

Contact: Joan Racki

**UNIVERSITY OF IOWA FLOOD RECOVERY –
UPDATED COST ESTIMATES**

Action Requested: Receive the attached report from the University of Iowa.

Executive Summary: The University of Iowa has provided the attached report on updated cost estimates from the 2008 Flood.

UNIVERSITY OF IOWA REPORT
UPDATED COST ESTIMATES

In June 2008, the University of Iowa and its insurer FM Global established the first preliminary assessment of damage due to flooding. The amount was \$232 million with a University of Iowa financial exposure of \$25 million. It excluded costs of future mitigation, the utilization of temporary facilities now being incurred, business interruption losses, additional damages not evident at that time, and the costs for complete facility replacements.

Since last June, the University has worked with FEMA and FM Global insurance on damage assessments. About one month ago FEMA determined that due to extensive damage, the Hancher/Voxman/Clapp building complex was eligible for FEMA replacement financing of 90% of eligible costs. The same was true for the Art Building complex east of Riverside Drive. Also during this time the University and FEMA have worked extensively on engineering solutions to mitigate future flood damage and worked to develop new, interim facilities for music, art, theater and other displaced programs.

Resulting from all of this additional information and FEMA's decision-making, a comprehensive assessment of costs has been prepared that includes the projected costs to replace Hancher/Voxman/Clapp and the Art Building east complex. The information highlighted below and in the following pages recognizes these new circumstances and identifies approximate costs for all aspects of campus flood recovery.

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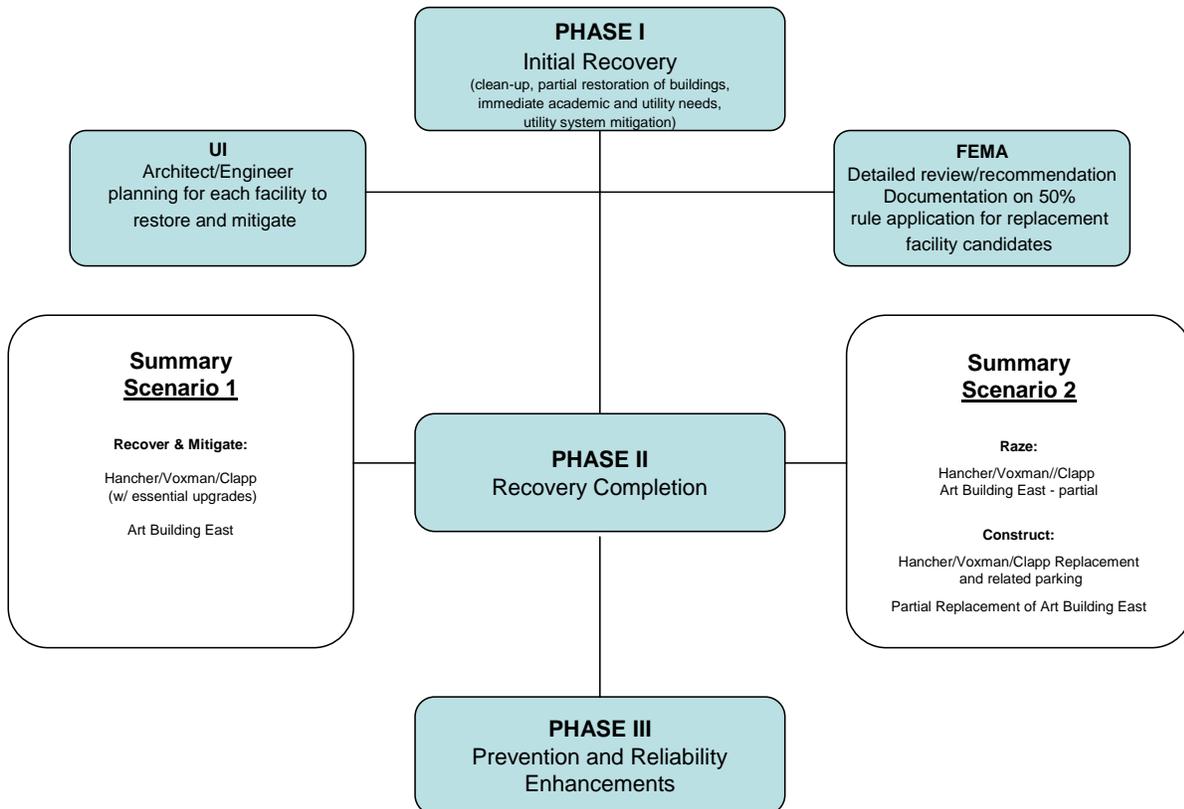
The total campus wide recovery cost is estimated to be \$590 million if Hancher/Voxman/Clapp and Art Building east complex are restored and mitigated in place. If these building complexes are entirely replaced, as allowed by FEMA, the total cost of all recovery is estimated at \$743 million. A breakout of these costs is attached.

After considering commercial and federal flood insurance and FEMA contributions, the University's overall financial exposure would be \$185 million over the next six years if the two building complexes are replaced. In lieu of replacement, restoring and extensively mitigating these two building complexes results in an overall University financial exposure of \$174 million due to much of the mitigation cost being FEMA ineligible. These analyses and the resultant cost exposure are highly dependent upon predictions of FEMA's funding and its determination of eligible and ineligible costs. More on that subject will be provided to the Board at its March meeting.

The Museum of Art building is contained within these estimates at the cost of restoring the existing structure. FEMA will not participate financially in the replacement of the Museum of Art building because in its assessment of damage the building did not meet the minimum threshold ratio of 50%. As the University proceeds, underwriting insurance protection of the Museum's collection by Lloyds of London will be critical to the interim exhibition solutions and storage of the collection, as well as to the ultimate relocation of the collection on the University of Iowa campus. The University will be engaged in considering options with its insurer and will report subsequently to the Board.

UI ORIGINAL ESTIMATE
\$231,850,000 *
June 2008

* Did **NOT** include:
Mitigation, Replacement of Facilities, Unknown Damage, Construction
of Temporary Structures, Business Interruption Losses



FLOOD 2008

Phases I and II
Revised Assessment: Including Art/Performing Arts Replacement
March 2009

	Total Expense (\$ millions)	UI *** (\$ millions)
<u>Full Recovery thru Scenario 1</u>		
Revised Original Damage Estimate of \$231.9* - Includes Additional Unknown Damage and Temporary Facilities Mitigation **	\$ 248.9 157.6	\$ 35.1 15.8
Scenario 1 - Recovery & Mitigation Completion **	183.0	123.6
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Total	\$ 589.5	\$ 174.5

Full Recovery thru Scenario 2

Revised Original Damage Estimate of \$231.9* - Includes Additional Unknown Damage and Temporary Facilities Mitigation **	\$ 248.9 157.6	\$ 35.1 15.8
Scenario 2 - Rebuild Completion	336.4	133.9
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Total	\$ 742.9	\$ 184.8

* Did **NOT** include:

Mitigation, Replacement of Facilities, Unknown Damage, Construction of Temporary Structures, Business Interruption Losses

** Excludes H/V/C and Art East mitigation incorporated into Scenario 1 or 2 totals. Assumes FEMA pays 90% of mitigation expenses.

*** After insurance and FEMA payments for eligible expenses.

PHASE III

West Campus Power Plant	\$50M - \$100M
Library High Density Archival Facility *	\$10.9M
Data Center **	\$33.6M
Unanticipated Future Mitigation	TBD

* This project was approved by the Board for permission to proceed with planning. It has been deferred as a partial response to FY09 GEF budget reductions.

** This project has been approved by the Board for budget and schematic design.