Risk Management

TASB Renewal Property

Roofing Issue

- TASB Statement
 - TASB RMF is reducing limits on Single Ply Roofs
 - Sublimit for Wind, Hurricane and Hail Loss
 - Membrane roofs and accompanying roof systems; all other deductibles apply
 - \$3,000,000 limit per occurrence (not per building)
 - Single Ply Membrane is synthetic roofing material that includes but is not limited to EPDM, TPO and PVC membranes.

Single Ply Roofs

Name of School	Year Built	Address	Square Feet	Replacement Value Building	Estimate to replace Single Ply Roof with like materials
Adkins Elementary School	2014	1701 Monahan Drive Lantana	88,674	\$13,064,584	\$1,500,000
Bell Elementary School	2016	601 Villa Paloma Little Elm	88,674	\$19,181,776	\$1,500,000
Cross Oaks Elementary School	2010	600 Liberty Boulevard Cross Roads	82,800	\$12,201,224	\$1,500,000
Ginnings Elementary School (Partial)	2000/1968	2525 Yellowstone Denton	73,806 (16,819)	\$13,064,584	\$210,000
Union Park Elementary School	2019	New Construction Aubrey	88,674	\$23,000,000	\$1,500,000
Calhoun Middle School	2016	131 Garza Lane Shady Shores	137,072 (31,567)	\$31,856,359	\$450,000
Myers Middle School	2013	131 Garza Lane Shady Shores	181,474	\$32,490,718	\$1,845,000
Rodriguez Middle School	2017	8650 Martop Rd Oak	175,000	\$36,000,000	\$1,723,000
Braswell High School	2016	26750 East University Drive Aubrey	526,738	\$129,928,469	\$4,609,000
Guyer High School (Partial-New Addition)	2018	7501 Teasley Denton	111,300	\$30,361,404	\$1,389,000
Giese Support Services Building	2018	1303 N Elm Denton	450,000	\$13,094,385	\$428,000
Total			2,004,212	\$322,387,144	\$16,654,000

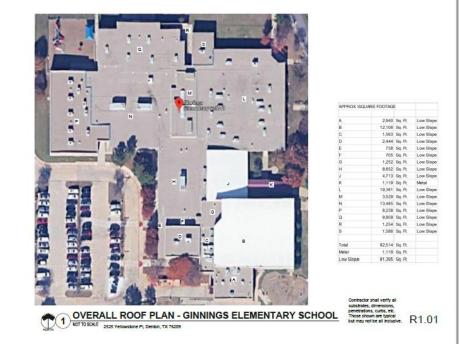








A	10.742	Sq. Ft.	Low Slope
В	5,738	Sq. R.	Metal
c	6.036	So.R.	Low Slope
D	660	Sq. R.	Metal
E	1,696	Sq. R.	Metal
F	2,026	Sq. FL	Low Slope
G	3,962	Sq. Ft.	Metal
н	7,609	Sq. Ft.	Low Slope
J	396	Sq. Ft.	Metal
к	7,411	Sq. Ft.	Low Slope
L	4,393	Sq. Ft.	Low Slope
M	649	Sq. Ft.	Metal
N	9	Sq.R.	Metal
P	6,966	Sq. Ft.	Low Slope
Q	7,692	Sq. Pt.	Low Slope
R	4,208	Sq.R.	Metal
s	8,350	Sq. Ft.	Low Slope
т	505	Sq. R.	Metal
u	47	Sq. Ft.	Metal
v	47	Sq. Ft.	Metal
w	47	Sq.R.	Metal
x	47	Sq. Ft.	Metal
Y	3,261	Sq. Ft.	Low Slope
z	164	Sq.R.	Metal
AA	5,248	Sq. FL	Low Slope
AB	575	Sq. FL	Motal
Total	88,384	Sq. Ft.	
Metal	18,650	Sq. Ft.	
Low Slope	69,734	Sq. Ft.	
Contractor shall ve substrates, dimens penetrations, curbs	rity all llons,	aq. Ft	



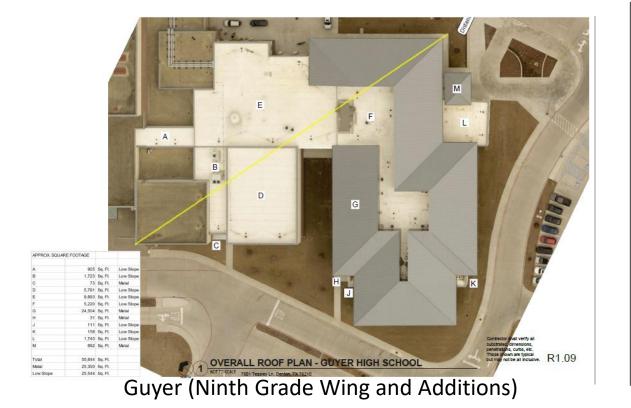


Calhoun Middle School

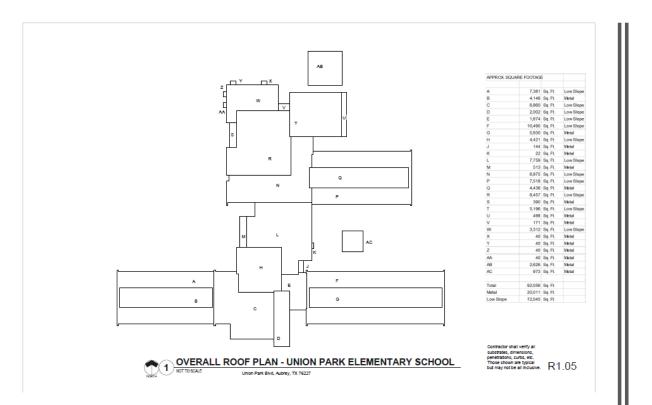








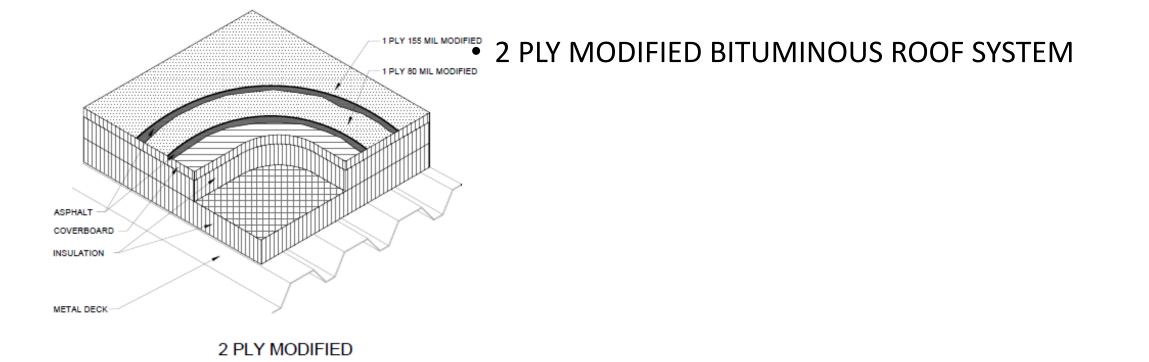


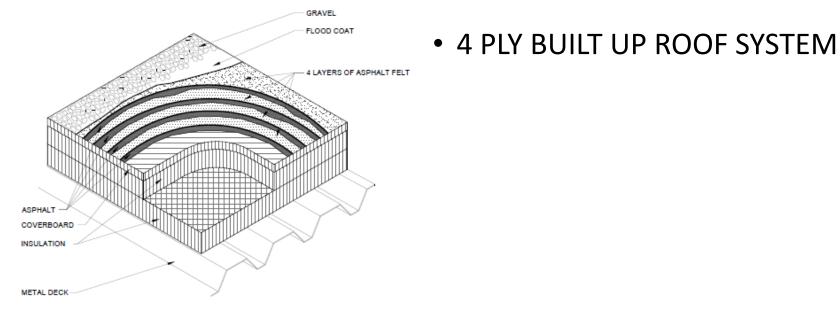


Rodney Ruebsahm

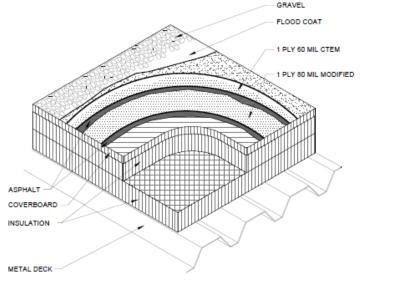
Ray Stringer

ARMKO Industries, Inc



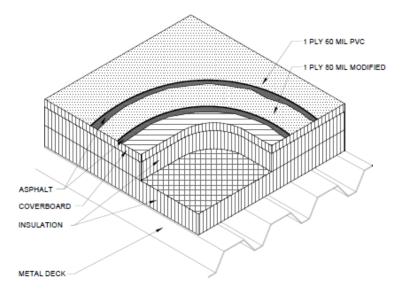


4 PLY BUR



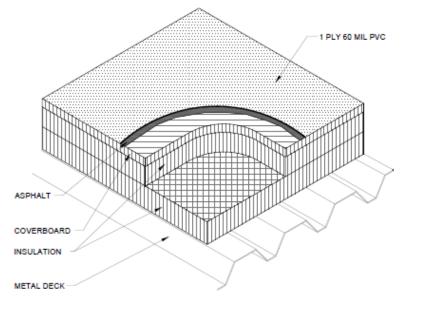
• CTEM ROOF SYSTEM

CTEM



SINGLE PLY WITH MULTI LAYERS

• SINGLE PLY (MULTI-LAYER) ROOF SYSTEM



SINGLE PLY 1 LAYER

• SINGLE PLY ROOF SYSTEM

HAIL VS SINGLE PLY – What happened and how did we get here?



2015 International Energy Code

Reflectivity Emissivity



State EnergyValueandEngineeringConservationOffice



Marketing by Single Ply Manufacturers

Lighter Construction Less layers

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Cheaper

HAIL PROTOCOL

- ON BEHALF OF THE BUILDING OWNER, ARMKO GOES THROUGH THE FOLLOWING STEPS WITH THE INSURANCE ADJUSTER AND INSURANCE CARRIER ON A HAIL AND/OR STORM RELATED EVENT ONCE THE OWNER TURNS IN THE CLAIM TO THE CARRIER.
- Agree that it hailed
- Agree that it hailed during the policy period
- Agree on what areas are damaged (testing of core may be required)
- Cores taken should be in the presence of the carrier/adjuster and Armko when determining nomenclature and/or sending cores for testing. Location of cores should be documented along with photos of the cores
- Agree on scope of work on damaged areas
- Provide bid package that includes specifications and details of like, kind, and quality of the agreed scope of work
- Code requirements such as those of the International Building Code (IBC) and International Energy Code Council (IECC) which are upgrades as well as owner requested betterments shall be listed as alternates in the bid package
- The bid package is to be reviewed by the carrier prior to advertisement of the project

HAIL ASSESSMENT CATEGORIES

- IMPACTS SHOWING PUNCTURES AND/OR RUPTURES IN THE FIELD OF THE ROOF AND FLASHING:
- CATEGORY #1 HIGH DENSITY
- CATEGORY #2 MEDIUM DENSITY
- CATEGORY #3 LOW DENSITY
- CATEGORY #4 ISOLATED AREAS
- CATEGORY #5 -IMPACTS SHOWING PUNCTURES AND/OR RUPTURES IN FLASHING ONLY
- CATEGORY #6 NO IMPACTS OR RUPTURES BUT BRUISING AND SCUFFING OF MEMBRANE
- CATEGORY #7 SUSPECT ENOUGH TO TAKE A CORE FOR TESTING
- CATEGORY #8 SUSPECT ENOUGH TO TAKE INFRA RED MOISTURE TEST
- CATEGORY #9 WOULD LIKE ANOTHER TEAM MEMBER TO LOOK AT IT ALSO
- CATEGORY #10 NO DAMAGE

HAIL BASIS OF PAYMENT (BUR, MOD BIT, CTEM)

- Normally the Carrier will only pay the Actual Cash Value (ACV) for the covered property until all the repair or replacement is completed. The ACV is computed by subtracting the depreciation of the damaged covered property from the actual replacement cost. The depreciation figure can vary from carrier to carrier. If the District does not perform the work, the District will lose the depreciation money.
- Upon completion of the repair or replacement of the damaged property with material of like, kind, and quality (LKQ) according to the agreed Scope of Work and Specifications within the proper time frame, the Carrier will then pay the depreciation amount (\$1,250,000). This amount for repair or replacement cost cannot exceed the depreciation amount which should be the amount actually spent to repair or replace the damaged property. If a lesser amount is spent the District will not receive the money over and above the amount spent OR if a greater amount is spent the District will not get reimbursed for it unless there is approval by the carrier.
- For this replacement cost payment to be made, documentation must be submitted supporting the actual cost of repairs or replacement. This documentation normally incudes such things as invoices, cancelled checks, receipts or other documentation supporting the cost of the repair or replacement. This documentation will be necessary to receive the depreciation money.
- Depreciation is the decreased worth of an item prior to the loss due to age or condition and becomes less valuable than a new item of equal quality. Other than the need to subtract the claim deductible the Owner may likely be due an additional payment for the amount of depreciation to make up for this higher repair or replacement cost.
- The repair or replacement of the damaged covered property may have a time limit from the date of loss as to when this repair or replacement is to be completed. If the repair or replacement is not completed within this time frame and the Carrier has not granted an extension the ACV may be the full and final payment for the loss. Also, if the work is not performed the ACV will may be the full and final payment for the loss.

Once the Scope of Work with the Carrier is agreed, the specifications published and bids received, the following basis of payment may take place. This, however, needs to be clarified with the Carrier since there could be some exceptions. The following figures are for example purposes only:

			HAIL BASIS OF PAYMENT (BUR, MOD BIT, CTEM)	Single Ply	Three Buildings over 25,000 Sq. Ft.	Building Less than 25,000 Sq. Ft.
	Estimated repair / replacement cost:	RCV	\$5,000,000	\$5,000,000	\$10,000,000	Will not exceed the deductible
	Less depreciation at 25%:		\$1,250,000	\$1,250,000	\$2,500,000	
	Total		\$3,750,000	\$3,750,000	\$7,500,000	
	Less deductible		\$ 500,000	\$ 500,000	\$500,000+\$300,000	\$ 500,000
	Payment ACV		\$3,250,000	\$3,250,000	\$6,700,000	
	Depreciation Paid upon completion		\$1,250,000	\$1,250,000	\$2,500,000	
	Total Paid by TASB (3 Million Cap)		\$4,500,000	\$3,000,000	\$3,000,000	
	Claim Shortfall			\$250,000	\$3,700,000	
	District out of pocket		\$500,000	\$2,000,000	\$6,200,000	100% of cost

HAIL – NOW WHAT AND HOW DO WE PROCEED?

- QUESTIONS AND DISCUSSION:
- WHAT IS CARRIER'S CURRENT POSITION AND PROPOSAL?
- ADJUST SPECIFICATION AND DESIGN
- ASHRAE 90.1
- BUILDING AND ENERGY CODE

Recommendation and Options going forward

<u>Recommendation</u> – Renew TASB Coverage with updated Wind, Hurricane & Hail sublimits for Single-Ply Roofs and increased deductibles.

Options for 2019-2020

- Budget funds for future replacement strategy following potential storm damage.
- Budget funds for future replacement strategy not related to storm damage.

Options for 2020-2021

- Request Single Ply buildings to be removed from TASB and plan for RFP
- Send entire Property, Casualty, Auto and Workers Compensation for RFP.