



CBIZ VALUATION GROUP, LLC

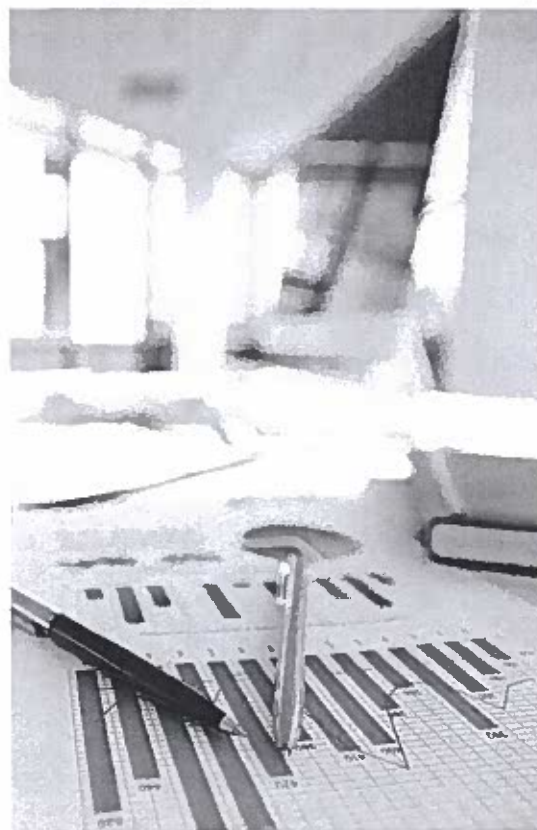
July 20, 2017

Proposal for Capital Asset Reporting and
Property Insurance Updating Services

Marlboro CSD



CBIZ Valuation Group



CBIZ Valuation Group, LLC
1009 Lenox Drive, Suite 105
Lawrenceville, NJ 08648 • www.cbiz.com/valuation
Ph: 609.896.0300 • F: 262.677.2130

July 20, 2017

Mr. Patrick Witherow
Director of Business and Finance
Marlboro CSD
21 Milton Turnpike, Suite 100
Marlboro, NY 12547

RE: Capital Asset Reporting and Property Insurance Updating Services

Dear Mr. Witherow:

CBIZ Valuation Group, LLC ("CVG") is pleased to submit our recommendations to provide fixed asset reporting and property insurance report updating services to Marlboro CSD ("the District").

This proposal has been prepared based on our understanding of your needs and our experience in assisting clients for similar purposes. Included herein is a summary of the anticipated scope of services to be provided, approaches and methodologies to be employed, the anticipated project schedule and work product, the District's responsibilities and an estimate of professional fees.

We appreciate the opportunity to submit this proposal and look forward to working with you on this engagement. Should you have any questions, please call Brian Johnston at (845) 987-6288 or via email at bjohnston@cbiz.com.

Respectfully submitted,

CBIZ VALUATION GROUP, LLC



R.F. Acebal
National Director – Tangible Asset Practice



SCOPE OF SERVICES

The scope of this engagement is to provide professional capital asset reporting and insurance valuation updating services to the District. Our services are specifically designed to address:

- **Capital Asset Reporting:** Prepare reports that can be utilized by the District in its effort to assist with meeting GASB-34 and GAAP reporting requirements.
- **Property Insurance Reporting:** Prepare reports to be utilized by the District to assist in establishing insurable values, insurance placement and proof of loss documentation as they relate to the property insurance.

APPRAISAL UPDATING METHODOLOGY

In order to get your update started, we will need to confirm the reports provided by CBIZ dated 6/30/2017 were used in the District's audit. Please send us a copy of your financial statement dated 6/30/2017. If you cannot attach the entire document to an email, please scan the Capital Assets page(s) from "Notes to financial statement" portion of your report. We will review these fixed asset totals versus our 6/30/2017 reports and respond to you with any differences.

The following updating options are available and are priced accordingly in the fee section of this proposal:

Electronic Annual Updating Service – (EAUS): If this service is selected, CVG will provide a preformatted Excel template that will allow you to record all current year capital asset activity including additions, disposals, capital projects and transfers. After the year's changes have been recorded the updated file can be emailed directly to CVG for review and processing. Upon receipt of the data, CVG will conduct a high-level quality control and consistency review to ensure that the data provided appears to be reasonable*. In the event that the data does not pass our quality control and consistency review, CVG will contact you to review our findings and determine an appropriate solution. Data entry services, should the District require this resource, are available at a rate of \$110 per hour.

When preparing annual updating data for submission, please review your accounting ledger equipment codes (example 200 for equipment) for additions that are to be added to the EAUS template. We also encourage the District to review the additions entered into the template with your auditor prior to sending the data to CVG. This will help to ensure the update data coincides with the changes to the fixed asset account group your auditor is expecting in the reports CVG issues. If the District or its auditors make revisions after the EAUS template is submitted to CVG, please be sure to inform us of these changes via the updating template. This step can help to ensure your capital asset reporting in the District's CAFR reconciles to the fixed asset accounting reports that have been prepared by CVG.

Once we are in receipt of the District's data, CVG will process the changes, update depreciation, trend all insurable values and deliver the draft reports within 30 days. Reports will be forwarded electronically in a .PDF format for review. If required, one set of revised reports will be provided under the scope of this engagement. After delivery of draft reports the District will



have 30 days to review and make any changes or provide any comments. If after 30 days the District has not provided any changes or comments we will issue final reports. Subsequent revisions resulting from the District or its auditor not providing the applicable data to produce the work product will be billed at our hourly rate of \$130. We will provide the following deliverables:

- Account Summary
- Accounting Summary
- Year-To-Date Depreciation Summary
- Current Year Additions Detail
- Current Year Disposals Detail
- Accounting Detail – By Location & Organization (PDF only)
- Insurance Summary*
- Insurance Detail (PDF only)*

**will be provided to the NYSIR directly*

Onsite Purchase Reconciliation & Inventory: If this service is selected, CVG will visit the District to record and reconcile current year additions consistent with the District's capitalization threshold. CVG's reconciliation will include:

- Reviewing current year purchase orders, cost records and other information provided by the District.
- When feasible current year equipment purchases will be barcode tagged. All equipment will need to be removed from original packaging.
- CVG will also record and process current year disposals based on information provided by the District. Disposals will not be verified by physical inspection.

Before CVG can complete this engagement CVG will need to receive all District provided data. We will provide one set of reports within 30 days. Reports will be forwarded electronically in a .PDF format for review and revision. If required, we will provide one set of revised reports. After delivery of draft reports the District will have 30 days to review and make any changes or provide any comments. If after 30 days the District has not provided any changes or comments we will issue final reports. Subsequent revisions resulting from the District or its auditor not providing the applicable data to produce the work product will be billed at our hourly rate of \$130. We will provide the following deliverables:

- Account Summary
- Accounting Summary
- Year-To-Date Depreciation Summary
- Current Year Additions Detail
- Current Year Disposals Detail
- Current Year Reconciliation
- Accounting Detail – By Location & Organization (PDF only)



- Insurance Summary
- Insurance Detail (PDF only)

STANDARD OF VALUE & DEPRECIATION METHODOLOGY

CVG will utilize various costing methodologies to develop valuation conclusions. The sources may include the use of proprietary and third-party software, proprietary databases, technical pricing subscriptions, various publications, and the District-supplied information (purchase orders, capital project costs, financial statements, etc.). The standards of value for this engagement will include the following:

- **Original/Acquisition Cost:** The amount of money originally paid to acquire an asset. It generally includes costs such as transportation, set-up charges, taxes, engineering and architectural fees.
- **Book Value:** The amount of money originally paid to acquire an asset. It generally includes costs such as transportation, set-up charges, taxes, engineering, and architectural fees minus the accumulated depreciation. Depreciation methodology for this engagement will be Straight-Line Method / First-of-the-Month (Full Month) Convention.
- **Replacement Cost New (RCN):** As applicable to insurance valuations, it is the cost required to produce a property of like kind and materials at one time in accordance with current market prices for materials, labor and manufactured equipment, contractors' overhead, profit and fees, but without provisions for overtime or bonuses for labor and premiums for materials. Our replacement cost new conclusions will include deductions for standard insurance exclusions (i.e., underground piping, foundations, footings, excavation, grading, etc.). We will not take into consideration compliance with state or local ordinances or costs associated with demolition of property or the removal of debris. Partial losses may result in higher replacement costs as partial losses often require a substantial amount of repair in conjunction with the replacement process.
- **Depreciation Straight-Line Method:** The method of calculating depreciation by dividing the cost, less salvage, by the number of fiscal periods of useful life.
- **Depreciation First-of-the-Month (Full Month) Convention:** Assets are treated as being placed into service on the first day of the month they are acquired, even if they were actually purchased after the first of the month. For additions, depreciation is calculated for a full month in the month the asset was acquired.

For disposals, no depreciation is calculated in the month of disposition; rather, it is calculated through the last day of the month prior to disposal. Different depreciation methods or conventions are subject to an additional charge.



- **Reconciliation to Existing Data:** These services do not include reconciliation to any other fixed asset register, annual financial report or in-house registry such as a computer inventory. The beginning accounting balance and inventory for this engagement will be the previous fiscal reports produced by CBIZ. Reconciliation of documents other than the previous year's report with CBIZ will require a supplemental service agreement.

ENGAGEMENT EXCLUSIONS

Items excluded from this consulting engagement are defined as infrastructure, intangible assets, software, records, drawings, consumables, stores, spare parts, fine arts, property not located in District facilities during the fieldwork portion of the engagement and third-party property.



ENGAGEMENT FEES AND CLIENT ACCEPTANCE

The fees for the professional services outlined in this proposal are provided below and are inclusive of travel and out-of-pocket expenses unless otherwise noted. One set of reports will be provided for the current fiscal year, 6/30/2018. CVG will submit one invoice upon generation of reports. You may indicate the acceptance of our proposed services and related fees by initialing the desired service executing the signature block and returning a copy of the agreement to the attention of the undersigned via fax at (262) 677-2130 or email to kjaeger@cbiz.com.

Please initial the services to be included in the contract.

Update Service Options	Fee	Initials
Electronic Annual Update Service	\$1,275	
Limited Onsite Update Service	\$4,630	

Please note that all change requests made after the issuance of final reports are subject to CVG's standard labor rates.

Optional Services	Fee	Initials
Barcode Tags	\$250 per roll of 1,000	
Data Entry Services	\$110 per hour	

We authorize CBIZ to distribute electronic copies of the District reports to our independent auditor. _____ (please initial)

Auditor Name: _____

Phone: _____ E-mail Address: _____

I have read the terms of this agreement and hereby authorize this assignment

ACCEPTED this _____ day of _____, 201_

District: Marlboro CSD

By:

Written Name

Printed Name

Title:

The fees for the professional services outlined within this agreement shall remain in effect for a period not greater than 90 days from the date of this proposal.

Please return signed engagement to:

CBIZ Valuation Group, LLC
 Kathy Jaeger
 W227 N16867 Tillie Lake Court, Suite 201
 Jackson, WI 53037
 Email: kjaeger@cbiz.com



TERMS & CONDITIONS

The terms and conditions of this engagement with CBIZ Valuation Group, LLC (“CVG”) are subject to and governed by the following Terms and Conditions and other terms, assumptions and conditions contained in the Engagement Letter.

Indemnification

The School District shall indemnify and hold harmless CVG and its personnel from and against any causes of action, damages (whether compensatory, consequential, special, indirect, incidental, punitive, exemplary, or of any other type or nature), costs and expenses (including, without limitation, reasonable attorneys’ fees and the reasonable time and expenses of CVG’s personnel involved) brought against or involving CVG at any time and in any way arising out of or relating to CVG’s services under this engagement, except to the extent judicially determined to have resulted from the bad faith, negligence, or willful or intentional misconduct of CVG’s personnel. This provision shall survive the termination of this agreement for any reason, and shall apply to the fullest extent of the law, whether in contract, tort, or otherwise.

CVG shall indemnify and hold harmless the School District, involved in Property Insurance Reporting by CVG and their respective representatives from and against any causes of action, damages (whether compensatory, consequential, special, indirect, incidental, punitive, exemplary, or of any other type or nature), costs and expenses (including, without limitation, reasonable attorneys’ fees and the reasonable time and expenses of their personnel involved) brought against or involving the School District at any time and in any way arising out of or relating to CVG’s services under this engagement, due to alleged bad faith, negligence, or willful or intentional misconduct of CVG or its personnel. This provision shall survive the termination of this agreement for any reason, and shall apply to the fullest extent of the law, whether in contract, tort, or otherwise.

To the fullest extent permitted by law, CVG shall indemnify, defend and hold harmless the Subscriber (School District), its employees, agents and representatives, from any and all liability, losses, costs, damages, and expenses (including but not limited to reasonable attorney’s fees and disbursements) from any claims, disputes, or causes of action arising out of operations performed or services provided under the contract..

To the fullest extent permitted by law, the (School District) shall indemnify, defend and hold harmless CBIZ, its employees, agents, and representatives from any and all liability, losses, costs, damages, and expenses (including but not limited to reasonable attorney’s fees and disbursements) from any claims, disputes, or causes of action arising out of operations performed or services provided under the contract.

Indemnification Procedures

If any action or proceeding (any of the foregoing being a “Claim”) is threatened or commenced by any third party against CVG that School District is obligated to defend or indemnify under this Agreement, then written notice thereof shall be given to School District as promptly as practicable. After such notice and only so long as CVG’s and the School District’s interests with respect to the claim remain consistent, no conflict exists, and, in controlling the defense, CVG’s



insurance is not voided or otherwise compromised in any way, School District shall be entitled, if it so elects in writing within ten days after receipt of such notice, to take control of the defense and investigation of such Claim and to employ and engage attorneys to handle and defend the same, at School District's sole cost and expense, with the approval of CVG, which approval shall not be unreasonably withheld. CVG shall cooperate in all reasonable respects with School District and its attorneys in the investigation, trial and defense of such Claim and any appeal arising therefrom; provided, however, that CVG may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such Claim and any appeal arising therefrom. School District shall enter into no settlement of a Claim that involves a remedy other than the payment of money by School District without the prior consent of CVG.

After notice by School District to CVG of its election to assume full control of the defense of any such Claim, and CVG's approval of selected counsel, School District shall not be liable to CVG for any legal expenses incurred thereafter by CVG in connection with the defense of that Claim. If School District does not assume full control over the defense of a Claim, then School District may participate in such defense, at its sole cost and expense, and CVG shall have the right to defend the Claim in such manner as it may deem appropriate, at the cost and expense of School District.

If any action or proceeding (any of the foregoing being a "Claim") is threatened or commenced by any third party against NYSIR or any of its CVG Involved Subscribers that CVG is obligated to defend or indemnify under this Agreement, then written notice thereof shall be given to CVG as promptly as practicable. After such notice and only so long as NYSIR or any of its CVG Involved Subscribers and CVG's interests with respect to the claim remain consistent, no conflict exists, and, in controlling the defense, NYSIR's or any of its CVG Involved Subscribers insurance is not voided or otherwise compromised in any way, CVG shall be entitled, if it so elects in writing within ten days after receipt of such notice, to take control of the defense and investigation of such Claim and to employ and engage attorneys to handle and defend the same, at CVG's sole cost and expense, with the approval of NYSIR and its CVG Involved Subscriber, which approval shall not be unreasonably withheld. NYSIR and its CVG Involved Subscriber shall cooperate in all reasonable respects with CVG and its attorneys in the investigation, trial and defense of such Claim and any appeal arising therefrom; provided, however, that NYSIR or its CVG Involved Subscriber may, at their own respective cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such Claim and any appeal arising therefrom. CVG shall enter into no settlement of a Claim that involves a remedy other than the payment of money by CVG without the prior consent of NYSIR or its CVG Involved Subscriber.

After notice by CVG to NYSIR or its CVG Involved Subscriber of its election to assume full control of the defense of any such Claim, and NYSIR's or its CVG Involved Subscriber approval of selected counsel, CVG shall not be liable to NYSIR or its CVG Involved Subscriber for any legal expenses incurred thereafter by NYSIR or its CVG Involved Subscriber in connection with the defense of that Claim. If CVG does not assume full control over the defense of a Claim, then CVG may participate in such defense, at its sole cost and expense, and NYSIR or its CVG Involved Subscriber shall have the right to defend the Claim in such manner as it may deem appropriate, at the cost and expense of CVG.



Limitation on Damages

The School District agrees that CVG and its personnel shall not be liable to the School District for any claims, liabilities, causes of action, losses, damages (whether compensatory, consequential, special, indirect, incidental, punitive, exemplary, or of any other type or nature), costs and expenses (including, but not limited to attorneys' fees) in any way arising out of this engagement in any amount greater than the total amount of fees paid by the School District to CVG, except to the extent finally and judicially determined to have been the result of bad faith, negligence, or intentional or willful misconduct of CVG. This provision shall survive the termination of this agreement for any reason, and shall apply to the fullest extent of the law, whether in contract, statute, tort, or otherwise.

CVG agrees that NYSIR, its CVG Involved Subscribers, and their representatives shall not be liable to the CVG for any claims, liabilities, causes of action, losses, damages (whether compensatory, consequential, special, indirect, incidental, punitive, exemplary, or of any other type or nature), costs and expenses (including, but not limited to attorneys' fees) in any way arising out of this engagement in any amount greater than the total amount of fees paid by the School District to CVG, except to the extent finally and judicially determined to have been the result of bad faith, negligence, or intentional or willful misconduct of NYSIR or its CVG Involved Subscribers. This provision shall survive the termination of this agreement for any reason, and shall apply to the fullest extent of the law, whether in contract, statute, tort, or otherwise.

Limitation on Distribution and Use

The report, the final estimate of value, and the prospective financial analyses included therein are intended solely for the information of the person or persons to whom they are addressed or directed by CVG and solely for the purposes stated; they should not be relied upon for any other purpose, and no party other than the School District or its CVG Involved Subscribers may rely on them for any purpose whatsoever. Neither the valuation report, its contents, nor any reference to the appraiser or CVG may be referred to or quoted in any registration statement, prospectus, offering memorandum, sales brochure, other appraisal, loan or other agreement or document given to third parties without the advance written consent of CVG. In addition, except as set forth in the report, our analysis and report are not intended for general circulation or publication, nor are they to be reproduced or distributed to third parties without the advance written consent of CVG. Notwithstanding the foregoing, in the event that the analysis and/or report are required to be disclosed pursuant to a lawful subpoena or a FOIL request, CBIZ will not charge a fee for such release of the analysis and/or report.

Not A Fairness Opinion

Neither our opinion nor our report are to be construed as an opinion of the fairness of an actual or proposed transaction, a solvency opinion, or an investment recommendation, but, instead, are the expression of our determination of the fair value between a hypothetical willing buyer and a hypothetical willing seller in an assumed transaction on an assumed valuation date where both the buyer and the seller have reasonable knowledge of the relevant facts.

Operational Assumptions

Unless stated otherwise, our analysis (i) assumes that, as of the valuation date, the NYSIR



Subscriber and its assets will continue to operate as configured as a going concern, (ii) is based on the past, present and future projected financial condition of the NYSIR Subscriber and its assets as of the valuation date, and (iii) assumes that the NYSIR Subscriber has no undisclosed real or contingent assets or liabilities, other than in the ordinary course of business, that would have a material effect on our analysis.

Competent Management Assumed

It should be specifically noted that the valuation assumes the property will be competently managed and maintained over the expected period of ownership. This appraisal engagement does not entail an evaluation of management's effectiveness, nor are we responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.

No Obligation to Provide Services After Completion

Valuation assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. If the need for subsequent services related to a valuation assignment paid by NYSIR pursuant to this Agreement occurs, including updates, conferences, testimony, preparation for testimony, document production, interrogatory response preparation, or reprint and copy services whether by request of the School District or by subpoena or other legal process initiated by a party other than the School District in regard to the School District, NYSIR agrees to compensate CBIZ for its time at its standard hourly rates then in effect, plus all expenses incurred in the performance of said services. CBIZ reserves the right to make adjustments to the analysis, opinion and conclusion set forth in the report as we deem necessary by consideration of additional or more reliable data that may become available.

No Opinion is Rendered as to Legal Fee or Property Title

No opinion is rendered as to legal fee or property title. No opinion is intended in matters that require legal, engineering or other professional advice that has been or will be obtained from professional sources.

Liens and Encumbrances

We will give no consideration to liens or encumbrances except as specifically stated. We will assume that all required licenses and permits are in full force and effect, and we make no independent on-site tests to identify the presence of any potential environmental risks. We assume no responsibility for the acceptability of the valuation approaches used in our report as legal evidence in any particular court or jurisdiction.

Information Provided by Others

Information furnished by others is presumed to be reliable; no responsibility, whether legal or otherwise, is assumed for its accuracy and cannot be guaranteed as being certain. All financial data, operating histories and other data relating to income and expenses attributed to the business have been provided by management or its representatives and have been accepted without further verification, except as specifically stated in the report.



Prospective Financial Information

Valuation reports may contain prospective financial information, estimates or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as forecasts, prospective financial statements or opinions, predictions or as assurances that a particular level of income or profit will be achieved, that events will occur or that a particular price will be offered or accepted.

Actual results achieved during the period covered by our prospective financial analysis will vary from those described in our report, and the variations may be material.

Any use of management's projections or forecasts in our analysis will not constitute an examination, review or compilation of prospective financial statements in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). We will not express an opinion or any other form of assurance on the reasonableness of the underlying assumptions or whether any of the prospective financial statements, if used, are presented in conformity with AICPA presentation guidelines.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of law principles. The parties hereby irrevocably submit to the jurisdiction of the federal or state courts in the State of New York, specifically and exclusively in the State or the Federal District Court located in the County of Nassau in the State of New York, over any dispute or proceeding arising out of this Agreement and agree that all claims in respect of such dispute or proceeding shall be heard and determined in such court. The parties to this Agreement hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection that they may have to the venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute.

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