UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 25.0

PERIOD ENDING: 31 July 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 2020 Project Team takes great pleasures in confirming that the first six (6) facilities of First Delivery have now successfully been completed and handed over to the University to occupy. 1D Pavilion, 1A Granite Pass, 1B Glacier Point, 2E Bobcat Field, P4 Parking Lot and P5 Parking Lot are now awaiting to be fully utilized at the commencement of the next semester. Faculty and Students are scheduled to occupy the Facilities from mid-August while the Developer continues to progress building works on the remaining Second and Third Delivery Facilities. Inaugural events celebrating the successful completion and opening of these Facilities will take place in the middle of the month with the outcomes to be reported in the next Monthly Report.

GOVERNANCE & OVERSIGHT

The Project Team continues to liaise with the Governance Board and Office of General Council (OGC) on project issues. Three 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 all First Delivery Buildings, site infrastructure and landscaping are complete. Design work for athletic fields are complete and the competition pool is currently in Construction Design phase. Overall design for the 2D Research Server and 3D Housing is complete and the Structural Design for 2A and 2B Labs, and 3A Lab and 3C Housing is now complete. CD Design Phase work for Building 3G Conference Center, 3H ALO and 3M Wellness is progressing, and designers will continue design for Building 3A2 Greenhouse since a project group visited the UC Davis Campus for design input.

From a total of four hundred and twenty-nine (429) Requests for Information (RFI) / Owner Questions received from the Developer, nineteen (19) were received during the month with a closeout rate of 96.5%.

O&M

The new Customer Service Center (CSC) is now online with only a few minor Call Center issues logged. Interaction meetings have also been established with UCM and JCI workgroups to continue improving the interconnection between the CSC and FM Help Desk and improve the customer's experience.

The requirements for the Permit to Operate (PTO) to bring O&M services for Little Lake are currently under review and turn-over of Little Lake to the University is awaiting the Authority to Construct (ATC) permit from the Developer.

PROJECT CONTROLS

Schedule

The project continues to remain on track with all First Delivery Facilities were successfully delivered ahead of the revised agreed contract dates. The transition to Operate and Maintain phase of First

Delivery Facilities has now taken place with Faculty and Students moving into the new facilities in mid-August 2018 in preparation for commencement of the next semester.

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 $23.58 million (15.9%) 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, sixty-one (61) Preliminary Change Orders (PCO) have been issued. Fifty-three (53) Change Orders, forty-nine (49) Unilateral Change Orders (UCO) have also been issued to date. Thirteen (13) Developer Change Proposals (DCP) have been approved to date with none issued during this period.

In regard to environmental compliance, the nesting bird season began winding down in July. As of July 31, there was only 5 active nests on the construction site. On July 12th the Merced County Mosquito Abatement District released approximately 60 mosquitofish (Gambusia affinis) into Little Lake which will hopefully reduce infestations of mosquitos and other nuisance aquatic invertebrates. Biologists continued to be on site daily during construction activities to help implement the terms and conditions of the University's environmental permits.

OPERATIONS

The primary focus for Project Operations in the period continued to cover schedule management, budgeting, and forecasting each of the key contracts to enable proactive budget management of the constrained Project funds. Operations of the project will continue to evolve over time, particularly with the transition to Operate and Maintain phase of First Delivery buildings now turned over to the University to occupy. The University's Facility Team and JCI will now take a lead role in coordinating any operational activities taking place in this building moving forward.

PROJECT PROGRESS PHOTOS

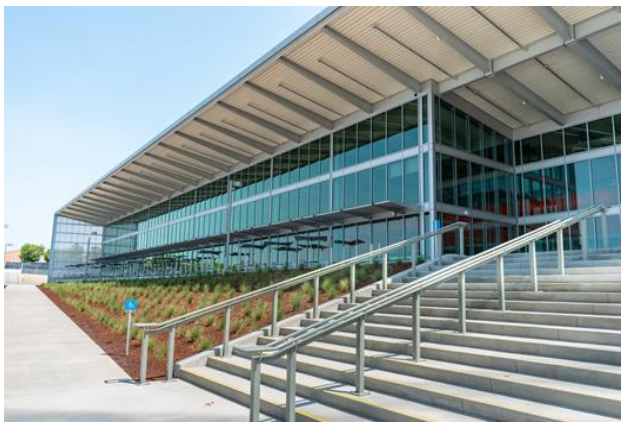
Progress Photo 1. *Housing 1A, 1B and 3C, Aerial, July 2018*

Progress Photo 2. *Dining, Post UCM Occupancy 2nd July 2018*

Progress Photo 3. *Dining Serving Stations 2nd July 2018*

Progress Photo 4. *Dining Seating 2nd July 2018*

Progress Photo 5. *Dining Patio 2nd July 2018*

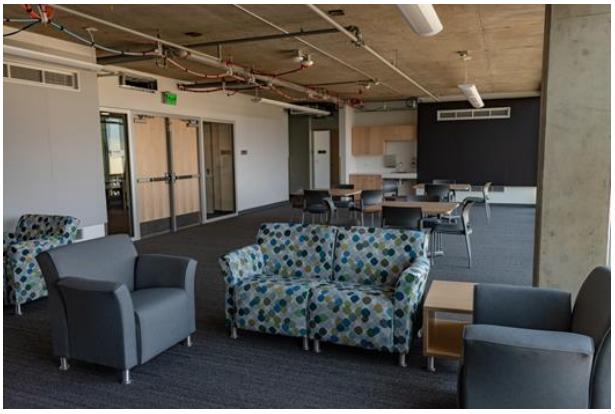


Progress Photo 6. *Dining Approach 2nd July 2018*

Progress Photo 7. *1B Housing Exterior 18th July 2018*

Progress Photo 8. *1B Housing Exterior 18th July 2018*

Progress Photo 9. *Typical Triple Dorm 19th July 2018*



Progress Photo 10. *1B Resident Lounge 26th July 2018*

Progress Photo 11. *Courtyard & Tennis Courts 26th July 2018*

Progress Photo 12. *Competition Field 2nd July 2018*

Progress Photo 13. *2A Mixed Lab 19th July 2018*

Progress Photo 14. *3A Mixed Lab 19th July 2018*

2. PROJECT HEALTH DASHBOARD

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

Schedule	The project continues to remain on track with all First Delivery Facilities were successfully delivered ahead of the revised agreed contract dates. The transition to Operate and Maintain phase of First Delivery Facilities has now taken place with Faculty and Students moving into the new facilities in mid-August 2018 in preparation for commencement of the next semester.

	Start	Contractual Finish	Potential Finish	Delivery	Status
First Delivery	20 Jun 2016	6th August 2018	Complete	-4days	Completed early
1A - Housing	20 Jun 2016	6th August 2018	Complete	-4days	Completed early
1B - Housing	20 Jun 2016	25th July 2018	Complete	-5days	Completed early
1D - Dining	20 Jun 2016	1st July 2018	Complete	0 days	Completed on time
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 (50) Preliminary Change Orders (PCO) have been issued. Fifty-three (53) Change Orders, forty-nine (49) Unilateral Change Orders (UCO) have also been issued to date. Thirteen (13) 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 $18.22 million. Amounts shown in table are in millions ($MM).

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Pending Committed Costs	Remaining Budget
(A)Project Operations	$90.22	(-$2.15)	$86.22	$17.19	$0.00	$69.02
(B) Campus Integration	$22.00	$2.15	$26.00	$5.68	$0.00	$20.31
(C) Construction Contingency	$35.90	$0.00	$35.90	$0.69	$24.96	$10.25
(D) Construction Credits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
(E) Total	**$148.13**	**$0.00**	**$148.13**	**$23.56**	**$24.96**	**$99.61**

Scope	July saw two (2) item 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.)	53	49	61
Aggregate Cost ($k)	EST $6.74	EST $18.22	$TBD
Time Impact (days)	Nil	Nil	Nil

Developer Compliance	No non-compliance notices were issued 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 – 1 First Aid – 8 Lost Time Injuries - 0 From January 1, 2017 through to July 18th, 2018, 91 First Aids and 9 Recordable injuries were documented.
Community Engagement	The Builder's team participating in the Merced Softball League won their championship game on July 12th.
Communication	A P2020 First Delivery video was developed during the period using site drone footage and is set for public release in August 2018. The 2020 Instagram page is also ramping up communications with daily updates on the project.
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 and occupancy of the two new housing buildings Twelve (12) Stakeholder meetings were held and no shoulder to shoulder design meetings were 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, having delivered the first two buildings earlier than the revised delivery dates. However, Campus continues to proactively undertake contingency planning should schedule slippages occur.