

From: Braun, Mark J
Sent: Tuesday, July 08, 2008 2:59 PM
To: David W. Miles; Jack B Evans (jackevans@hallperrine.org); Bonnie J Campbell (Campbell.law@mchsi.com); bobd@mearndonlaw.com; 'MichaelG@iowacubs.com'; Ruth R. Harkin (ruth.harkin@cox.net); Craig Lang (craiglangbor@ifbf.org); Rose A. Vasquez (Rav118@mchsi.com)
Cc: 'bdonley@iastate.edu'
Subject: UI Flood Estimate \$231.75 million

Executive Director Donley asked that I forward the following and attached information to you which may be published today. Please note the following highlighted information is in the attached update.

The University has purchased for quite a number of years a comprehensive property insurance policy from FM Global, the world's largest property casualty insurance company. The annual premium of approximately \$2.5 million provides \$1 billion in coverage campus-wide. (Note, the premium amount includes a separate contract with Lloyds of London for coverage of the University's fine art collection and federal flood insurance for selected buildings.) The contract with FM Global contains specific clauses dealing with flood damages. Flood damages are limited to \$250 million; this amount is further limited by a \$40 million cap in damages to buildings which are roughly in the 100 year flood plain. The University has purchased federal flood insurance on 14 building near the Iowa River. This insurance is separate from that provided by FM Global and has an upper cap of \$500,000 per building and \$500,000 per building for contents (note: some buildings of lesser value in terms of the structure and contents are insured at the actual values).

FM Global and its adjusters continue to inspect buildings as flood waters recede and buildings become accessible. FM Global has assigned a forensic accountant to assist with the documentation of damages and the University is engaging a consultant to assist with the FEMA claims process. Until this work is completed, it is difficult to predict with a high degree of confidence the level of damages or reimbursements. Damages from the flood of 2008 will substantially exceed the ~\$6 million in damages suffered in 1993. Nonetheless, we have begun to assess damages and have categorized them as follows:

1. Protection and preservation of property
2. Emergency clearing, cleaning and demolition
3. Building restoration
4. Contents replacement or restoration
5. Business interruption
6. Utility system and tunnel restoration
7. Extraordinary expenses incurred due to consequence of flooding

Last week we reported a very preliminary damage estimate for categories 1 through 3 of \$75 million. The University of Iowa has since prepared a preliminary estimate of the total damage to the campus. This estimate was prepared at the direction of FEMA which required that the estimate be submitted by July 3, 2008. University risk management professionals and a representative of FM Global, the University's insurer, compiled the preliminary estimate. However, knowledge of damage in many instances is tenuous.

- For this specific purpose, the University estimated that the total damage resulting from the flood is **\$231.75 million**. Business interruption claims are excluded in the FEMA report.

- The total can be broken down as follows:
 - Building damages, \$136.2 million
 - Building content damages, \$55.55 million
 - Extra expenses, \$15 million
 - Debris removal, \$20 million
 - Emergency protection measures, \$5 million

Extra expenses include such things as the cost of natural gas for power generation instead of less expensive coal and oat hulls, and leases for space for classes in departments that will not be able to offer classes in their buildings in the fall: music, theatre arts, and art and art history.

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TO: Robert Donley
FROM: Doug True
RE: Flood of 2008 – Status
DATE: July 8, 2008

This is an update of the prior weekly status reports.

The Corps of Engineers has cut back the outflow at the Coralville Reservoir this week to a level which will result in the Iowa River being below flood stage for the first time in a month. The current lake level is ~696 feet; the emergency spillway level is 712 feet. A primary access route to the University of Iowa campus – North Dubuque Street – may be re-opened this week; the Park Road Bridge near Hancher Auditorium, however, remains closed. The pedestrian bridges over the Iowa River at the IMU and Hancher Auditorium remained closed until additional inspections can take place. The University does not anticipate removing the dikes and barricades constructed to protect buildings adjacent to the river until early August.

The following University buildings remain closed:

- Adler Journalism Building
- Art Building
- Art Building West
- Becker Communications Studies Building
- Danforth Chapel
- English Philosophy Building (EPB)
- Hancher Auditorium
- Hawkeye Court Apartments (75 of 300 units)
- Iowa Advanced Technology Labs (IATL)
- Iowa Memorial Union (IMU)
- Main Library
- Mayflower Residence Hall
- Madison Street Services Building
- Museum of Art
- Power Plant
- Stanley Hydraulics Lab
- Theater Building
- Voxman Music Building

Clean up and/or demolition of the damages areas of the General Education Fund buildings listed above continues. Re-occupancy of the Main Library, the Madison Street Services Building and the Stanley Hydraulics Laboratory are expected this week. North Hall and the Hydraulics Lab Annexes were re-opened previously.

As noted in previous reports, an immediate focus has been to assure housing for students arriving this fall – especially given the flooding around the Mayflower Residence Hall. Engineers from Shive-Hattery have inspected Mayflower and have determined that it is safe to occupy this fall. Remediation of Mayflower is progressing expeditiously and

President Mason announced last week that the University would take extraordinary steps to make it available to house students this fall.

Important note, re-occupation of buildings occurs only after a specified process is satisfied and the following entities have all agreed that it is safe to enter:

- UI Police
- Facilities Management
- Information Technology Services
- Health Protection Office
- FM Global (the University's property insurance carrier)

Daily meetings continue to coordinate on a building-by-building basis the activities of the recovery firms, the insurance adjusters, engineering and safety consultants and University academic and facilities personnel. The University has met with representatives from the cities of Iowa City and Coralville to begin considering the future utilization/development of the land along Iowa River and means to mitigate flood damages.

Last week Facilities Management conducted a "walk-through" of the Becker Communication Studies Building and the Adler Journalism Building for pre-qualified contractors. Facilities Management will conduct a second walk-through this week and the recovery project is to be bid this Thursday, July 10 in accord with the plan submitted to the Board last week. These two buildings are being bid as a single project given their proximity and the scope of remediation work needed. A contractor walk-through of the English Philosophy Building (EPB) in preparation for a bid/build project is scheduled for this week as well.

University Utilities

The utility tunnel infrastructure is a major concern as flood waters have infiltrated University buildings and the Power Plant via this route. As was reported last week, a team of engineers from the Chicago firm of HBK Engineering has inspected the tunnels. Structural failures have been found within some tunnels and more needs to be done to assess remediation and recovery of steam generation and distribution capability.

The University has engaged Stanley Consultants of Muscatine, IA to assist in assessing the damages to the Power Plant and to devise a plan to bring it back on line as soon as it is safe to do so. The Main Power Plant was taken off line due to infiltration of flood water through the utility tunnel system. The Main Power Plant is now dry and a plan for recovery is being developed. Stanley Consultants has also been retained to develop a strategy to address the utility tunnel system, or alternative utility delivery systems, to mitigate against similar occurrences.

A portable steam generator has been installed on the east campus adjacent to Burge Hall (that boiler "tripped" Monday but is now back on line). Portable chiller equipment located at the IATL building has been relocated to the Spence Lab/Seashore Hall area and is operational. Additional portable chillers have arrived on campus and installation on the east campus should be completed early this week. Two additional chillers with 2,000 tons total capacity are being installed on the west campus this week. Steam and

chilled water capacity limitations are the major consideration in the University's phased resumption of normal operations. With hot, humid weather forecast for the early portion of the week, curtailments and rationing of chilled water usage is expected.

Academic Concerns

Two highly utilized buildings that suffered serious damage from the flood are the Iowa Advanced Technology Labs (IATL) and the Iowa Memorial Union (IMU). University administration has met with faculty with extensive research enterprises in IATL to map a strategy to restore the research capacity contained in this building. Likewise, University administrators are exploring alternatives for the many activities and events held at the IMU. The University Bookstore has relocated to the Old Capitol Mall and has been able to serve students attending summer orientations sessions. The mechanical systems at the IMU are just now accessible and are being assessed. This will play a major role in determining how and when certain areas of the IMU can be brought back into service.

Insurance Coverage and Damages

Prior reports have described the University's commercial flood insurance and national insurance coverages (see June 30 report).

The University anticipates filing a claim with FEMA for those damages not covered by commercial insurance or the federal flood insurance policy. In order to assist Risk Management and Facilities Management document and process this enormous recovery effort, certain senior University administrators have been re-assigned to assist these units. A team of FEMA representatives will be on campus today to begin detailed work.

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Communications

The University will continue to work closely with the Board Office and Board leadership utilizing the temporary changes in the capital project processes approved by the Board at its special meeting on July 2.

The Governor's Emergency Declaration is valid until July 23. The University will be in contact with the Board Office and leadership in the event an extension of this declaration is needed. Flood damages and related problems (especially in the utility tunnels) are not yet known sufficiently to start construction projects for recovery.

As explained in the emergency Board meeting, it is the University's intent to follow Regents normal procedures on projects unless there is urgency, and in that case the waiver of procedures would be exercised. The determination of urgency will be made by Associate Vice President for Facilities Don Guckert, or in his absence the responsible person within Facilities Management. The Board Office and in particular Joan Racki, will be kept apprised of our actions as they occur, especially when the normal Regents processes are expedited. I have directed that I be apprised as decisions are made for delivery of contracting or consulting services that rely on the Regents waivers granted last week. Any actions, awards or the like that require the use of Governor Culver's proclamation requires my approval, or in my absence a designee.

For additional information on flood related matters, please visit the University's flood website: <http://uiflood.blogspot.com/>

C: Regent Miles
Regent Evans
President Mason
Joan Racki