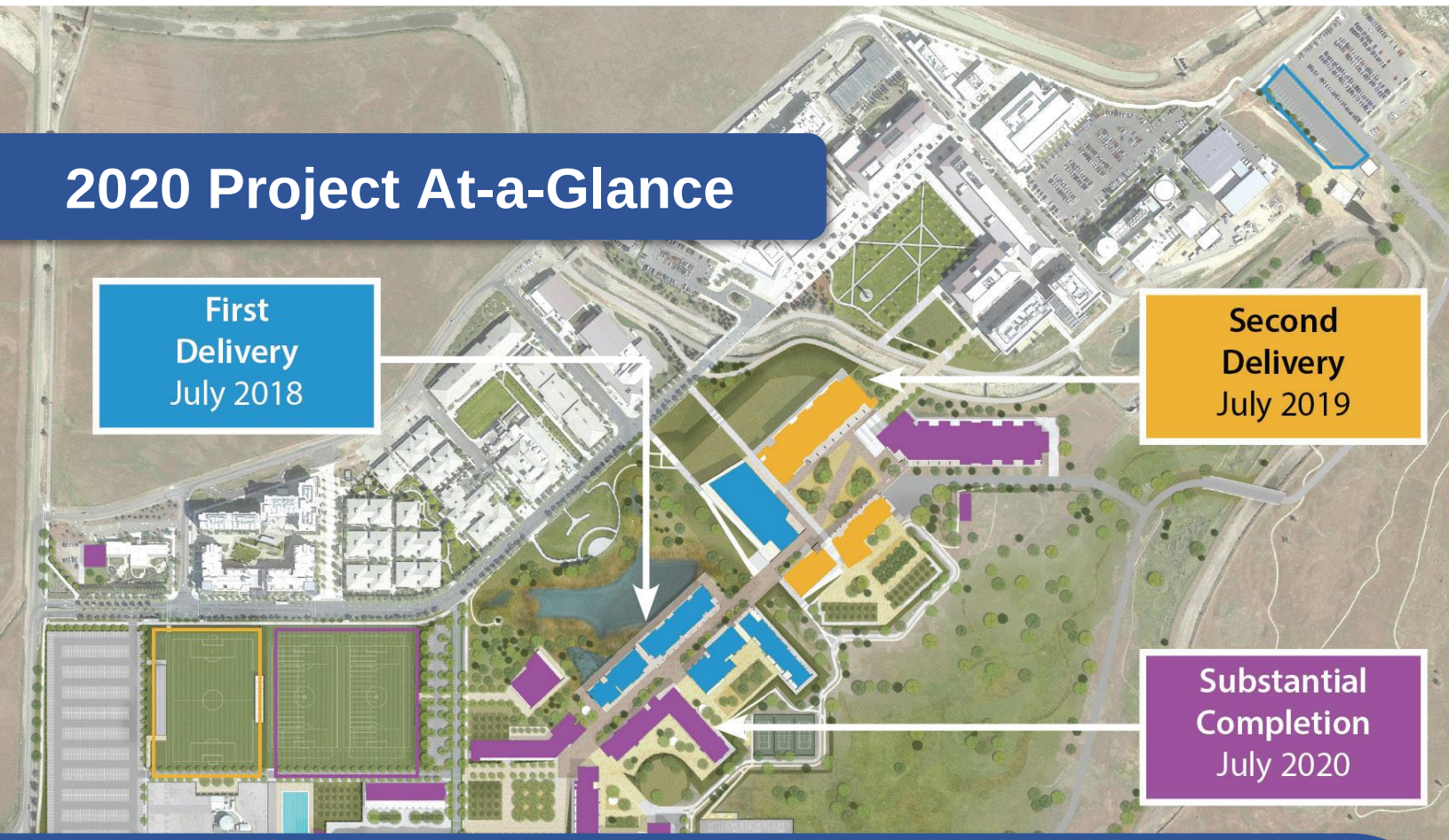
UCMERCED
UNIVERSITY OF CALIFORNIA

UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 8.0

PERIOD ENDING: 28 FEBRUARY 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`

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1. EXECUTIVE SUMMARY

PROJECT EXECUTIVE'S SUMMARY

As is detailed hereunder, the project has experienced significant amounts of inclement weather since the start of the year, however before now the impact has not been know. In February a number of areas of work required remediation / complete replacement due to saturation of the clay soils. Whilst the contract makes due provision for weather contingencies, PPM still have to recover some lost productivity in order to stay on schedule for First Delivery.

The team are working closely with PPM to ensure that progress is ramped up and recovery of delay is made. Weather aside, the continued absence of a California Department of Fish & Wildlife permit remains a primary critical path constraint. PPM are working on this issue and the University continues to be held harmless by the delay at this time.

In the coming month we look forward to ramping up our efforts on organization and operational planning as well as taking part in a partnering session with PPM. We will continue to keep the Governance Board abreast of any change 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

Early works activities continue, such as potholing, site surveying, grading and utility work. Coordination with City and County of Merced, Merced Irrigation District, and State Agencies is ongoing. Design is in varying stages with 1st delivery buildings primarily in or entering the construction documentation stage. Presently, seventy (70) design submittals have been received (57 completed and 13 in progress) and One Hundred & Eleven (111) stakeholder meetings held to date, to solicit input.

PROJECT CONTROLS

Schedule

The Project Team had conducted a further review and had subsequent close coordination meetings with the Developer regarding the Baseline Schedule. Revisions to work sequencing; incorporating additional events; and resource and cost loading activities. Baseline schedule V3 was submitted and approved on January 31, 2017 including the removal of the NTP 2 (A) schedule condition.

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 issued the January Schedule Update on February 28th 2017 which is currently under review.

Subject to negotiation with the Developer, it was agreed that the condition of NTP2 (B), namely the provision of a project office, would be deferred to March 27, 2017 as a good faith effort to allow effective cure plans to be executed.

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 $4.47 million (3%) of total forecast.

Based on empirical project costings, the funds available for construction contingency are very limited. As such, very 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 however the same number of new items arising in each subsequent reporting period cannot be sustained.

The Project Team continues to successfully negotiate better savings to date than were stated through the Governance approval process, which we believe demonstrates that the structure and approach is being successful at mitigating 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: 50% CD 1A Housing, 100% SD 2E Competition Field & 100% DD Site Utilities

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: Three (3) Preliminary Change Orders, Two (2) Change Orders and One (1) Deviation request was approved

The Developer has formally submitted Relief Event Notices as follows:

• 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)

These TIA's are currently being reviewed and analysed for validity by the Project Team.

The team have undertaken a structured risk review and are continuing to refine the approach to risk mitigation in contract implementation and project organization approach. All concerns and issues are being logged with the Unifier system. There are no material emerging or unforeseen risks to the project delivery to report at this time.

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. The first of many interface meetings has been scheduled with Johnson Controls Incorporated (JCI).

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 Baseline Schedule V3 was approved on January 31, 2017. The Developer has submitted Time Impact Analysis (TIA's #1 & #2) and is working on statusing 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. Fifteen (15) Preliminary Change Orders (PCO) have been raised to date. Of which, three (3) Change Orders have been issued, five (5) Unilateral (UCO) have been instructed, a further five (5) are under various stages of development and two (2) have been cancelled. The cumulative potential impact is in the order of (-$1.23m) resulting in a net increase to contingency. Amounts shown in table are in millions ($MM)

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Forecast
(A)Project Operations	$90.22	$1.14	$91.36	$4.07	$91.36
(B) Campus Integration	$22.00	(-$1.14)	$20.86	$0.18	$20.86
(C) Construction Contingency	$35.91	$0.00	$35.91	$0.22	$35.91
(D) Construction Credits	$0.00	$0.00	$1.23	$0.00	$1.23
(E) Total	**$148.13**	**$0.00**	**$149.36**	**$4.47**	**$149.36**

Scope	Three (3) PCOs are with the Developer for pricing, with Eight (8) 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.)	3	12	5
Aggregate Cost ($k)	EST $0.22m	EST (–$1.23)	$TBD
Annualized Cost($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 2.4.7.6 (Traffic Control) sub-section 2.4.7.4.1 (c) the Developer was issued a noncompliance notice on February 2nd 2017. The Developer issued a cure notice on February 4th 2017.
Contract Notices	1 No. Delay Relief
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 scheduled for April 3rd 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 7 Stakeholder meetings held during the period.
Risk	The Team continues to systematically evaluate areas of risk and formal workshops are in development. No claims are anticipated.