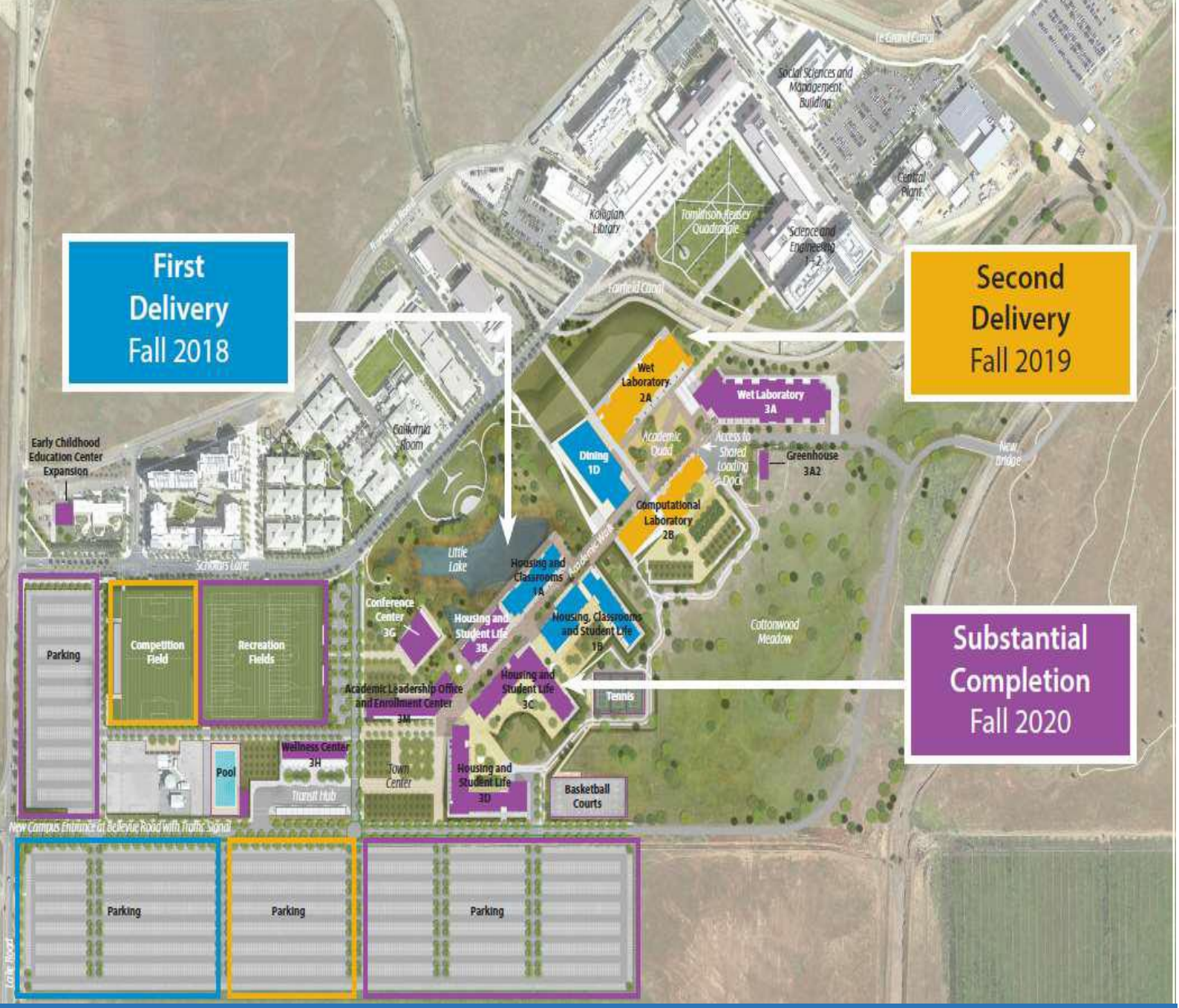
UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 30.0

PERIOD ENDING: 31 December 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 (Achieved)

Second Delivery Occupancy Readiness Date
- June 1, 2019

Substantial Completion
- June 1, 2020

Final Acceptance
- October 29, 2020

PA Long Stop Date
- June 1, 2021

Construction Schedule
- Circa 46 Months

Operating Period:
- 35 – 37 Years

merced2020.ucmerced.edu

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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

Report Title	UC Merced 2020 | Project Performance Report 30.0				
Doc ID	2020 Project Performance Report 30 December 2018 (Campus)			Project Ref	Z830PUA026
Client	University of California, Merced				
Box Link					
Rev	Date	Details	Author	Verifier	Approver
	1/23/2019	Draft Report	RW	PM	MJM

1. EXECUTIVE SUMMARY

PROJECT EXECUTIVE'S SUMMARY

As 2018 comes to a close, the 2020 Project sits on the cusp of finalizing design, and construction is well underway for Second and Third Delivery facilities.

Design for all facilities is wrapping up and colors and materials were presented for interior and exterior finishes of 3M/3K sporting and wellness facilities with review expected to take place in Mid-January 2019.

The Project received positive coverage to close out the year, with a prominent mention in Chancellor Leland's Q&A with the Los Angeles Times and in an op-ed by the Fresno Bee.

Lastly, Chancellor Leland and the UCM faculty expected to occupy lab buildings 2A, 2B and 3A joined the 2020 Project Team for a holiday celebration and tour of the 2A wet lab mock up space.

The Project Team look forward to a successful 2019 in the lead up to opening the next group of 2020 campus facilities.

GOVERNANCE & OVERSIGHT

The Project Team continues to liaise with the Governance Board and Office of General Council (OGC) on project issues. No Governance Board meetings were held during the period due to the short month prior to the holiday break. One (1) email communication was circulated during the period.

DESIGN, CONSTRUCTION, O&M

Design & Construct

During December, design activities mainly focused on completing the Competition Pool (3K), the Conference Center (3G) and ALO Enrolment Center (3H), with site foundations also now in place. The Hazardous Materials Building (3P) that was brought back into scope has now reached the end of Schematic Design and the University has submitted comments back to the Developer to close out Schematic Design of the Greenhouse (3A2).

A total of three hundred and fifty-one (351) design submittals have been received since the Project's inception. During the period, the Design Review Team received five (5) new design submittals for review from the Developer on behalf of the University.

From a total of four hundred and eighty-six (486) Requests for Information (RFI) / Owner Questions received from the Developer, thirteen (13) were received during the month of December with a closeout rate of 96.7%. To date, the University has submitted thirty-seven (37) Owner RFI's to the Developer for response.

O&M

In the month of December 2018 there were 76 project related work requests generated in QFM. There were (8) for power issues and (6) for Life Safety (exit and fire extinguisher) signage missing in Glacier Point due to vandalism. All work requests carried over from November 2018 were completed within the allowable Cure Periods.

Additionally:

- There were 128 Planned Maintenance work orders and all were completed.

- There are 274 Planned Maintenance work orders for the next six week period.
- JCI incurred one Non-compliance Instance and one Non-compliance Point in the Payment Adjustment report.

PROJECT CONTROLS

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 $33.96 million (22.92%) 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

The Project Budget continues to be further developed by the Project Team and Financial Analyst. To date, fifty-three (53) Preliminary Change Orders (PCO) have been issued. Sixty (60) Change Orders and sixty (60) 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 is in the order of $26.79 million. Amounts shown in table are in millions ($MM).

Throughout December, biologists on the 2020 Project site continued to work with construction personnel to ensure adherence to conditions of the University's environmental permits and documents. No threatened and endangered species were seen on the project site in the month of December.

In regard to the resolution of the California Department of Fish and Wildlife second 1600 Application for Streambed Alternation Agreements, CDFW has rejected the resubmittal and a further resubmittal is being prepared by the Developer.

Webcor, LSA and Sequoia (in coordination with UC Merced) are revising the revegetation plan which will be provided to CDFW once all the planting locations have been identified and all the required tree replacements are accounted for.

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 Management Team and JCI will continue to take a lead role in coordinating operational activities taking place in this building moving forward.

PROJECT PROGRESS PHOTOS

Progress Photo 1. *2A/3A Exterior Lab December 2018*

Progress Photo 2. *2B Exterior December 2018*

Progress Photo 3. *3A Exterior December 2018*

Progress Photo 4. *Cotton Wood Meadow December 2018*

Progress Photo 5. *3M/3K Grading December 2018*

Progress Photo 6. *3D Exterior December 2018*

2. PROJECT HEALTH DASHBOARD

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

Schedule	The Project continues to remain on track with a consistent schedule review process in place each month. Second Delivery facilities are still on track to be handed over to the University in June 2019.

	Start	Contractual Finish	Potential Finish	Delivery	Status
First Delivery	20 Jun 2016	6th Aug 2018	Complete	None	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 2020	None	On target

Cost	The Project Budget continues to be further developed by the Project Team and Financial Analyst. To date, fifty-three (53) Preliminary Change Orders (PCO) have been issued. Sixty (60) Change Orders and sixty (60) 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 is in the order of $26.79 million. Amounts shown in table are in millions ($MM).

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Pending Committed Costs	Remaining Budget
(A)Project Operations	$90.22	(-$4.00)	$86.22	$23.01	$0.00	$63.20
(B) Campus Integration	$22.00	$4.00	$26.00	$6.96	$0.00	$19.04
(C) Construction Contingency	$35.90	$0.00	$35.90	$3.98	$26.79	$5.12
(D) Construction Credits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
(E) Total	**$148.13**	**$0.00**	**$148.13**	**$33.96**	**$26.79**	**$87.37**

Scope	No new items were issued to final agreed Change Order during the month. 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.)	60	60	53

	Aggregate Cost ($k)	EST $9.72	EST $17.06	$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 December 14th, 2018, 140 First Aids and 12 Recordable injuries were documented.		
	Community Engagement	A number of community engagement activities were undertaken by the Developer during the month. See Section 9 for further details.		
Communication		Please refer to Section 9 for all external communication activities, site visits and social media activity for the month.		
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. During the period thirty-six (36) meetings were held. One (1) shoulder to shoulder design meeting was also held.		
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.		