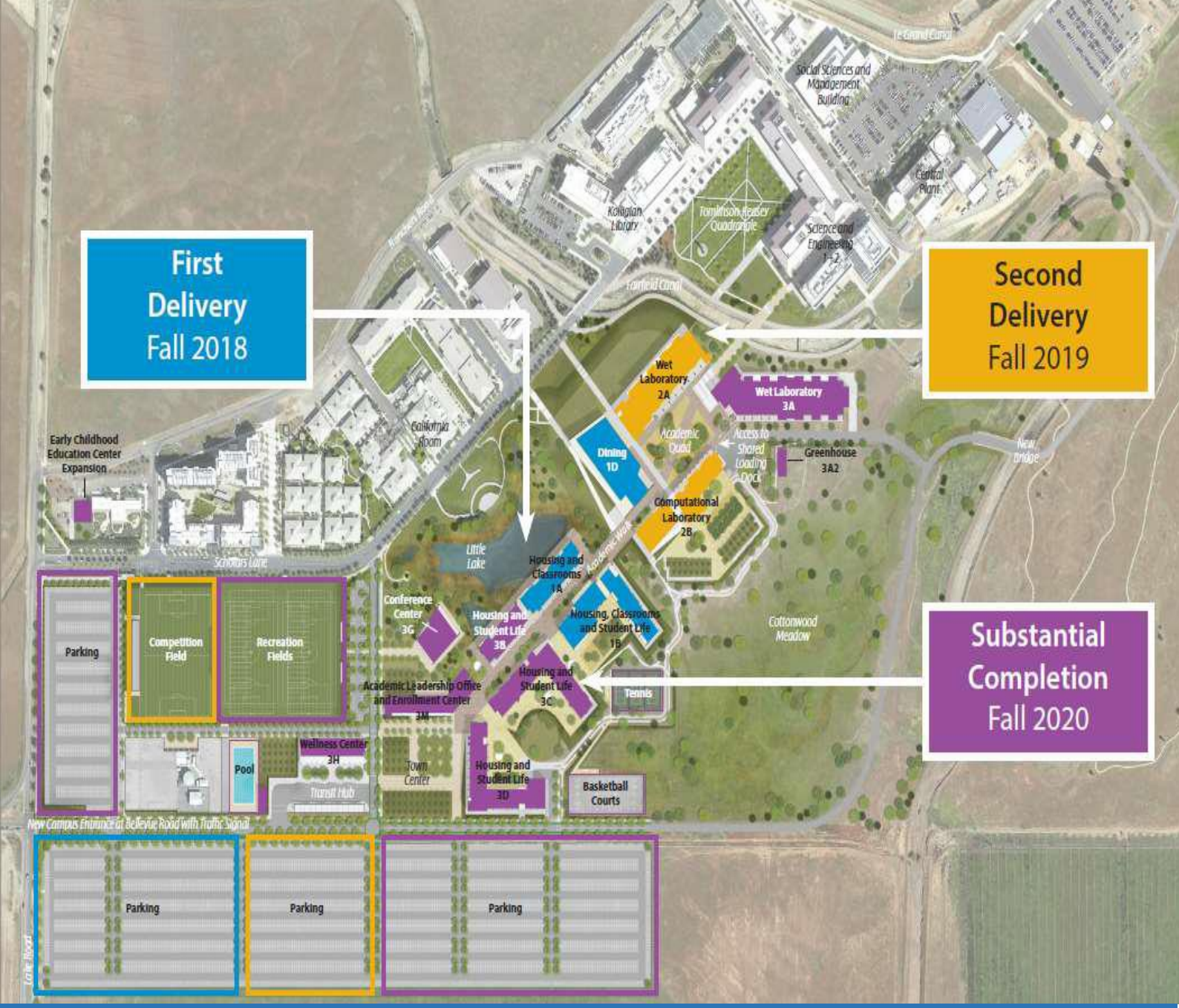
UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 32.0

PERIOD ENDING: 28 February 2019



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 32.0				
Doc ID	2020 Project Performance Report 32 February 2019 (Campus)			Project Ref	Z830PUA026
Client	University of California, Merced				
Box Link					
Rev	Date	Details	Author	Verifier	Approver
	4/1/2019	Draft Report	RW	PM	MJM

1. EXECUTIVE SUMMARY

PROJECT EXECUTIVE'S SUMMARY

During February the remaining design activities for the Competition Pool, Wellness Center and ALO Enrolment facilities neared completion. Second Delivery Lab Buildings 2A and 2B were in process of start-up and commissioning phases in anticipation for opening later this year and construction is well underway for buildings 1H, 3A, 3C and 3D. The first set of changes to accommodate researchers in Lab Building 2A were also approved by the 2020 Governance Board allowing the Developer to begin design and construction work to fit-up these spaces.

GOVERNANCE & OVERSIGHT

The Project Team continues to liaise with the Governance Board and Office of General Council (OGC) on project issues. Two (2) Governance Board meetings were held during the period.

DESIGN, CONSTRUCTION, O&M

Design & Construct

A total of three hundred and fifty-eight (358) design submittals have been received since the Project's inception. During the period, the DRT received three (3) new design submittals (Table 4.2) for review from the Developer on behalf of the University

From a total of five hundred and thirteen (513) Requests for Information (RFI) / Owner Questions received from the Developer, eleven (11) were received during the month of February with a closeout rate of 97.9%. To date, the University has submitted thirty-seven (37) Owner RFI's to the Developer for response.

O&M

In the month of February 2019 there were 126 project related work requests generated in QFM, up 12% from las month. There were twenty-three (23) for power issues and four (4) relating to a leak in Granite Pass housing building. JCI began testing replacement AFCI receptacles as a permanent solution and is working with American Standard to replace manufacturer defects in installed hoses.

Additionally:

- There were 111 Planned Maintenance work orders and all were completed, down 27% from last month
- There are 147 Planned Maintenance work orders for the next six-week period
- 1 availability failure and 4 non-compliance instances with 5 non-compliance points were documented during the period

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 $44.27 million (29.89%) 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, seventy-two (72) Preliminary Change Orders (PCO) have been issued. Sixty-seven (67) Change Orders and sixty-four (64) Unilateral Change Orders (UCO) have also been issued to date. No additions to the thirteen (13) Developer Change Proposals (DCP) have been approved to date. The cumulative potential impact of all authorized changes is in the order of $31.56 million. Amounts shown in table are in millions ($MM).

Throughout February, 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 February.

On February 14, Webcor Builders, Sherwood Design Engineers, Sequoia Ecological Consulting and UC Merced representatives met to discuss (1) preparation for the upcoming 2019 bird nesting season and (2) the need for storm water release off the 2020 Project site. The Developer submitted two (2) documents regarding water quality sampling during storm water release events (Appendices G and H). Water was released south of the construction site on February 15, 20, and 25. UC Merced's Environmental Health and Safety Director, has been coordinating with Webcor to determine if discharge events have been in compliance with the 2020 Project Storm Water Pollution Prevention Plan.

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. *Lab 2B External Façade February 2019*

Progress Photo 2. *Lab 2A Front Courtyard February 2018*

Progress Photo 3. *Third Delivery Construction February 2019*

Progress Photo 4. *Lab 2A Ducting Prep February 2019*

Progress Photo 5. *Lab 2A Exterior February 2019*

Progress Photo 6. *3D Housing Exterior February 2019*

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, seventy-two (72) Preliminary Change Orders (PCO) have been issued. Sixty-seven (67) Change Orders and sixty-four (64) Unilateral Change Orders (UCO) have also been issued to date. No additions to the thirteen (13) Developer Change Proposals (DCP) have been approved to date. The cumulative potential impact of all authorized changes is in the order of $31.56 million. Amounts shown in table are in millions ($MM).

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Pending Committed Costs	Remaining Budget
(A)Project Operations	$90.22	($6.00)	$84.22	$24.96	$0.00	$59.25
(B) Campus Integration	$22.00	$3.00	$28.00	$8.86	$0.00	$19.13
(C) Construction Contingency	$35.90	$0.00	$35.90	$10.44	$31.56	$4.34
(D) Construction Credits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
(E) Total	**$148.13**	**$0.00**	**$148.13**	**$44.27**	**$31.56**	**$82.75**

Scope	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.)	67	64	72
Aggregate Cost ($k)	EST $11.51	EST $20.05	$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 – 0 First Aid – 3 Lost Time Injuries - 0 From January 1, 2017 through to February 18th , 2019, 146 First Aids and 13 Recordable injuries were documented.
Community Engagement	During February, the Developer's Project Team continued work in planning a project with United Way of Merced County on March 23: to install a "Born Learning" interactive nature trail at Merced's Stephen Leonard Park. On February 5, Webcor Project Engineer Matthew Moran also presented to high school students at Lompoc School District's Career Technical Education program on careers in engineering and construction.
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 nine stakeholder (9) meetings were held and one (1) shoulder to shoulder design meeting was held during the period.
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.