



Compiled by NavaTech

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Table of Contents

CHAPTER-1: OVERVIEW AND CORPORATE RESPONSIBILITIES	5
1.1 Tri-Tex Roof Systems Background and History	5
1.2 Products and Services.....	6
1.3 Corporate Responsibilities	6
1.3.1 Chief Executive Officer	6
1.3.2 Chief Financial Officer	7
1.3.3 Chief Operating Officer	9
CHAPTER-2: GENERAL DISCIPLINES AND RESPONSIBILITIES	11
2.1 Call Routing Process	11
2.2 Inflow and Outflow Processes	12
CHAPTER-3: WORKFLOWS AND PROTOCOLS	14
3.1 Admin.....	14
3.1.1 Lead Intake and Scheduling.....	14
3.1.2 HR/Maintenance of Sub files.....	16
3.2 Accounting	16
3.2.1 Bidding.....	16
3.2.2 Billing	16
3.2.3 Collections	18
3.2.4 Pay Applications	18
3.2.5 Payroll	18
3.2.6 Sales Tax Collection, Payment & Reporting	18



3.3	Field.....	19
3.3.1	Inventory	19
3.3.2	Site Visit Protocol	20
3.3.3	Running The Subs.....	20
3.3.4	Rainouts	21
CHAPTER-4: PROCESSING JOB FILES		22
4.1	Repairs.....	22
4.2	Re-roofs.....	22
4.2.1	Out of Pocket	22
4.2.2	Insurance Claims.....	23
4.2.3	General Scheduling.....	23
CHAPTER-5: NEW CONSTRUCTION.....		24
5.1	Pre-Construction.....	24
5.2	Construction	25
5.3	Post-Construction.....	25
5.4	New Construction Workflow.....	25
5.5	Processing Pay Applications for Roofing Subs.....	26
5.6	Closing out a Contract.....	26
CHAPTER-6: WARRANTIES		27
6.1	Workmanship	27
6.2	Manufacturer	27
GLOSSARY OF ROOFING TERMS		28



CHAPTER-1: OVERVIEW AND CORPORATE RESPONSIBILITIES

This Operations Manual has been compiled by NavaTech for the sole and exclusive use of the appropriate departments of Tri-Tex Roof Systems in order to carry out their daily responsibilities. Although this Manual has been made as comprehensive as possible, the contents are not intended to be completely exhaustive on any subject, and may from time to time be amended or up-dated, in line with changing management practices or policies.

1.1 Tri-Tex Roof Systems Background and History

Tri-Tex Roof Systems is a full-service commercial and residential roofing company serving Texas with plans to go nationwide as the company grows. Here at Tri-Tex, we provide exceptional full-service roofing consultation, installation and repair to the greater Austin, Houston, San Antonio and Dallas regions with specialization in commercial roofing, such as TPO, PVC, Fibertite, Durolast and other single-ply roofing membranes. With the help of its dedicated Service Department, Tri-Tex handles all eak repair and re-roof requirements.

In all the project ventures, Tri-Tex presents smooth ventilation, superior value, energy efficiency and moisture protection, as appropriate. Tri-Tex clients include owners and property managers of apartment buildings, industrial parks and office buildings.

Tri-Tex is well recognized state-wide for its durable craftsmanship, outstanding customer service, trusted preventive maintenance, flat and steep roof replacement, and thermal imaging leak detection. Tri-Tex Roof Systems is now a certified HUB contractor in Texas!

Tri-Tex is locally owned and operated, Better Business Bureau accredited and a member of the National Roofing Contractors Association.



1.2 Products and Services

Tri-Tex provides the following services:

- Commercial Roofing
- Residential Roofing
- Thermal Imaging
- Green Roofing
- Warranty Update

More information about Tri-Tex services including the installation of commercial roofs and flat roofs as well as TPO, PVC, Fibertite, Durolast and Single Ply roofing are available in Tri-Tex corporate website www.tritexroofing.com.

1.3 Corporate Responsibilities

This section describes the core job responsibilities of Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Operating Officer (COO) at Tri-Tex Roof Systems.

1.3.1 Chief Executive Officer

1.3.1.1 Duties

The CEO at Tri-Tex provides leadership to position the company at the forefront of the industry. The CEO develops a strategic plan to advance the company's mission and objectives and to promote revenue, profitability and growth as an organization. In addition, the CEO oversees company operations to ensure production efficiency, quality, service, and cost-effective management of resources.

1.3.1.2 Job Tasks and Responsibilities

1. Develop a strategic plan to advance the company's mission and objectives and to promote revenue, profitability, and growth as an organization.
2. Oversee company operations to insure production efficiency, quality, service, and cost-effective management of resources.



3. Plan, develop, and implement strategies for generating resources and/or revenues for the company.
4. Identify acquisition and merger opportunities and direct implementation activities.
5. Approve company operational procedures, policies, and standards.
6. Review activity reports and financial statements to determine progress and status in attaining objectives and revise objectives and plans in accordance with current conditions.
7. Evaluate performance of executives for compliance with established policies and objectives of the company and contributions in attaining objectives.
8. Promote the company using appropriate media.
9. Represent the company at legislative sessions, committee meetings, and at formal functions.
10. Promote the company to local, regional, national, and international constituencies.
11. Present company report at Annual Stockholder and Board of Director meetings.
12. Direct company planning and policy-making committees.
13. Oversee foreign operations to include evaluating operating and financial performance.
14. Other duties as assigned

1.3.1.3 Working Conditions

Working conditions are normal for an office environment. Work may require frequent weekend and evening work. Work may require frequent overnight travel, as appropriate.

1.3.2 Chief Financial Officer

1.3.2.1 Duties

The CFO at Tri-Tex is primarily responsible to the company's Board of Directors for all accounting and financial matters. The CFO establishes company-wide objectives, policies, procedures, processes, programs, and practices to assure the company of a continuously sound financial accounting structure.

1.3.2.2 Job Tasks and Responsibilities

1. Control the cash flow position throughout the company, understand the sources and uses of cash, and maintain the integrity of funds, securities and other valuable documents. In addition, to establish accounting policies and procedures for credit and collections, purchasing, payment of bills, and other financial obligations. Cash is king and the flow of cash, or cash flow, is the most important job of the CFO.
2. Understand all of the company's liabilities. A company has many legal contracts, statutory & tax obligations, hidden liabilities in the form of contingencies, leases, or insurance summaries, and expectations from loan covenants and/or the board of directors.
3. Understand the company business model for generating customer value and translate the operational metrics into measures for performance. In fact, the CFO is the company scorekeeper using tools like the balanced scorecard, dashboards, and financial statement ratio analysis to communicate both the company's expected and actual financial performance.
4. Supports the company's accounting and financial functions using job descriptions, policies, and procedures, and methods for automating document control.
5. Oversee the budget process, collecting the inputs, and comparing the company's actual performance with estimates (the budget).
6. Establish and maintain lines of communication with investment bankers, financial analysts, and shareholders. Administer banking arrangements and loan agreements and maintain adequate sources of capital for the company's current borrowings from commercial banks and other lending institutions. In addition, CFO invests the company's funds and administers incentive stock option plans.
7. Establish and execute programs for the provision of capital required by the company, including negotiating the procurement of debt and equity capital and maintaining the required financial arrangements. In addition, CFO coordinates the long-range plans of the company, assess the financial requirements implicit in these plans, and develop alternative ways in which financial requirements can be satisfied.



8. Approve all agreements concerning financial obligations, such as contracts for raw materials, IT assets, and services, and other actions requiring a commitment of financial resources.
9. Track the financial aspects of all company transactions including real estate bids, contracts, and leases. The CFO provides insurance coverage, as required, ensures the maintenance of appropriate financial records, prepares required financial reports, insures audits are completed in time and statutory book closing occur. The CFO has primary responsibility for ensuring company compliance with financial regulations and standards, as appropriate.
10. Analyze company shareholder relations policies, procedures, and information programs, including the annual and interim reports to shareholders and the Board of Directors, as well as recommends to the President new or revised policies, procedures, or programs when needed.

1.3.2.3 Working Conditions

Working conditions are normal for an office environment. Work may require frequent weekend and evening work. Work may require frequent overnight travel, as appropriate.

1.3.3 Chief Operating Officer

1.3.3.1 Duties

The Chief Operating Officer (COO) at Tri-Tex reports to the Chief Executive Officer (CEO) and is primarily responsible for the day-to-day operating activities, including revenue and sales growth; expense, cost and margin control; and monthly, quarterly and annual financial goal management.

1.3.3.2 Job Tasks and Responsibilities

1. Direct company operations to meet budget and other financial goals
2. Direct short-term and long-range planning and budget development to support strategic business goals



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3. Establish the performance goals, allocate resources, and assess policies for senior management
4. Demonstrate successful execution of business strategies for company products and services
5. Direct and participate in acquisition and growth activities to support overall business objectives and plans
6. Participate in capital market development, including participation in road shows, bank meetings, analyst meetings, and more
7. Develop, establish, and direct execution of operating policies to support overall company policies and objectives

1.3.3.3 Working Conditions

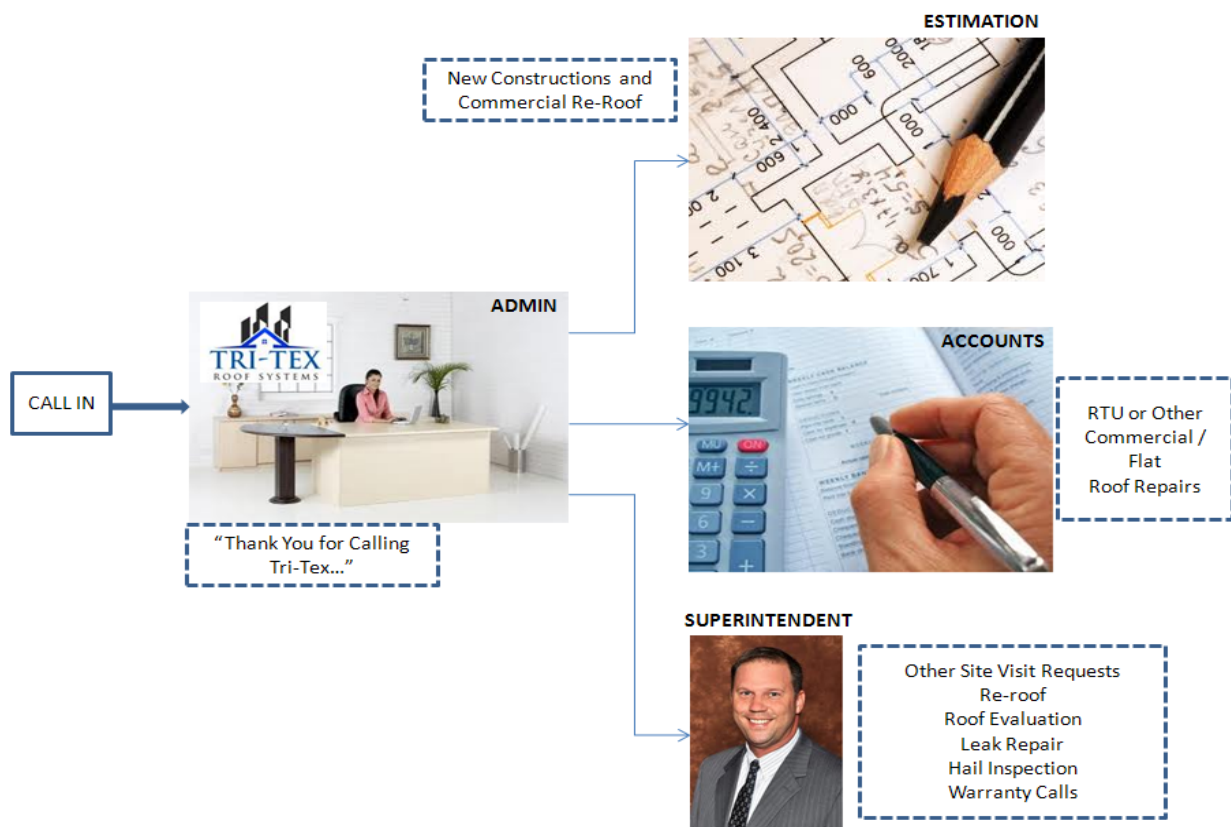
Working conditions are normal for an office environment. Work may require frequent weekend and evening work. Work may require frequent overnight travel, as appropriate.

CHAPTER-2: GENERAL DISCIPLINES AND RESPONSIBILITIES

This section describes the general responsibilities of various departments, such as admin, field, accounts, estimation, superintendent, and so on within Tri-Tex Roof Systems. It includes the call routing process from one department to another and the inflow and outflow processes.

2.1 Call Routing Process

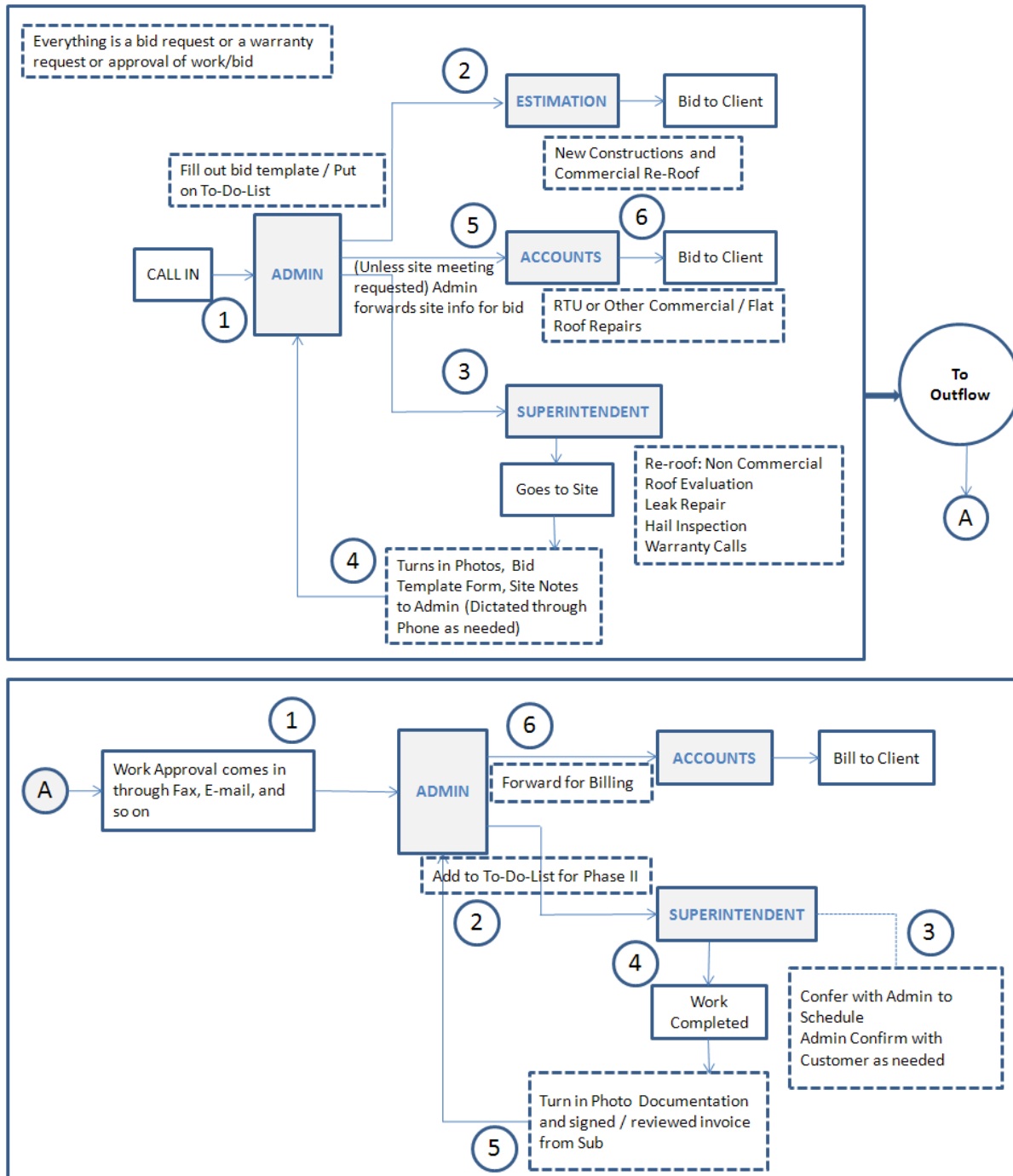
Tri-Tex Roofing Systems – Call Routing Process





2.2 Inflow and Outflow Processes

This section describes the processes specific to inflow and outflow, and the responsibilities of different departments with regards to specific client requests. The below figure depicts the complete flow from initial call enquiry to Admin to Accounts issuing bid to the client.



CHAPTER-3: WORKFLOWS AND PROTOCOLS

3.1 Admin

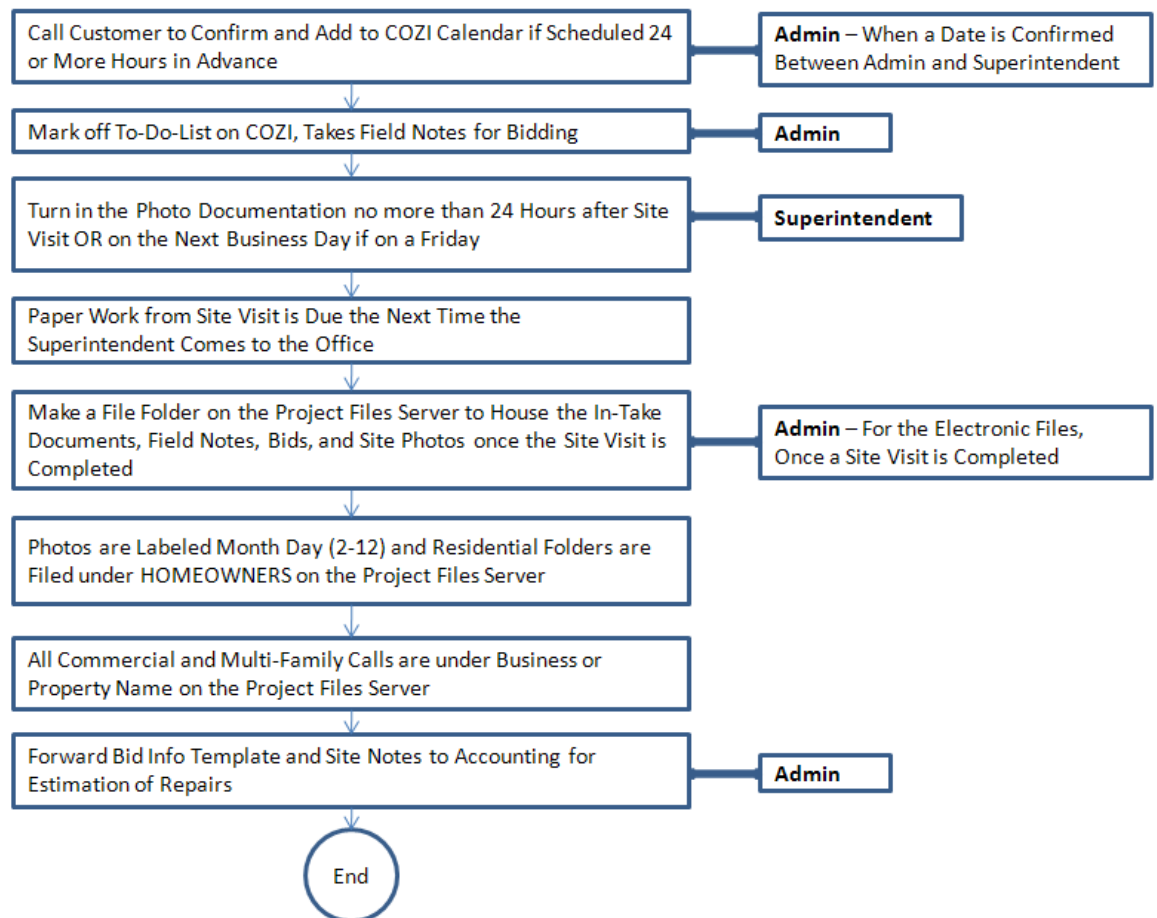
This section describes Admin's primary responsibilities, such as lead intake and scheduling related workflows, and maintenance of Human Resource files.

3.1.1 Lead Intake and Scheduling

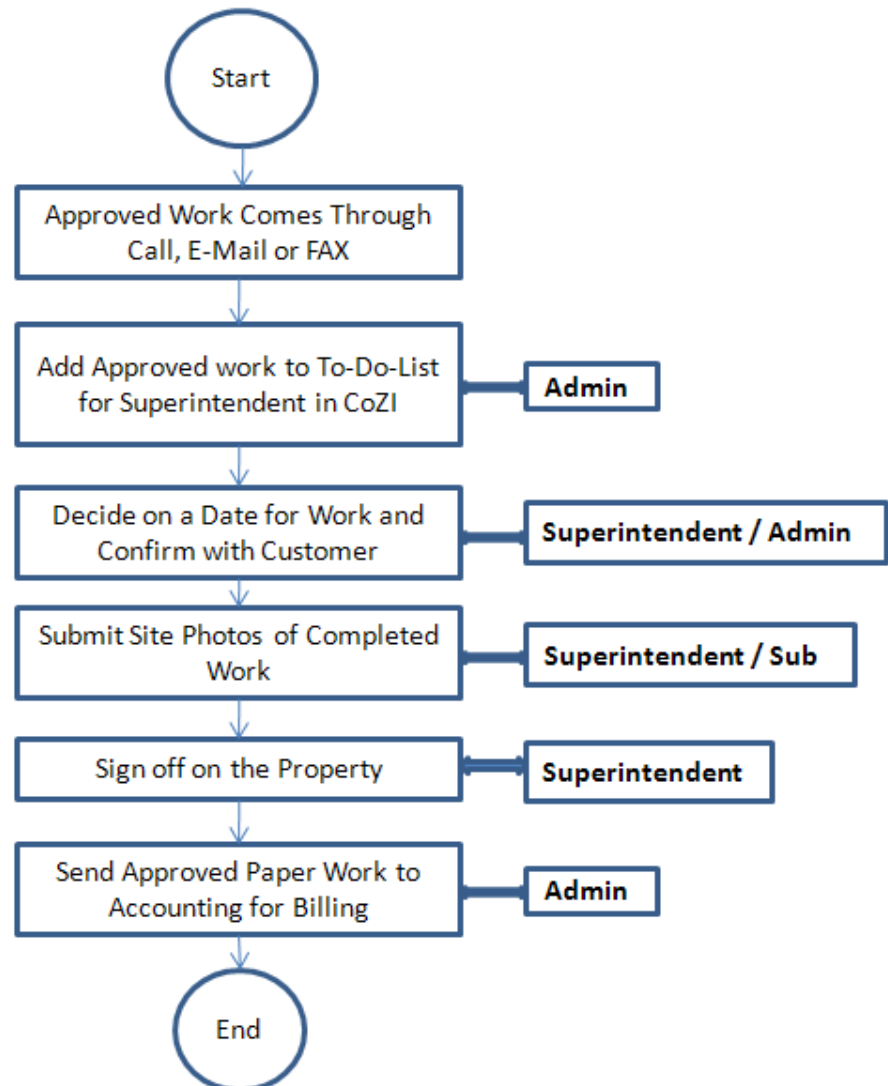
This section describes the lead intake and scheduling process in phases (Phase I and Phase II).

Tri-Tex Roofing Systems – Scheduling Phase I

Results from Initial Call Intake...



Tri-Tex Roofing Systems – Scheduling Phase II





3.1.2 HR/Maintenance of Sub files

A complete employee file contains the following:

W4

Signed offer letter or work agreement as applicable

Copy of driver's license

A complete sub file contains the following:

W9

Workers Compensation Waiver (if sub does not have carry workers compensation insurance)

Signed Vendor Agreement

Copy of Sub's G/L certificate with Tri-Tex listed as additional insured (where appropriate – mostly on new construction and jobs which have a subcontract attached to them)

3.2 Accounting

This section describes Accounting's primary responsibilities, such as bidding, billing, collections, pay applications, payroll, and sales tax collections.

3.2.1 Bidding

This section describes the bidding process.

In order to successfully bid, follow these steps:

1. Collaborate with Superintendent to price accurately
2. Refer to similar previous scopes to make sure no ancillary verbage is missing
3. Ensure that the standard profit margin is at least 35% (this may vary)
4. Discern if sales tax needs to be collected and mark bid appropriately.

3.2.2 Billing

This section describes the billing process.

Here at Tri-Tex, invoices are sent out as often as workload requires, with a target of at least on a weekly basis. The preferred method of delivery is E-mail.



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All repair invoices must be followed up with photo documentation. Once an invoice is saved, it is printed on recycled paper and held in Accounts Receivable file until payment is received.

When a check comes in, the invoice is pulled from the file and attached with other supporting documentation, such as check stub, deposit summary, and deposit receipt then filed in the Deposits pendaflex.



3.2.3 Collections

This section describes the collection process.

In accordance with Tri-Tex payment terms and Texas lien laws, finance charges are assessed, as applicable on invoices over 30 days and every 30 days thereafter that the account has a balance. As of 1/1/2012, Tri-Tex's APR is 18%, On accounts approaching 60 days past due, Accounting starts filing any late payment, non-payment, demand for payment, affidavit of lien notices, and liens as necessary to protect Tri-Tex from risk of bad debt.

3.2.4 Pay Applications

This section outlines the basics for pay applications as they apply to new construction, commercial, and other such contracts.

Pay applications are due on the 20th of every month unless otherwise noted by the GC. Percentage of work to be completed by month's end must be verified with Superintendent to ensure accuracy. GC may supply pay application forms or electronic AIA form on the Server can be utilized.

3.2.5 Payroll

This section describes employee payroll.

Payroll is processed for employees on a weekly basis through Surepayroll every Thursday by 2 PM. Tri-Tex's workweek runs Friday through Thursday.

The Owner and other Executive Officers are on a bi-weekly pay schedule.

3.2.6 Sales Tax Collection, Payment & Reporting

This section describes the sales tax collection process.

3.2.6.1 Nonresidential Repair and Remodel

In the case of non-residential repair and remodel, Tri-Tex collects the taxes at 8.25% on the total charge amount.

3.2.6.2 When Tri-Tex is the GC



When Tri-Tex is the General Contractor (GC) on a job, we are in charge of collecting tax from the client. We submit our resale certificate to the supplier for the appropriate job and we submit our resale certificate to whatever sub-contractors used to complete work.

3.2.6.3 When Tri-Tex is a Subcontractor?

In cases where Tri-Tex is a Sub, we submit our resale certificate to the supplier for the appropriate job and require our GC to submit to us a copy of their resale certificate, subject to their responsibility for collecting the tax for the customer.

All Sales tax amounts are deposited into a separate bank account until such time as Sales Tax reports are filed and that money is then paid to the State. Sales Tax reports are filed monthly or quarterly, depending on the amount of sales tax being collected in a given time period.

3.3 Field

This section describes primarily the Field responsibilities, such as inventory, site visit protocol, running the Subs, and rainouts.

3.3.1 Inventory

Here at Tri-Tex, inventory is performed every quarter or every month as deemed necessary. Accounting and the Superintendent determine the frequency of inventory depending on workflow and additional material on-hand for any given time period.

Upon agreement between Accounting and Super on frequency, Superintendent fills out the inventory form and forwards to Admin for logging. Subsequent to this, Admin forwards copy to Accounting for bidding accuracy and general knowledge of what's in stock.

Items for Re-sale:

Accounting sets pricing for all material on-hand that Company decides to re-sell.

3.3.1.1 What goes into Inventory?

All unused or additional material from a site, including any additional material purchased on behalf of the Sub for smaller repairs that remains unused goes into inventory. Sub is allowed to carry a certain amount of stock material on their truck for company repairs. All additional



material from large or new construction jobsites, such as tile, flat roofing, and so on must be stored in inventory and logged by the Superintendent for company records.

3.3.2 Site Visit Protocol

This section describes the site visit protocol.

Refer the following with regards to the site visit.

- Make sure you always take photographs
 1. Before
 2. After when the repair is done onsite
 3. Use Index Cards
- Avoid discussing the pricing part at onsite
- Leave a business card for easier business communication
- Take notes at every site for the following:
 4. Existing roof type
 5. Color
 6. Lead Count
 7. Any other problem areas, whether we provide solutions or not
 8. Estimated useful life left
 9. Any other collateral problem areas, such as siding, gutters, etc.

3.3.3 Running The Subs

This section describes the workflow between Field and Office personnel with regards to subcontractor scheduling and execution of awarded projects.

Here at Tri-Tex, the Superintendent and Sub(s) work together to determine the scopes and labor costing on smaller repairs.

For larger jobs, the Superintendent secures labor based on budget numbers provided to him by the Estimation department. The following are general guidelines for all involved personnel:

1. All labor pricing is agreed upon prior to work commencement - for larger jobs where a sub-contract is involved, this documentation must be executed and the Sub must



be cleared by HR prior to commencement of work.

2. Superintendent sets the schedule – Superintendent sets the schedule in accordance with the Sub's stated availability. If a reschedule occurs, it is the Superintendent who dictates when the job gets executed next in the sequence and NOT the Sub.
3. Superintendent must sign off on all completed work
4. Photo documentation must be presented either by the Superintendent or Sub
5. Superintendent ensures that the budget numbers for the Subs (and the entire project) are met, as appropriate

3.3.4 Rainouts

This section describes rainout protocol.

At Tri-Tex, the Superintendent always calls the rainouts.

If a rainout is called and a job is in progress, that appropriate job gets rolled to the next available day with the understanding that the roofers are to button up said job, i.e. keep the water out, until such time that Tri-Tex can return to the site to complete the task.

If there is a job already confirmed for the expected future, those job(s) get executed as planned, until the first available good weather day. Subsequent to this, the rained out job gets executed.

When there is a 20 percentage chance OR more/less of precipitation and a rainout is not called:

6. For re-roofs: Only tear off what can be put back on immediately
7. All other: Proceed with caution, in general
8. New construction: Once the deck is ready, drying-in takes priority over all other schedule items

CHAPTER-4: PROCESSING JOB FILES

This chapter describes general guidelines for how a job file is flows through the Admin and Accounting offices.

4.1 Repairs

At Tri-Tex, completed repairs are sent to Accounting for billing. Every invoice that goes out is followed up by site photos.

Admin assists Accounting as necessary during heavy bill cycles to ensure that all photo documentation is correctly logged and sent on with each outgoing invoice.

4.2 Re-roofs

This section provides information on some common types of re-roof situations and describes further the scheduling process:

- Out of Pocket
- Insurance Claims
- General Scheduling

4.2.1 Out of Pocket

In this situation, the homeowner is paying for his new roof with funding that is not the result of an insurance or other weather damage claim, and there is less paperwork overall. Final funds are due upon completion of work. Upon receipt of final payment, Accounting alerts Admin to issue 2 warranties, as follows:

- A 5 year labor warranty from Tri-Tex Roof Systems
- Applicable manufacturer warranty on material

Accounting issues any lien waivers and/or receipts, as appropriate.



4.2.2 Insurance Claims

In these cases, a homeowner has endured a weather catastrophe that has caused them to file a claim with their homeowner's insurance. Once the claim is filed, the insurance company sends out an adjustor to evaluate the extent of the damage. If a claim is approved, the homeowner receives a check from the adjustor on the day of their inspection to get started with repairs to the home, then the homeowner gets a depreciation check once the work is completed and insurance has notice that the property was restored.

Funds are still due upon completion, as with out of pocket customers, however in this case, Admin sends a COC (certificate of completion) the day of material drop. By the time the job is finished, depreciation is already on its way to the customer, lessening the amount of time between post construction and close out.

Upon receipt of final funds, Admin issues warranties, and Accounting issues any lien waivers and/or receipts.

4.2.3 General Scheduling

From the perspective of general scheduling, drop the materials on the roof the day before work is to begin. This gives time for the Superintendent to run by the site and check the material order and put anything additional on site that may not have been ordered. It also lessens the possibility that the material may not arrive on time, or at all to the site when the subs arrive to start their work.

CHAPTER-5: NEW CONSTRUCTION

This chapter describes as to what happens during each phase of the new construction cycle.

5.1 Pre-Construction

This section describes the pre-construction activities and efforts by various parties.

In the pre-construction cycle, the Admin and Accounting collaborate to:

- Execute contract in terms of appropriate signatures
- Ensure proper insurance coverage's are met
- Create SOV for the project based on Estimation Department's budget and with guidance by Estimation Department, as applicable
- Create a LOMS (list of major suppliers)
- Create new folder set to house all project-related documents

In addition, the Estimation and Superintendent collaborates to

- Obtain and verify shop drawings
- Send Submittals to GC
- Take field measurements
- Keep track of the budget
- Send pre-installation notices as applicable for any manufacturer warranties
- Create job binder for Superintendent

5.2 Construction

During the construction cycle, the Admin, Accounting, and Superintendent collaborate to:

- Report and record all change orders and back charges to general contractor
- Keep a general record of jobsite happenings as reported by Superintendent
- Keep up-to-date on all incoming charges, invoices, and other job expenses for budgeting
- Verify the percentage of work complete on sub pay applications
- Verify the percentage of work complete for pay applications to general contractor
- Report and record all change orders from Subs
- Submit inspection requests as applicable for manufacturer warranties

5.3 Post-Construction

In the post-construction cycle, the Admin, Accounting, and Superintendent collaborate to

- Verify whether the punchlist items are completed prior to final billing
- Submit closeout documents to GC once DOSC is announced
- Submit sales tax reports as requested by the GC

5.4 New Construction Workflow

Once the contract is signed, the following tasks are necessary:

1. Admin performs initial contract administration and set up:
 - a. Create a binder for the job
 - b. Pull important documents
 - c. Familiarize yourself with the contract/project
 - d. Send the requested updates to the appropriate parties as soon as possible
2. Get the submittals out. This is Estimation's responsibility.
3. Accounting enters the contract details into billing spreadsheet with the cumulative total, and refers to new construction billing protocol at the time of invoice.



5.5 Processing Pay Applications for Roofing Subs

Roofing Sub can only bill for completed work. You can verify with Superintendent, the percentage of work complete prior to issuing funds.

Sub invoices submitted on Wednesday before end of business are paid the following Friday (i.e. Invoice turned in on 3/28/2012 would be paid on 4/6/2012). Tri-Tex requires lien waivers on all checks that go out on a contract. If a Sub fails to execute a lien waiver, subsequent checks are held until such time that the missing lien waiver is executed and on file.

Retention on all subcontracts is held at 10%, payable upon completion, or inspection approval, if required.

All approved change orders and back charges are paid at close of subcontract.

5.6 Closing out a Contract

This section describes close out protocol.

The following is a general list of items typically required to closeout a new construction contract:

- Warranties
 - Letter of guarantee on Company letterhead (GC's generally provide the wording)
 - Manufacturer warranties – for each specification section and labeled by specification

Note: Verify the specification always, and submit three copies of any warranties

- Maintenance guidelines for product(s) installed
- Performance sign
- Other forms as required by the GC. This is generally in the specifications, if required.



CHAPTER-6: WARRANTIES

This chapter describes in detail, the different types of warranties.

Note: Admin is responsible for issuance and transfer of warranties.

6.1 Workmanship

This is a five year limited labor warranty. This type of warranty is transferrable once to the new owner of the home, and the client should sell their home within the warranty period.

6.2 Manufacturer

From the manufacturer perspective, the following are general warranty standards:

- **Shingle:** Standard warranties on shingles start at 25 years and go up to 50 years; the most common are 30 year and 25 year.
- **Metal Warranties:** This type is usually on the finish only and there is no finish warranty available on a metal roof with a 3:12 pitch or less.
- **Tile Warranties:** This type of warranties can be found at the manufacturer's website or through the supplier from which the material was ordered.
- **Flat Roofing Material:** Types of warranty requested here varies, but most common is 15 year or 20 year NDL (no dollar limit)



GLOSSARY OF ROOFING TERMS

BC - backcharge

BCS - bid cost spreadsheet

CO – change order

COC - certificate of completion

Depreciation - this is the amount the insurance holds until the work on the insurance claim has been completed and the insurance company given notice

DOSC - date of substantial completion: in new construction, this is the date posted on all warranty and other closeout documents

ETA - estimated time of arrival

GC - general contractor

H/O - homeowner

LOMS - list of major suppliers

NDL – no dollar limit

Pitch - how steep the roof is; signified by the number of inches the height of the roof rises for every 12 inches walked across i.e. 3:12 is not very steep but 12:12 is almost straight up.

RCV - replacement cost value; insurance term

RFI - request for information

RFP - request for proposal

Square - a square is equal to 100 square feet

SOV - schedule of values

SSM - standing seam metal