



Policy & Legal Services

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April 27, 2021

Superintendent Martin W. Bates
Granite School District
2500 South State Street
Salt Lake City, Utah 84115

SUBJECT: West Lake Junior High School Earthquake Damage Settlement

Dear Dr. Bates,

As a consent agenda item at the Board of Education meeting on May 4, 2021, I recommend that the Board of Education accept the settlement offer made by Sedgwick on behalf of the reinsurance companies listed in the attached letter. This offer is for a cash settlement for the damage caused to West Lake Junior High School during the March 18, 2020 earthquake. A breakdown of the cash settlement is also attached.

Respectfully,

A handwritten signature in blue ink, appearing to read "Douglas R. Larson", is written over a horizontal line. The signature is fluid and cursive, extending to the right with a long, sweeping tail.

Douglas R. Larson
Director, Policy and Legal Services



Wayne D. Sowers, AIC, CPCU | Sr. Exec. General Adjuster
865 East 4800 South, Suite 210 | Murray, UT 84107
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CELL 801.554.9097 | EMAILwayne.sowers@sedgwick.com
www.sedgwick.com | Caring counts®

April 7, 2020

Granite School District-Policy and Legal Services
Attn: Donald L. Adams-Assistant Superintendent
Douglas R. Larson-Director, Policy and Legal Services
2500 South State Street
Salt Lake City, UT 84115
dladams@graniteschools.org
drlarson@graniteschools.org

INSURED: STATE OF UTAH-
CLAIM NO: VARIOUS/ STATE RISK [
OUR FILE NO: SAL 20026320
DATE OF OCCURRENCE: MARCH 18, 2020
TYPE OF OCCURRENCE: EARTHQUAKE
LOCATION: WEST LAKE JR. HIGH SCHOOL
3400 SOUTH 3450 WEST
WEST VALLEY CITY, UT

Dear Messrs. Adams and Larson,

We are writing on behalf of Lexington Insurance, Starr Surplus Lines Insurance Company, AXIS Surplus Insurance Company, Independent Specialty Insurance Co., Interstate Fire & Casualty Co., Certain Underwriters #9569, Ironshore Specialty Insurance Co., Landmark American Insurance Co, Endurance American Insurance Co. and Certain Underwriters at Lloyd's subscribing to policy numbers AP65058A19A (Insurance Companies) concerning the above referenced claim.

This letter is intended to address the recent discussions concerning estimated repair costs for damages to West Lake Junior High School (West Lake) caused by the March 18, 2020 earthquake (Earthquake) that occurred in Salt Lake County, Utah. You have recently communicated that Granite School District (District) intends to accept a cash out offer of \$37,404,914.00 as the final agreed settlement amount for the repairs to the building (Settlement Amount) (a copy of the repair summary is attached to this letter for reference). We understand that acceptance of the Settlement Amount is not yet final and is conditioned upon formal approval by the Board of Education of Granite School District, which can only occur in a publicly noticed board meeting. We understand that the Settlement Amount will constitute a full and complete settlement between the parties and the Insurance Companies shall have no obligations to perform any repairs of West Lake.

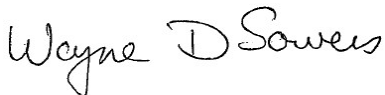
The parties understand that the Settlement Amount is exclusive of costs incurred for the initial assessment or any of the work completed by experts or consultants to date and does not include the costs to move fixtures, furniture, or other objects out of or back into West Lake. The parties

understand that the Settlement Amount is exclusive of expenses incurred for the temporary relocation of West Lake students to Westbrook Elementary including transportation costs, minor improvements to the Westbrook Elementary building, and rentals of additional facilities (Extra Expenses). Immediately following the Earthquake, it was anticipated these Extra Expenses would be incurred over a period of two years based on the estimated time to perform the repairs. However, because of unforeseen complexities in the project and accompanying challenges in negotiations, the parties have agreed continue negotiating in good faith an expanded time frame for Extra Expenses incurred. Lastly, the parties understand that the Settlement Amount is exclusive of any other insurance liabilities owed or payments made to the District by the Insurance Companies for damages to other District buildings caused by the Earthquake.

We would appreciate receiving confirmation from the District of the acceptance of Settlement Amount as soon as possible. Should you have any questions or would like to provide a further response please let us know.

Please note that no representative of Sedgwick, or of any other consultant retained by or on behalf of the Insurance Companies, has any authority either to bind the Insurance Companies with respect to coverage, or to interpret, waive or alter any of the terms, conditions, or limitations of the Policy. All coverage determinations are reserved exclusively to the Insurance Companies.

Sincerely,



Wayne D. Sowers, AIC, CPCU
Senior Executive General Adjuster
Wayne.Sowers@Sedgwick.com

WDS

Enclosures

1. MKA 3-22-20 Summary Schedule-West Lake Jr. HS- \$37,

CC:

Jim Christensen-State Risk
Brian Nelson-Risk Manager
Seth McClure- Sedgwick
The interested Companies
Jonathan Stutz- Moreton and Co.



State of Utah Earthquake
Westlake J.H.S.

MKA Estimated Repair Summary Based on MKA Eval of Okland Est with Contingency Allowance

Line No.	Description	MKA 1/20/21 Substantiated Total	MKA Notes
<u>General Contractor</u>			
1	Okland Direct Cost Estimate	\$27,424,933	Based on Okland 9/18/20 estimated direct cost.
2	General Conditions	\$2,742,493	Based on 10% for general conditions - agreed with GSBS, CCC & Okland.
3	Subtotal Estimated Direct & Indirect Costs	\$30,167,427	
4	Contractor Fee	\$905,023	Based on Okland's 3% fee.
5	General Liability Fee	\$235,306	Based on Okland's 0.78% fee.
6	Subguard Insurance	\$377,093	Based on Okland's 1.25% fee.
7	Grand Total Estimated Contract Value	\$31,684,849	
<u>Granite School District Soft Costs</u>			
8	Builders Risk Insurance	\$16,793	Based on \$0.053 per \$100 of estimated construction contract value.
9	Design Fees	\$2,376,364	Based on GSD's 7.5% of estimated contract value.
10	Inspection Fees	\$158,424	Based on GSD's 0.5% of estimated contract value.
11	Contingency Allowance	\$2,376,364	Based on 7.5% of estimated contract value.
12	GSD Project Management	\$792,121	Based on GSD's 2.5% of estimated contract value.
13	Owner Moving Cost		Not included - TBD.
14	Bond	\$164,761	Based on 0.52% included in Okland estimate.
15	PROJECT GRAND TOTAL	\$37,404,914	

