February 6, 2014

State of California - Department of General Services

Department of Veterans Affairs

Owner’s Representative

1227 O Street

West Sacramento, CA 95814

Subject: **Notice of Impact – Proposal Request No. 001 / Change Estimate No. 001**

Fresno, California Veterans Home

Serial Letter No. 001

Mr. / Ms. Owner’s Representative:

In accordance with the Prime Agreement and your request, Hensel Phelps is pleased to provide to you the cost and schedule impacts associated with Proposal Request No. 001, which we are tracking under Change Estimate No. 001. In the absence of a complete design to analyze the full impact, Hensel Phelps has endeavored to anticipate and account for all impacts with the analysis for this change. In addition, Hensel Phelps has mitigated the schedule impacts to the greatest extent possible. However, as with any such situation, our Owner / Design-Builder partnership is essential to resolving this in the most amenable manner possible. As such, we look forward to the opportunity to discuss this further with you.

The anticipated impacts associated with this change are as follows:

* A $695,875 increase to our current contract and,
* An eighty-two (82) day schedule extension to our current completion date.

As you may anticipate from the above, the majority of the cost impact results from the extended General Conditions associated with the schedule extension. If through discussions we are able to jointly determine alternate project phasing and / or an acceleration schedule, Hensel Phelps is confident that a significant portion of the General Conditions cost associated with this change can be mitigated.

We look forward to discussing this change with you further. Should you have any questions regarding the above, please feel free to contact me at your convenience.

Sincerely,

HENSEL PHELPS CONSTRUCTION CO.

PM Extraordinaire

Project Manager

CC: Operations Manager

General Superintendent

Project Superintendent

Project Engineer

File: 4013102 – Owner Outgoing Correspondence