Fund
- Park District Risk Management Agency *
- PennPRIME Insurance Trust *
- Preferred Governmental Insurance Trust *
- Public Entity Risk Management Authority
- Public Risk Insurance Agency *
- Rhode Island Interlocal Risk Management Trust*
- San Mateo County Insurance Group
- Self-Insured Schools of California *
- South Carolina Association of Counties
- South Carolina School Boards Insurance Trust *
- Susquehanna Conf. of the United Methodist Church
- Texas Association of Counties*
- Texas Municipal League Intergovernmental Risk Pool**
- Tuolumne Joint Powers Authority
- Vector Control Joint Powers Authority*
- Ventura County Schools Self-Funding Authority *
- Washington Counties Risk Pool *
- Washington Schools Risk Management Pool *
- Wisconsin County Mutual Insurance Corporation*

* AMP Risk Management Software User

** Pilot Project Underway

*** Risk Management Information System User

3. On-Site Property Valuation Services

The goal of an on-site valuation is to physically inspect and appraise select buildings/structures to obtain uniform and reliable insurance values for insurance placement and allocation of premiums. The resulting data will provide current insurable values, enhanced COPE data, proof-of-loss documentation, as well as the basis for underwriting and insurance premiums. The proposed services will be performed in accordance with industry-wide appraisal standards (USPAP – Uniform Standards of Professional Appraisal Practice).

A. Project Approach & Work Plan

The core of success in a property appraisal project begins at the front-end, and by way of dialogue, a truly customized project plan is developed to meet the specifications and needs of the customer. Our approach is not a template and is catered towards not only client requests, but by way of our experience and expertise.

PROJECT KICKOFF MEETING

Our project team will hold a comprehensive project-planning meeting with member representatives in advance of the onsite fieldwork. We advise that members of the administrative, risk management and facilities staff or other directly involved personnel attend this meeting. Topics of discussion include confirmation of project scope and time frames, the physical appraisal schedule, accessibility to buildings, and contacts for each Member. This meeting lays the foundation for the methods and procedures used during the on-site fieldwork.

CUSTOMER EXPECTATIONS

Centurisk believes that clients retain our services with the expectation that Centurisk staff, as paid professionals, and consultants, will perform the necessary tasks with the highest level of industry professionals to successfully complete the project on time. We do view our clients as active participants and anticipate their assistance with the following:

- **Pre-Project Planning and Scheduling** – Centurisk will identify key items to have prepared for the project kickoff meeting. We ask that you prepare and distribute a memo to all locations receiving an appraisal announcing the project and give the general purpose and time frame.
- **Availability of Existing Building Records** – Centurisk will utilize existing records, as provided by the members. Blueprints, for example, can aid in the accuracy of calculating square foot area. Direct construction costs from Members are another source of valuable information we collect.
- **Access to All Sites** – Centurisk appraisers will be granted access to all sites and buildings based on a mutually agreed upon appraisal schedule.

PROJECT CLOSEOUT MEETING

Upon completion of the on-site investigation, the Centurisk project manager will conduct a final close-out meeting with your staff. The focus is to ensure that all sites and properties have been accounted for and to answer any questions that you might have. This is also the time at which your staff should

ensure that they have transferred all client supplied data to the project manager. Later delivery of data could delay final report processing.

PROJECT WORK PLAN

A. Project Planning Meeting	
<i>Project Planning</i>	Review deliverables
	Discuss scheduling/timing
	Obtain current list of contacts
	Establish Smartsheet project management tool
	Review current SOV
	Receive memo of introduction
	Grant access to all sites
	Review deliverable and approval process
B. Site Inspection	
Physically inspect each site/building/contents	GPS coordinates per building
Generate square footage	Building address
Collect COPE data	Building Services (HVAC)
Building digital photo	Fire/Alarm systems
C. Office Valuation	
Develop insurable value	Review draft reports
Review contractors break down (new construction)	Review variance report
Produce draft reports	Note reason for significant variance in value
Produce variance report	Management review (values, data, USPAP)
D. Report Preparation	
<i>Draft Report</i>	Review draft reports
	Review variance report with explanations
<i>Deliverable</i>	Summary report (pdf)
	Variance report (pdf)
	Detail report (pdf)
	Master data file

B. General Buildings & Structures

The basis for valuations of each building lies in the data recorded. A description for each building will be established, depicting Construction, Occupancy, Protection and Exposure (COPE) data to be included on the insured property as it is related to loss prevention and valuation.

Single digital images will be prepared for each building and integrated into the final reports. Each building will either be physically measured, square footage verified through a review of blueprints, measured using satellite imaging, or included based on information provided. Additionally, a complete physical address will be recorded, and all buildings will be assigned a unique identification number.

Water & Sewer Treatment

Centurisk' approach to valuing wastewater facilities is performed on an itemized building and/or by process basis. The fieldwork will begin with a meeting between the project team and the plant manager or other delegate. The following is verified:

- Available blueprints/site map/process summary
- Plant design capacity – measured in “million-gallon capacity per day treated” MGD
- Plant original construction and addition's date
- Any “contractors cost breakdowns” for construction – (original or additions)

COMMON PROCESSES & STRUCTURES

- Headworks (Influent Pump Station)
- Clarifiers (Primary, Intermediate, Secondary)
- Aeration Tanks/Ponds/Basins
- Gravity Thickeners/Dewatering Buildings
- Digesters
- Filters (Trickling, Biological, UV etc.)
- Sludge Drying
- Beds/Lagoons/Incinerators
- Laboratories
- Ozone Structures
- Chlorine Contact Structures
- Blower Buildings
- Pump Stations / Equipment Galleries



RESERVOIRS & WATER CONTAINMENT STRUCTURES

- Type (concrete/steel/above-ground/in-ground)
- Capacity
- Construction Date & Cost

PUMP HOUSES, LIFT STATIONS, & WELLS

- Structure type, size/depth, services, & features
- Itemized equipment (type, capacity)

C. Historical Properties

Buildings registered as historical with the National Register of Historic Places will be valued based on reproduction cost which will include identifying and appraising components of the subject building, utilizing a segregated cost approach to determine valuations on material that is like-kind as well as function. Specialty attributes will be taken into consideration and valued in terms of reproduction as it relates to the subject building. LFUCG will assist in providing information on which buildings require reproduction cost/historical valuations.

D. Data Collected

PRIMARY CONSTRUCTION, OCCUPANCY, PROTECTION, & EXPOSURE DATA (COPE)

- | | |
|--------------------------|-------------------------------|
| • Occupancy Type | • Square Footage |
| • Construction/ISO Class | • Ceiling |
| • Frame Type | • Partitions/Interior Walls |
| • Number of Stories | • Updates (Roof/Bldg.) Yr. |
| • Condition | • Heating/Cooling Systems |
| • Roof Shape | • Flooring |
| • Roof Pitch | • Electrical/Plumbing |
| • Roof Strapping | • Elevators |
| • Roof Type | • Identify Protection Systems |
| • Exterior Walls | • Additional Features |
| • Year Built | • GPS Coordinates |
| • Foundation/Footing | • Flood Zone Classifications |

ISO / CONSTRUCTION CLASSIFICATIONS

One of the primary goals of underwriting for property insurance is determining the risk of fire. One of the main considerations in making that determination is assigning the proper construction class. Properly identifying the construction class can help the underwriter understand the construction type and rate the risk more accurately. Centurisk reports will include ISO classes 1-6, as defined by the Commercial Fire Rating Schedule (CFRS) defined in terms of the Marshall and Swift construction classes.

ISO CLASS	M&S CLASS	DESCRIPTION
1	D	Frame/Combustible (wood walls and roof)
2	C	Joisted Masonry (free standing masonry shell flammable roof)
3	S	Noncombustible (light steel construction)
4	C	Masonry Noncombustible (free standing masonry walls with noncombustible floors and roof)
5	A	Modified Fire Resistive (noncombustible, 1-hour fire rating)
6	B	Fire Resistive (noncombustible, 2-hour fire rating)

E. Flood Zone Designations

Flood Zone designations are based on GPS coordinates and mapped via satellite by a provider including E&O coverage. Identifying flood zones based on address can lead to an incorrect designation as many sites include multiple acres and multiple flood zones. In some cases, the flood zone intersects the structure, and this must be represented, or an incorrect designation may be applied, particularly when only using a physical address as the determining factor. Centurisk subscribes to FEMA updates as it relates to flood zone updates and maintains a strong relationship with a geo-mapping group to support zone designations and provide our clients with the accuracy required in this category.

F. Valuation Methodology

Our investigation of each property will follow generally accepted valuation techniques and standards, incorporating various sources to develop cost conclusions for each building. Sources include price lists, trade journals, industry publications, pricing subscription services, as well as direct cost research. It is an ongoing task to identify and continuously substantiate values. Multiple sources of value exist, but to rely on only one can be limiting as they all have positive points to be reflected. Sources of construction cost information include, but are not limited to:

- Internally developed proprietary water/wastewater treatment plant valuation guide
- Direct cost information from recent projects
- Inquiries with local contractors and architects
- US Department of Labor – Bureau of Labor Statistics
- Core Logic (formerly Marshall and Swift / Boeckh)
- RS Means Construction Cost Index
- Reed Construction Data
- Previous Centurisk valuation data

DEFINITIONS OF VALUE

REPLACEMENT COST NEW - Cost of Replacement New is the amount required to reproduce a property entirely at one time, as of a specific date, in like size, kind and quality and in accordance with current market prices for labor, materials, manufactured equipment, contractors overhead, profit and fees, but with no provisions for overtime or bonuses, or for premiums for materials and equipment. In determining replacement cost new, Centurisk will not consider costs associated with demolition of property, debris removal, or partial loss into our analysis.

This methodology takes local wages and material costs into account, as well as specific structural attributes and current construction code that will cause an increase or decrease in base value such as sprinkler systems, elevators, exterior wall adjustments, actual building occupancy, and quality of construction as related to industry standards.

INSURANCE EXCLUSION - Insurance Exclusion is a provision in an insurance contract describing property, or types of property, which are not covered by an insurance policy. The insurance exclusion amount is deducted from replacement cost to arrive at an insurable value, specific to each structure.

ACTUAL CASH VALUE - Actual Cash Value is the Replacement Cost Value less depreciation.

COST OF REPRODUCTION NEW (HISTORICAL PROPERTIES) - Cost of Reproduction New is the amount required to reproduce a duplicate or replica of the entire property at one time in like kind and materials, in accordance with current market prices for materials, labor and manufactured equipment, contractor's overhead, profit, and fees, but with no provisions for overtime, bonuses for labor, or premiums for material.

BUILDING CONTENTS (MODELING APPROACH) - Content values will be included based on the “modeling approach” that was developed to meet the valuation needs of our customers without the need for a detailed inventory. Centurisk utilizes computer models of building types and their contents based on data gathered from thousands of valuations over the past several years.

We will estimate the value of contents by taking the square foot equipment value of a like facility and applying it to the calculated area of the building. The “modeling approach” is unique in that a reliable replacement cost estimate of a building’s contents can be generated without performing a lengthy and costly inventory.

G. Project Deliverables

CERTIFICATION LETTER

The certified valuation report will include the Letter of Certification, which will:

- Identify the property appraised
- State the purpose of the valuation
- Specify the valuation date
- Define the level of value sought and the premise of value employed
- Describe the nature of the property included and excluded
- Discuss the valuation investigation
- Indicate the factual data considered
- Present the conclusions of value (Replacement Cost unless otherwise ordered)
- Outline the qualifying and limiting conditions
- Include the signature of an authorized officer of the company

PRELIMINARY & FINAL REPORTS

Centurisk will utilize the RiskStar application to deliver all valuation reports. RiskStar will be used as the property data system of record and all data as a result of the valuations will be updated directly in the RiskStar application. This data will be available in real time as valuations are completed. In addition, the content inventory file and values will be uploaded into RiskStar to become part of the building record. RiskStar provides the ability to view, export, and manipulate valuation reports in various formats including PDF, Excel, and HTML. The customer will have the opportunity to review the preliminary valuation results in RiskStar and approve the value of each structure. Upon approval, final reports can be generated.

4. Statement of Work

This statement of work covers the professional valuation services and products to be provided by Centurisk. This SOW confirms the understanding of the scope, objectives, services, deliverables, and work product for this project.

VALUATION SERVICES TO BE PROVIDED

- On-Site Property Valuation Services (\$100,000 Threshold)

PROPERTIES TO BE INCLUDED

- General Buildings & Structures
- Water & Wastewater Treatment Structures
- Building Contents (modeling approach)

PROPERTIES TO BE EXCLUDED

- Infrastructure, Underground Piping & Utilities, Licensed Vehicles, & Landscaping

DATA TO BE COLLECTED

- Primary Construction, Occupancy, Protection, & Exposure (COPE) Data
- Flood Zone Designations


VALUES PROVIDED

- Replacement Cost New
- Insurance Exclusion
- Actual Cash Value
- Cost of Reproduction New (Historical Properties)
- Building Contents (Modeling Approach)

VALUATION DELIVERABLES

- Appraisal Certification Letter
- Preliminary Reports (Delivered via RiskStar)
- Final Reports (Delivered via RiskStar)
- Data File

5. Project Fee Schedule

<div> QUOTE</div>	<div>TO: LFUCG ATTN: Michael Skidmore ADDRESS: 200 E. Main Street Lexington, KY 40507</div>	<div>Quote Created: August 29, 2025 Valid Through: November 27, 2025</div>																								
<table><tr><th colspan="6">APPRAISAL/VALUATION SERVICES FEES</th></tr><tr><th>SERVICE</th><th>THRESHOLD</th><th>UOM</th><th>QTY</th><th>RATE</th><th>FEE</th></tr><tr><td>On-Site Insurance Appraisal Services - 2025</td><td>\$100K</td><td>Buildings</td><td>310</td><td>\$129</td><td>\$39,990.00</td></tr><tr><td colspan="5">TOTAL FEE:</td><td>\$39,990</td></tr></table>			APPRAISAL/VALUATION SERVICES FEES						SERVICE	THRESHOLD	UOM	QTY	RATE	FEE	On-Site Insurance Appraisal Services - 2025	\$100K	Buildings	310	\$129	\$39,990.00	TOTAL FEE:					\$39,990
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<p>Notes:</p> <p><i>* All fees quoted are in US Dollars and inclusive of all out-of-pocket expenses.</i></p> <p><i>* Centurisk will invoice seventy percent (70%) of the Service fees upon completion of the fieldwork portion of the project and the remaining thirty percent (30%) of fees upon delivery of the preliminary reports.</i></p> <p><i>* Fees above are estimates based on the existing client SOV. Final fees will be based on the actual number of buildings appraised during this engagement.</i></p>																										