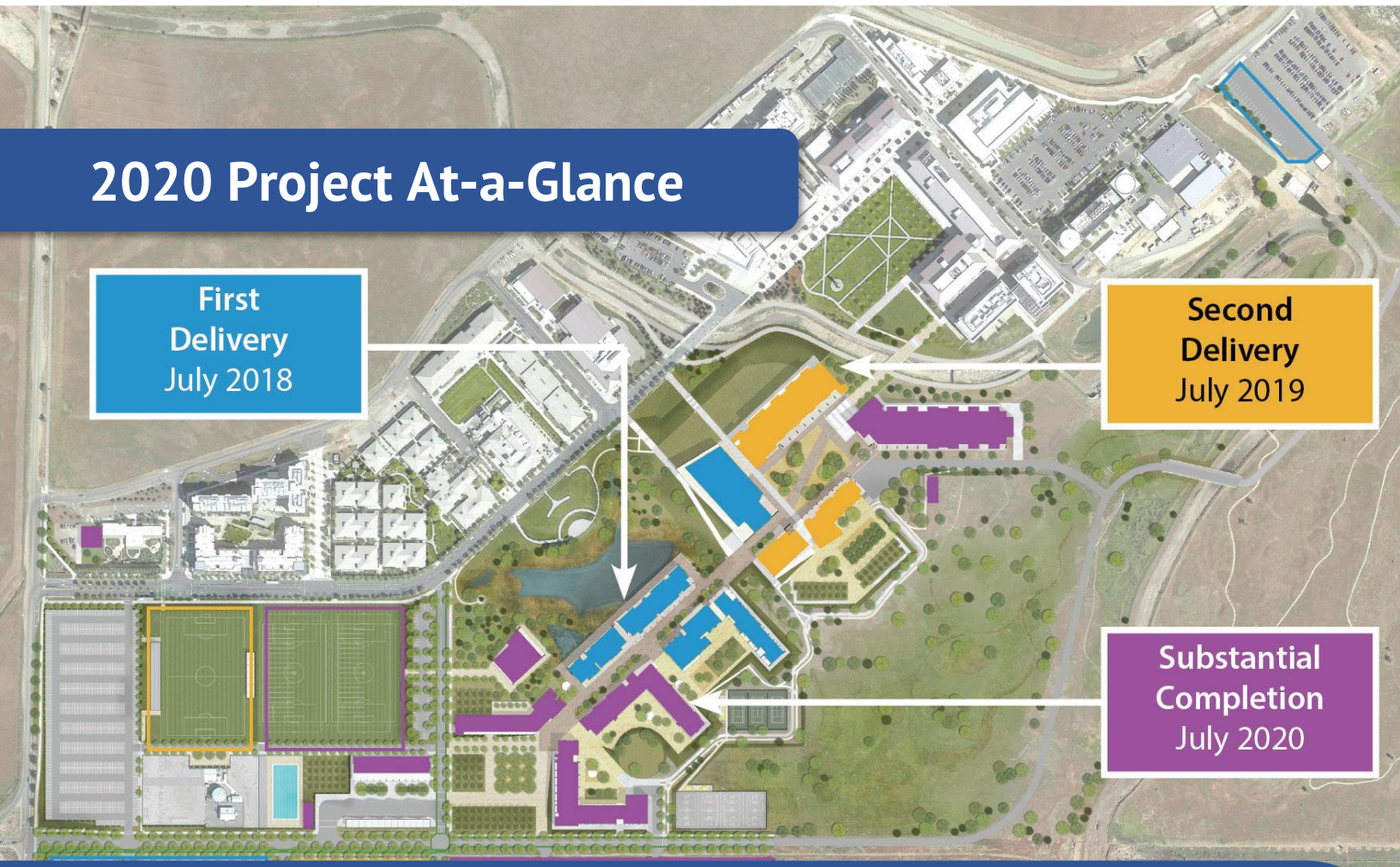
UCMERCED
UNIVERSITY OF CALIFORNIA

UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 9.0

PERIOD ENDING: 31 MARCH 2017

2020 Project At-a-Glance



Team

Owner' Representative
- AVC Michael McLeod (POPD)

Project Executive
- Adam Shaw (WT Partnership)

Developer/ProjectCo:
- Plenary Properties Merced ("PPM")

Equity:
- Plenary Group ("Plenary")

Design-Builder:
- Webcor Builders ("Webcor")

Operator:
- Johnson Controls ("JCI")

Commercial

Agreement:
- Availability Payment based P3 incl DBFOM
- 3 phase operational ramp-up

Term:
- 39 Years (incl 4 yr. construction)

Contract Value:
- $1,340,839,588

DB Contract Value:
- $1,166,631,875 (DB)

Annual O&M Cost (Real):
- $4.1m

Total Real Lifecycle Cost Model (over term)
- $101M

Security (equivalent cash value):
- DB Performance bond: $1,166m (100%)
- DB Payment Bond: $1,166m (100%)
- DB Limit of Liability: $583m ($50%)
- OM Limit of Liability: (200% annual cost)
- DB Parent Company Guarantee $583m ($50%)

Schedule

Financial Close
- August 15, 2016

First Delivery Occupancy Readiness Date
- July 1, 2018

Second Delivery Occupancy Readiness Date
- June 1, 2019

Substantial Completion
- June 1, 2020

Final Acceptance
- September 29, 2020

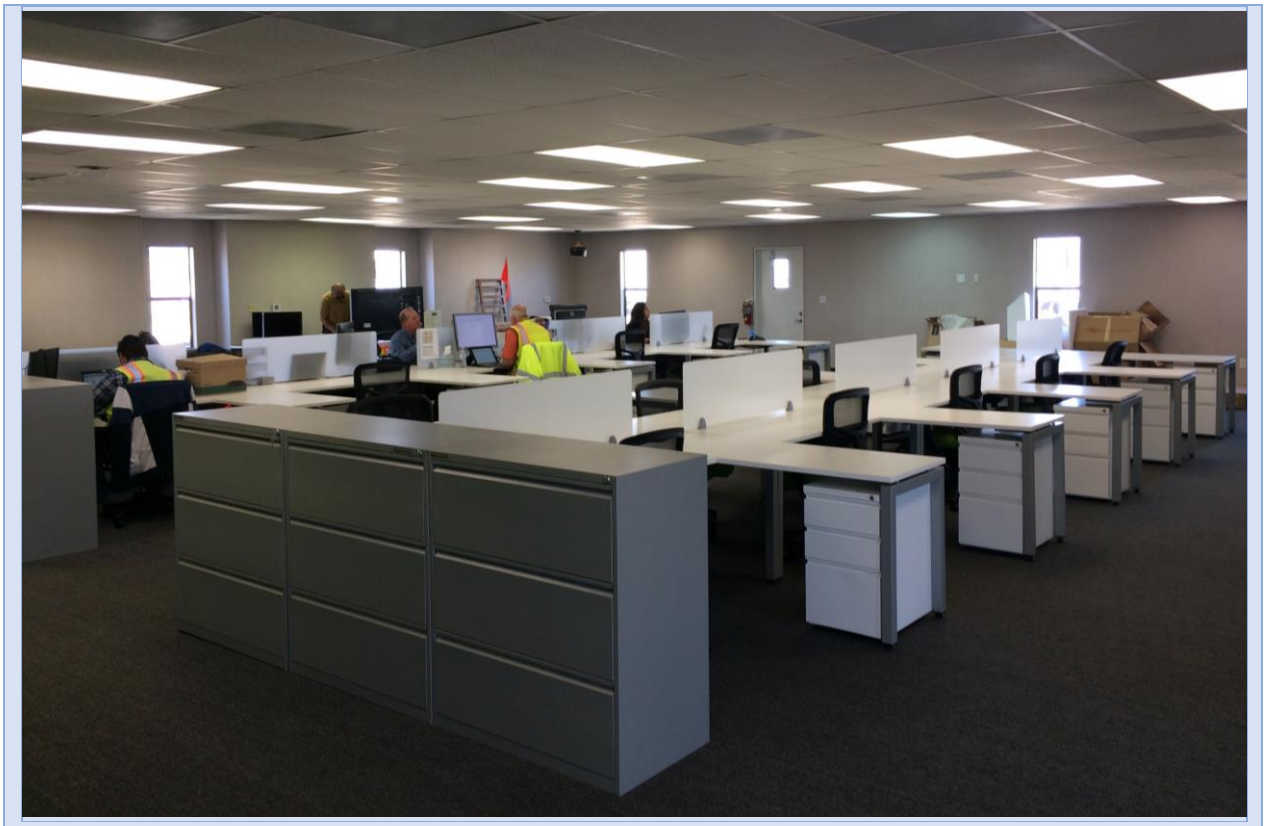
PA Long Stop Date
- June 1, 2021

Construction Schedule
- Circa 46 Months

Operating Period:
35 – 37 Years

merced2020.ucmerced.edu

1. EXECUTIVE SUMMARY



UCM's on-site office trailer

PROJECT EXECUTIVE'S SUMMARY

The weather conditions improved in March and PPM has been able to make considerable progress towards the project goals. During the period: Bldg. 1B foundations are being reinforced and concrete poured. Excavation for Bldg. 1D pads are in progress. Excavation of Bldg. 2A pad has begun and as well as the foundation beams layout and installations. 1st Phase of Parking lot P4 (including road) location & layout has commenced also electrical & telecom utilities work. The Project Team are closely monitoring PPM's schedule recovery plans / actions for lost productivity, in order for PPM to stay on track for First Delivery.

The pending finalization of the Lake Streambed Alteration Agreements and permit issuance by California Department of Fish & Wildlife permit remains a primary critical path constraint. As of the end of March, PPM reported they had received the draft agreement and were actively requesting the protocol to negotiate requirements. At this point in time, it is assumed that the CDFW is reviewing PPM's proposed revisions and/or drafting the final agreement for signature. CDFW have not responded to any of PPM's follow-up status request updates. However, PPM are working on this issue and the University continues to be held harmless by the delay at this time.

As of the end of the period, the Project Team officially relocated to the UCM on-site trailer. We continue to ramp up our efforts on organization and operational planning and look forward to participating in a partnering session with PPM on April 20th 2017. We will continue to keep the Governance Board abreast of any changes to the progress of the works during the weekly meetings.

GOVERNANCE & OVERSIGHT

Per previous reports, the Governance structure remains in full force and on a number of issues the Project Team continues to liaise with the Governance Board and Office of General Council (OGC).

In recent Board meetings, the agenda has now expanded to consider a number of operational and institutional work streams that need to be developed in good time for 1st delivery.

DESIGN & CONSTRUCTION

Coordination activities with City and County of Merced, Merced Irrigation District, and State Agencies are ongoing. Design is in varying stages with 1st delivery buildings primarily completed the construction documentation stage. Presently, ninety-five (95) design submittals have been received (88 completed and 7 in progress) and One hundred & twenty-seven (127) stakeholder meetings held to date, to solicit input.

PROJECT CONTROLS

Schedule

The Project Team had conducted a further review of Baseline Schedule V3 along with the Developer's January '17 and February '17 project schedule updates. The schedules were accepted with notations for the Developer to take into consideration when producing the March '17 update.

The Developer is required to produce the Project Schedule and status all events each month against the approved Baseline Schedule. The Developer has also been requested to demonstrate mitigation plans for recovery of slippages and lost productivity.

The Developer, complied with the condition of NTP2 (B), namely the provision of a project office during the period.

Budget

The Campus Budget is retained as approved at a total of $148.13 million. Subject to initial analysis by the project team, the Owner Operating Budget ($79.38 million) and Campus Contingency ($68.75 million) has been broken-down to allow adequate cost control measures to be implemented to ensure suitable funds are retained to close out the project. Expenditure is currently at $5.21 million (3.5%) of total forecast.

Careful consideration of change requests is required to avoid budget overspends. The total anticipated expenditure (characterized by both Change Orders and Preliminary Change Orders) is currently within our contingency forecast.

The Project Team continues to successfully negotiate and mitigate Change Orders and their impacts.

Scope

There continues to be a series of collaborative design review meetings with the Developer and with feedback from the Stakeholders. Reviews during the period included: 100% CD "Package 4B Utilities" Academic Walk, 50% CD "Package 6A Utilities" Mineral King Bridge, 100% DD 2A-Lab, 100% SD 2B-CompLab & 100% SD 2D-Modular.

CONTRACT MANAGEMENT

The Developer continues to deliver both Administrative and Design Submittals in the period.

The following were issued to the Developer during the period: One (1) Preliminary Change Order, Five (5) Unilateral Change Orders, three (3) Change Orders and Two (2) Deviation requests were approved

The Project Team have reviewed and responded to the Developer requesting further information pertaining to Relief Event Notices for :

- Feb 21, 2017 Time Impact Analysis (TIA) #2) for Force Majeure Flood Event (Mitigated for Phase 2 & 3 Deliveries)
- Feb 23, 2017 Time Impact Analysis (TIA) #1) for Force Majeure Flood Event (Unmitigated impact Phases 1, 2 & 3)

OPERATIONS

The primary focus for Project Operations in the period continues to be budgeting and forecasting each of the key contracts to enable proactive budget management of the constrained project funds. Additional interface meetings are being scheduled with Johnson Controls Incorporated (JCI).

PROJECT PROGRESS PHOTOS

2. PROJECT HEALTH DASHBOARD

No concerns | Unable to comment | Monitoring required | Immediate action required

Schedule	As noted in further detail hereunder, the Project Schedule has experienced slippages on both design and early construction activities primarily due to CDFW and weather impacts resulting in revised sequencing. The Developer's schedule updates for January '17 & February '17 were approved with notations for consideration in the production of the March '17 schedule update. The Project Team has reviewed and responded to the Developer's requesting further information pertaining to the Time Impact Analysis (TIA's #1 & #2) submittals. The Developer continues to status the actual progress against the baseline schedule to show slippages and cure mitigation actions.

	Start	Finish	Slippage	Status
First Delivery	20 Jun 2016	1 July 2018	50 - Days	Potential delay
Second Delivery	15 Aug 2016	1 Jun 2019	None	On-target
Final Delivery	3 Jan 2017	1 Jun 2020	None	On-target

Cost	The Project Budget continues to be further developed by the project team and financial analyst. Twenty-five (25) Preliminary Change Orders (PCO) have been raised to date. Of which, five (5) Change Orders have been issued, nine (9) Unilateral Change Orders (UCO) have been instructed, a further nine (9) are under various stages of development and two (2) have been cancelled. The cumulative potential impact is in the order of (-$1.32m) resulting in a net increase to contingency. Amounts shown in table are in millions ($MM)

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Forecast
(A)Project Operations	$90.22	$1.14	$91.36	$4.64	$91.36
(B) Campus Integration	$22.00	(-$1.14)	$20.86	$0.31	$20.86
(C) Construction Contingency	$35.91	$0.00	$35.91	$0.26	$35.91
(D) Construction Credits	$0.00	$0.00	$1.32	$0.00	$1.32
(E) Total	**$148.13**	**$0.00**	**$149.45**	**$5.21**	**$149.45**

Scope	Five (5) PCOs are with the Developer for pricing, with Four (4) Change Order Estimate currently under negotiation and two (2) have been cancelled. Stakeholder requests for scope changes are being carefully monitored, and require both justification and approvals through the governance structure.

	Executed Change Orders	Change Price Requests	Forecast Changes
Quantity (No.)	5	8	4
Aggregate Cost ($k)	EST $0.26m	EST (–$1.32)	$TBD
Annualized Cost($k)	EST $0.00m	$TBD	$TBD
Time Impact (days)	EST Nil	Nil	Nil

Developer Compliance	Regarding contract compliance by the Developer, pursuant to Article 4.7 Conditions to Commencement of Construction Work item 4.7.1 of the Project Agreement, in the absence of authorized construction permits, the CDFW opines that the Developer's "At Risk" Construction work is non-compliant with their requirements. Otherwise, design and administrative submittals are being provided in accordance with the Project Agreement requirements. Pursuant to Technical Requirements Section 3.8.7.4 (General Requirements) item (b), the Developer issued a notice of noncompliance to their Key Electrical Subcontractor on March 10th 2017 for incorrect fire alarm cabling installation. The work was rectified during the period.
Contract Notices	1 No. Delay Relief Notice.
Labor Compliance	No issues to report.
Health & Safety	No safety issues or Lost Time Injuries (LTI) to date.
Community Engagement	No complaints have yet been reported from the construction hotline.
Communication	Communication between the Project 2020 team, external authorities, the Developer, and Stakeholders continues to work positively. A partnering meeting has been rescheduled for April 20th 2017.
Stakeholder Engagement	Stakeholders are actively engaged in design review and shared governance. Their concerns focus largely on campus impacts, safety, traffic, & parking, and each case has been worked to close. There were 17 Stakeholder meetings held during the period.
Risk	The Team continues to systematically evaluate areas of risk with mitigation plans for each. Current delays which are not compensated under the contract give concern that PPM cannot achieve First Delivery by the contract dates. Campus is undertaking contingency planning to consider how to minimize the impact of late delivery.