UNIVERSITY OF CALIFORNIA | MERCED 2020 PROJECT

PROJECT PERFORMANCE MONTHLY REPORT 28.0

PERIOD ENDING: 31 October 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

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1. EXECUTIVE SUMMARY

PROJECT EXECUTIVE'S SUMMARY

Construction on the Merced 2020 Project has now been underway for 13 months and the Project continues to progress both on time and on budget.

Since opening, the facilities have been well utilized with 317,850 meals served at the Pavilion, 27 events held at the Pavilion, 18 sporting games played at Bobcat Field, and 96% of First Delivery dormitory beds now occupied by students.

To date, over 65,000 cubic yards of concrete have been poured, and 16 million lbs of reinforced steel installed across the site. Construction for Second Delivery Laboratory Facilities is now 65% complete and both buildings are on track to be available prior to the start of the fall 2019 academic year. Design and site preparations for the remaining Third Delivery phase are also progressing to schedule for use prior to the start of the fall 2020 academic year. To date there have been no changes to the schedule and the Project continues to observe no significant cost overruns for which the Regents would be responsible. Significant effort is now being placed on finalizing remaining Third Delivery designs and planning the transition of faculty from existing campus into the upcoming Second Delivery laboratory buildings, to align future building functionality with individual research needs.

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 for site infrastructure and landscape is significantly complete. Design work for the athletic fields is also complete and the competition pool (3K) is currently in the CD design phase. Design for Buildings 2B and 2D are now complete and structural design for Building 2A is also complete. The remainder of work design for Buildings 2A and 3A is in permit back check. Design for Building 3C and 3D is complete and structural design for Buildings 3G and 3H are also complete. Structural design for Building 3M is currently in backcheck process.

A total of three hundred and forty-one (341) design submittals have been received since the Project's inception. During the period, the DRT received five (5) new design submittals were received for the month.

From a total of four hundred and sixty-eight (468) Requests for Information (RFI) / Owner Questions received from the Developer, fifteen (15) were received during the month of October with a closeout rate of 97.9%. To date, the University has submitted thirty-six (36) Owner RFI's to the Developer for response.

O&M

Work continues improving the customer interface of the Developers Work Request System and improvements are beginning to show. A few significant events occurred during the month in First Delivery buildings including vandalism in Glacier Point dormitory where a fire sprinkler was damaged causing the fire sprinklers to release and flood four floors. All students were evacuated

from their rooms and were moved to other rooms on campus. Another event was a sanitary flood at Glacier Point caused by paper towels being placed in the toilets. Clean up and restoration was successfully undertaken.

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 $31.06 million (20.90%) 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, forty-seven (47) Preliminary Change Orders (PCO) have been issued. Fifty-eight (58) Change Orders and fifty-nine (59) 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 $25.99million. Amounts shown in table are in millions ($MM).

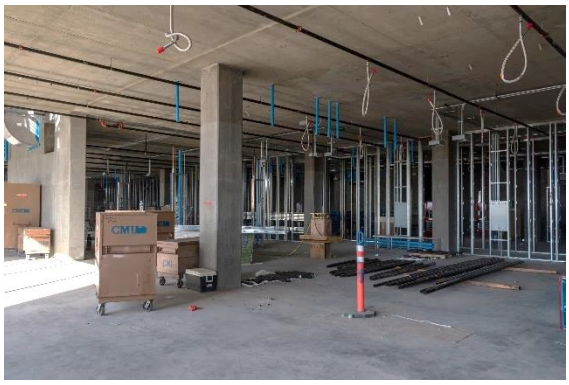
In regard to environmental compliance, biologists continued to work with construction personnel to ensure adherence to conditions of the University's environmental permits and documents. In October, Webcor received an email from a CDFW representative stating Little Lake and Lower Pond Streambed and Lake Alteration Agreement (Reference no. 1600-2016-0213-R4) is currently out of compliance because the Revegetation Plan required within the permit has not yet been approved by CDFW. The University continues to work with the Developer while this issue is resolved.

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. *3A Lab 26th October 2018*



Progress Photo 2. *3A Lab 17th October 2018*

Progress Photo 3. *3A Lab 31st October 2018*

Progress Photo 4. *2B North Façade 31st October 2018*

Progress Photo 5. *2B Auditorium 10th October 2018*

Progress Photo 6. *2A North Facade 31st October 2018*

Progress Photo 7. *2B South Facade 10th October 2018*

Progress Photo 8. *2A Lab Mockup 31st October 2018*

Progress Photo 9. *2A Lab Mockup 31st October 2018*

Progress Photo 10. *Basketball Court 31st October 2018*

Progress Photo 11. *3D Housing 31st October 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 tracking to be handed over to the University in July 2019.

	Start	Contractual Finish	Potential Finish	Delivery	Status
First Delivery	20 Jun 2016	6th August 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 2019	None	On target

Cost	The Project Budget continues to be further developed by the Project Team and Financial Analyst. To date, forty-seven (47) Preliminary Change Orders (PCO) have been issued. Fifty-eight (58) Change Orders and fifty-nine (59) 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 $25.99 million. Amounts shown in table are in millions ($MM).

	Regents Approval	Transfers	Adjusted Budget	Expenditure to Date	Pending Committed Costs	Remaining Budget
(A)Project Operations	$90.22	(-$4.00)	$86.22	$21.52	$0.00	$64.69
(B) Campus Integration	$22.00	$4.00	$26.00	$6.41	$0.00	$19.59
(C) Construction Contingency	$35.90	$0.00	$35.90	$3.13	$25.99	$6.78
(D) Construction Credits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
(E) Total	**$148.13**	**$0.00**	**$148.13**	**$31.06**	**$25.99**	**$91.06**

Scope	October saw no new 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.)	58	59	47
Aggregate Cost ($k)	EST $8.16	EST $17.83	$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 – 14 Lost Time Injuries - 0 From January 1, 2017 through to October 18th, 2018, 123 First Aids and 10 Recordable injuries were documented.
Community Engagement	On September 26, 32 students ages 12 to 14 from Gustine Middle School came for a site visit and tour. They met with the Webcor project team and learned about construction careers and the necessary education and training. During the first week of October, Webcor volunteers joined with the community in participating in and sponsoring the Special Olympics Bowling Tournament in Merced. On October 18, Webcor, along with many other area employers, participated in a High School Career Day to talk with students about careers in design, engineering, and construction. The event was held at the Fairgrounds and over 1,500 students participated
Communication	Please refer to Section 9.2 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 eight (8) meetings were held. Two (2) shoulder to shoulder design meetings were 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.