



*The voice of professional
roofing contractors.*

Sept. 9, 2005

Dear Member:

The devastation left by Hurricane Katrina is truly mind-boggling: more than 750,000 people in the region have been displaced, and the damage to the infrastructure is so great that the rebuilding effort will be incredibly complex and difficult.

Many members have asked about the expected effect on the roofing industry; still others have asked for more information about offering cash, materials and even labor to the rebuilding effort. This report is intended to give a brief, but by no means comprehensive, assessment of what we know 10 days after the storm hit.

Effect on the Roofing Industry

It is clear there will be both short-term and long-term effects on the prices and availability of some roofing materials and equipment. For the most part, we expect the effects to be manageable: with limited exceptions, plants that manufacture roofing materials were unaffected by the hurricane, and though there will be short-term supply pressures, it appears most roofing materials will continue to be available. In particular, we have been assured by the Polyisocyanurate Insulation Manufacturers Association that supplies of MDI were not affected by the hurricane, and polyiso should generally be available.

However, we will be monitoring the longer-term effects of the following:

- Steel. Shortages of hydrogen, used in certain manufacturing processes, including galvanizing, are expected to contribute to supply pressures. In addition, transportation costs will undoubtedly increase as Mississippi River shipping is likely to be unavailable for quite some time.
- Asphalt. The supply of asphalt, a crude oil derivative, was obviously affected by disruptions to the refineries in the Gulf of Mexico. In addition, we had *already* expected to see asphalt supplies tighten as a result of the new highway bill, which will accelerate demand for paving-grade asphalt.
- Other petrochemical products. Virtually all of the materials we use routinely in the industry contain some petrochemicals or rely on petrochemicals to be manufactured.
- Transportation. Disruptions will only intensify as the rebuilding effort begins. The situation is exacerbated by new trucking rules, which go into effect Oct. 1, requiring drivers to leave their cabs for 10 hours after 11 hours on the job.

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Page Two

In light of these developments, it is critical for contractors to be in regular communication with their suppliers and to advise their customers of the current situation. NRCA has available, on request, sample language that can be used in contractors' proposals and contracts to protect against unanticipated price increases.

National Relief Efforts

The relief effort has been spearheaded by the American Red Cross and Salvation Army, but there are a number of other important efforts to be aware of. These include:

- The Department of Homeland Security has established an in-kind clearinghouse for product donations. Visit www.swern.gov to register contributions.
- The Mississippi Emergency Management Agency has requested pallets of consumer goods (diapers and hygiene products especially) for hurricane victims. A call center has been established at (601) 940-2877.
- The Chamber of Great Baton Rouge would like assistance in forming a business task force for its recovery program. Visit www.brchamber.org for more information.
- UPS is making air and ground transportation for relief needs in the affected region.
- The Louisiana Association of Business and Industry is establishing a small-business disaster relief fund to provide "gap" funding for businesses to remain solvent.

Meanwhile, the American Red Cross estimates its cash needs will reach the "hundreds of millions of dollars." Contributions can be sent to:

American Red Cross Disaster Relief Fund
P.O. Box 3743
Washington, D.C. 20013

Finally, many sources report there will be enormous demand for blood in the affected region. One of the best things any of us can do is donate blood locally.

NRCA's Relief Efforts

Last week, NRCA President Reid Ribble challenged all NRCA members to match his contribution of \$5,000 to an NRCA Relief Fund, which will do the following:

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1. Establish a Roofing Relief Fund with our charity partner, Rebuilding Together. Rebuilding Together's mission is to rehabilitate single-family homes for the elderly and needy; this new fund will be used exclusively to provide new roofs for those homes in the affected region.
2. Provide assistance for other industry initiatives, as yet unspecified, in the affected region. These initiatives might include, for instance, providing aid to employees of NRCA member companies. We believe a more complete assessment of how the industry can best help must be conducted so we can make the best use of the funds collected.

We have already received significant pledges of support from many individual members and from many of our industry partners. We expect the fund, in the near future, to reach a significant six-figure level.

The new fund will be administered by the National Roofing Foundation, and all contributions should be made to the foundation. Donations are tax-deductible. Our pledge is that 100 percent of the money received will be used to support relief efforts, and none will be used for general or administrative costs, which will instead be borne by NRCA and the foundation.

A response form is enclosed to facilitate your contributions.

Notice from the Department of Homeland Security

The Department of Homeland Security announced on Sept. 6 that it will not sanction employers for hiring victims of Hurricane Katrina who, at this time, are unable to provide documentation normally required by the Immigration and Nationality Act. The department will refrain from initiating employer sanction enforcement actions for the next 45 days for civil violations, under Section 274A of the act, with regard to individuals who are currently unable to provide identity and eligibility documents as a result of the hurricane. Employers still need to complete the Employment Eligibility Verification (I-9) Form as much as possible. At the end of 45 days, the department will review this policy and make further recommendations.

Contractor Licensing in the Affected Areas

Neither Louisiana, Mississippi nor Alabama have roofing-specific licensing requirements. Each state, however, has licensing requirements for construction projects that include roofing; the requirements are different, and depend on the size and type of the project. We have prepared summaries of the requirements for each state; these are available on request to all NRCA members.

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Page Four

We will keep you apprised of the situation in the affected region as it evolves, and we welcome your involvement.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Good". The signature is written in a cursive, flowing style.

William A. Good, CAE
Executive Vice President