UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 23.0

PERIOD ENDING: 31 May 2018

Team

Owner's Authorized Representative & Project Executive
- VC/COO Michael McLeod (POPD)

Lead Project Manager
- Paul Mackintosh (WT Partnership)

Developer/Project Co:
- 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 12, 2016

First Delivery Occupancy Readiness Date
- August 6, 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

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Purpose of Report

This report is provided for the benefit of the Leadership Team, executive-level reporting, and historical record, in the on-going management of the University of California, Merced 2020 Project. It includes observations about project activities, project health, Developer performance, risk, and process improvement opportunities.

[Parenthesis] - Square brackets are utilized within the document to illustrate an opinion founded on information available at the time of writing. It affords the author and the Project Team the opportunity to review the conclusion following discussion and liaison, where relevant, revising following initial issue for finalization.

Document Control

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1. EXECUTIVE SUMMARY

PROJECT EXECUTIVE'S SUMMARY

At the time of writing this report, the Project is tracking 4 weeks out from delivering the first building (1D - Dining Facility) of the new 2020 Campus. Site activities during May focused on preparing for the Occupancy Readiness of Project's first three buildings. The completion status of each building stands at 1D Dining - 95% complete, 1A/3B Housing 90% complete, and 1B Housing - 88% complete. The completion of these projects on schedule and on budget is due to the efforts of all Project 2020 team members, UCM stakeholders and the 979,176 hours of field labor provided by the Developer, Builder and their contractors.

During the month the Project site was shut down for one weekend (11th and 12th May) to allow for graduation ceremonies to take place on Campus. On May 17th a celebratory BBQ was held for 820 personnel on site in preparation for First Delivery, with Chancellor Dorothy Leland thanking everyone for their efforts in the project to date.

GOVERNANCE & OVERSIGHT

The Project Team continues to liaise with the Governance Board and Office of General Council (OGC) on project issues. Two Governance Board meetings were held during the period where a variety of Change Orders and project issues were reviewed and discussed.

DESIGN, CONSTRUCTION, O&M

Design & Construct

Design activities for site infrastructure and landscaping are significantly complete. Design work for athletic fields are complete and the competition pool is currently in Construction Design. The majority of design work for Second Delivery 2A and 2B is complete and in permit back check phase. Third Delivery Building design is also well underway with design for 3D Housing finalised and 3G – Conference Centre, 3H ALO and 3M Wellness Center in Construction Design phases.

From a total of three hundred and ninety-nine (399) Requests for Information (RFI) / Owner Questions, twenty (20) were received during the month of May with a closeout rate of 98%.

O&M

JCI obtained access cards during the month and are preparing to perform background checks for their personnel before operating on the 2020 campus. Training for the Developer's CMMS program 'QFM' has been scheduled for next month and will be the first introduction of the how the Developer's Customer Service Center will work and interface with the existing campus systems. Furniture and Equipment purchased by the University outside of the contract are being procured and deliveries are on schedule in preparation for Occupancy Readiness The project team are currently reviewing remaining equipment needs for early delivery of the Competition field.

PROJECT CONTROLS

Schedule

The Project continues to track well towards the revised First Delivery dates with final fitout and commissioning activities for 1D the focus for this month.

Budget

The Campus Budget is retained as approved at a total of $148.13 million comprising: Owner Operating Budget ($79.38 million) and Campus Contingency ($68.75 million). Adequate cost control measures continue to be implemented to ensure suitable funds are retained to close out the Project. Expenditure currently stands at $20.34 million (13.73%) of the total forecast. Careful measures continue to be enacted in the consideration of Change Requests to mitigate impacts and avoid budget overspends.

CONTRACT MANAGEMENT

To date, fifty-seven (57) Preliminary Change Orders (PCO) have been issued. Forty-nine (49) Change Orders, forty-two (42) Unilateral Change Orders (UCO) have also been issued to date. Eleven (11) Developer Change Proposals (DCP) have been approved to date with none issued during this period.

In the month of May, 33 new active native-bird nests were found on the Project site, including some threatened species. Although working around the many common birds nesting on site (such as killdeer, mourning doves, house finches, and others) continues to be a challenge, so far, the majority of Project activities have avoided impacting any nesting birds.

At the beginning of the month one tree removal incident occurred along Fairfield Canal without Plenary Properties Merced LLC (“Developer”’) implementing or adhering to the University’s required avoidance and minimization measures. After further evaluating the incident, the University issued a notice of Noncompliance to the Developer for failure to perform environmental requirements under the Contract Documents. The Developer submitted two Notice of Cures to address the issue.

OPERATIONS

The primary focus for Project Operations in the period continued to be schedule management, budgeting, and forecasting each of the key contracts to enable proactive budget management of the constrained Project funds.

PROJECT PROGRESS PHOTOS

Progress Photo 1. *1D Dining Progress 16th May 2018*

Progress Photo 2. *1A/3B Boardwalk 3rd May 2018*

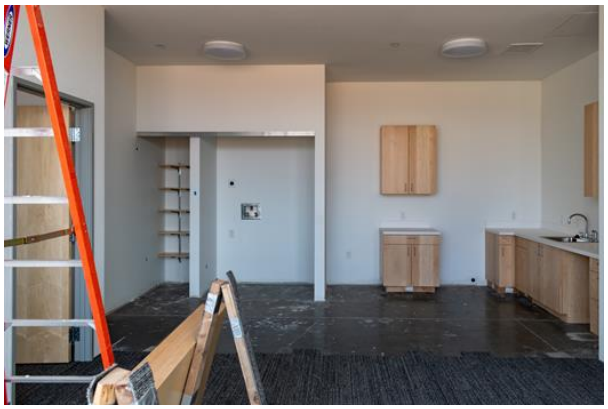
Progress Photo 3. *1A/3B Restroom 3rd May 2018*

Progress Photo 4. *1A/3B Housing Lounge 3rd May 2018*

Progress Photo 5. *1A/3B Housing Metal Cladding 16th May 2018*

Progress Photo 6. *1B Housing Courtyard 3rd May 2018*

Progress Photo 7. *1B Housing Façade 3rd May 2018*



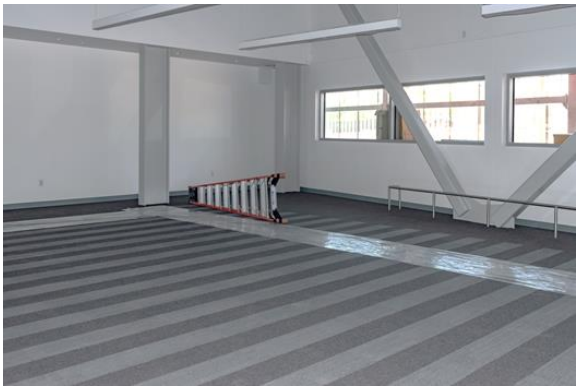
Progress Photo 8. *1B Housing Apartments 30th May 2018*

Progress Photo 9. *1B Housing Lounges 30th May 2018*

Progress Photo 10. *1D Dining Hardscape 3rd May 2018*

Progress Photo 11. *1D Dining Landscape 16th May 2018*

Progress Photo 12. *1D Dining Kitchen 3rd May 2018*



Progress Photo 13. *1D Dining (Private) 3rd May 2018*

Progress Photo 14. *1D Dining Storage Corridor 3rd May 2018*

Progress Photo 15. *1D Dining Freezer 16th May 2018*

Progress Photo 16. *1D Dining Hardscape 30th May 2018*

Progress Photo 17. *1D Dining Façade 30th May 2018*

Progress Photo 18. *2A Lab Glazing 16th May 2018*

Progress Photo 19. *2A Lab Framing 16th May 2018*

Progress Photo 20. *3A Lab Foundations 30th May 2018*

Progress Photo 21. *3C Housing 30th May 2018*

Progress Photo22. *Mineral King Bridge 16th May 2018*

Progress Photo 23. *Comp / Rec Fields 3rd May 2018*

2. PROJECT HEALTH DASHBOARD

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

Schedule	The project continues to track well towards the revised First Delivery dates with commissioning activities and transition to Operation & Maintenance in full swing. No issues occurred during the month that would cause the schedule for First Delivery buildings to slip.

	Start	Contractual Finish	Potential Finish	Slippage	Status
First Delivery	20 Jun 2016	1 July 2018	6 Aug 2018	36 Days	On target
1A - Housing	20 Jun 2016	1 July 2018	6 Aug 2018	36 Days	On target
1B - Housing	20 Jun 2016	1 July 2018	25 July 2018	24 Days	On target
1D - Dining	20 Jun 2016	1 July 2018	1 July 2018	Nil	On target
Second Delivery	15 Aug 2016	1 Jun 2019	1 Jun 2019	None	On target
Final Delivery	3 Jan 2017	1 Jun 2020	1 Jun 2019	None	On target

Cost	The Project Budget continues to be further developed by the Project Team and Financial Analyst. To date, fifty-seven (57) Preliminary Change Orders (PCO) have been issued. Forty-nine (49) Change Orders, forty-two (42) Unilateral Change Orders (UCO) have also been issued to date. Eleven (11) Developer Change Proposals (DCP) have been approved to date. None were issued during the period. The cumulative potential impact of all authorized changes (also known as Unilateral Change Orders) is in the order of $11.80m. Amounts shown in table are in millions ($MM).

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Pending Committed Costs	Remaining Budget
(A)Project Operations	$90.22	(-$2.15)	$88.07	$13.99	$0.00	$74.05
(B) Campus Integration	$22.00	$2.15	$24.15	$5.46	$0.00	$18.52
(C) Construction Contingency	$35.90	$0.00	$35.90	$0.00	$19.29	$15.90
(D) Construction Credits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
(E) Total	**$148.13**	**$0.00**	**$148.13**	**$20.15**	**$19.29**	**$108.49**

	Scope	May saw four (4) items issued to final agreed Change Order. The Owner is currently analyzing and reconciling costs with the Developer on the remaining open items. It is the Project Team's continued opinion that the change process is still working effectively to filter scope creep. Any Change Orders that are being implemented, continue to undergo rigorous and substantive business case analysis and Governance approval.

	Total Executed Change Orders	Total Unilateral Change Orders	Total Preliminary Change Orders
Quantity (No.)	49	42	57
Aggregate Cost ($k)	EST $7.49	EST $11.80	$TBD
Time Impact (days)	Nil	Nil	Nil

Developer Compliance	One formal non-compliance notice was issued by the Owner to the Developer during the period.
Contract Notices	None from the Developer in the period.
Labor Compliance	No issues to report for the period.
Health & Safety	In the period: Recordable Injuries – 0 First Aid – 8 Lost Time Injuries - 0 From January 1, 2017 through to May 21st 2018, 77 First Aids and 10 Recordable injuries were documented.
Community Engagement	A 'Rebuild Together' event took place on April 28th with the Builder's team providing labor and materials to the Merced Boys and Girls Club. The event was featured in the Merced County Times during the period on May 3rd.
Communication	During the month the site was visited by two separate foundations and Bloomberg TV's Municipal Bond program undertook a 4-minute live shoot with Chancellor Leland.
Stakeholder Engagement	Stakeholders are actively engaged in design review and shared governance. They continue to focus on campus logistics and operational use of the buildings particularly in the lead up to First Delivery. Each case has been addressed and will be brought to a close imminently. Twenty-two (22) Stakeholder meetings were held and one (1) shoulder to shoulder design meeting was held this month.
Risk	The Team continues to systematically evaluate areas of risk with mitigation plans for each. Presently the Developer remains on schedule to achieve First Delivery, however Campus continues to proactively undertake contingency planning should schedule slippages occur.