

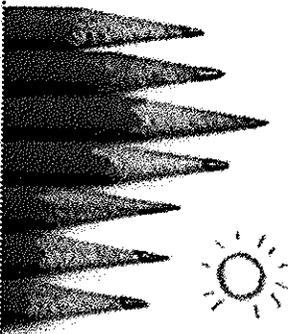
Massachusetts School Building Authority

Steven Grossman

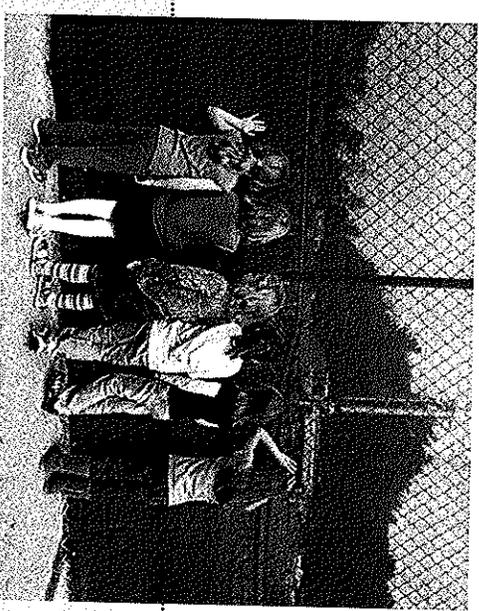
Chairman, State Treasurer

Jack McCarthy

Executive Director

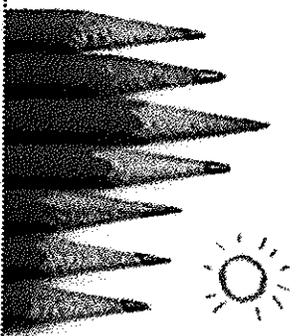


The MSBA: Our Mission



Partner with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable, and cost-effective public school facilities.

www.MassSchoolBuildings.org



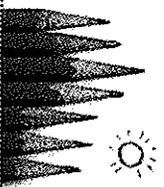
Authority Overview

Jack McCarthy

Executive Director



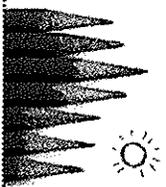
<http://www.massschoolbuildings.org/about>



About Us - Organization

- Former Program
- Created in 2004 by an Act of the Legislature, Chapter 70B
- Seven-member Board of Directors chaired by Treasurer Steven Grossman
 - 3 Board Subcommittees:
 - **Facilities Assessment:** meets to hear district presentations regarding proposed projects and provide feedback to districts before the project is presented to the Board
 - **Administration & Finance:** meets to review budgetary and financing matters
 - **Project Management:** meets to review audit appeals for MSBA projects
- Designer Selection Panel
- Owner's Project Manager Review Panel
- Task Forces
- School Safety & Security Working Group

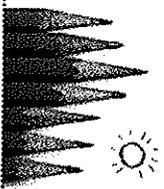




About Us - Organization

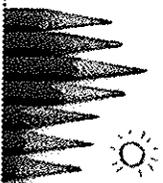
- 7 Departments - Strategy & Operations, Audit, Finance, Legal, Information Technology, Capital Planning, Communications & Outreach
- Currently has a staff of:
 - 69 Employees
 - 10 Contractors
 - 5 Co-op students/Interns



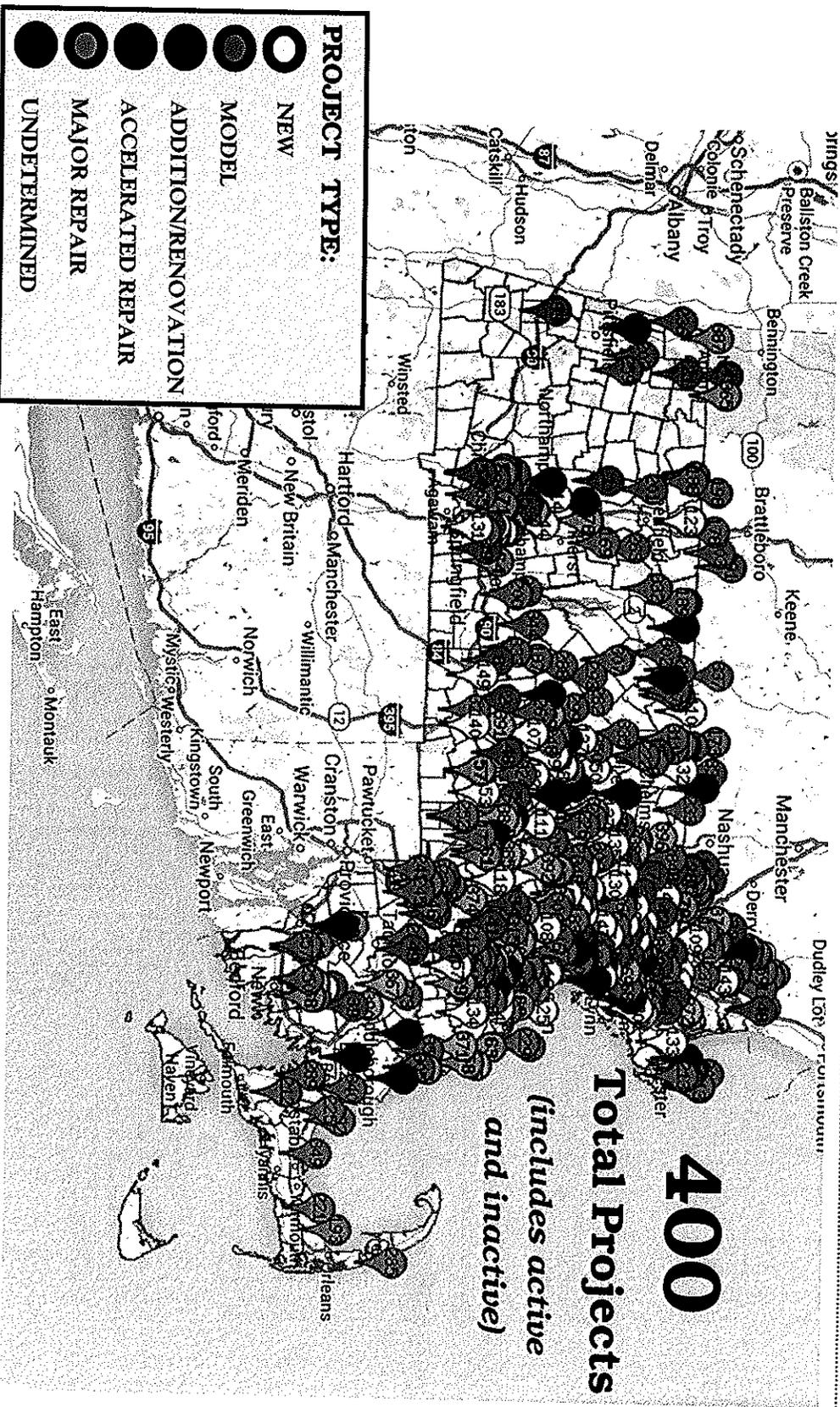


MA Schools

- There are 408 operating school districts and more than 1,750 public schools across the Commonwealth.
- Our 2010 Needs Survey found:
 - 84% of schools received top scores for building conditions.
 - Only 23 schools, less than 2%, received the lowest rating for building conditions.
 - 92% of schools have adequate space to support current enrollment and educational programs.
 - 97% of schools received top scores for general learning environment.

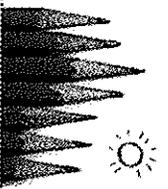


Past, Current & Projected Construction



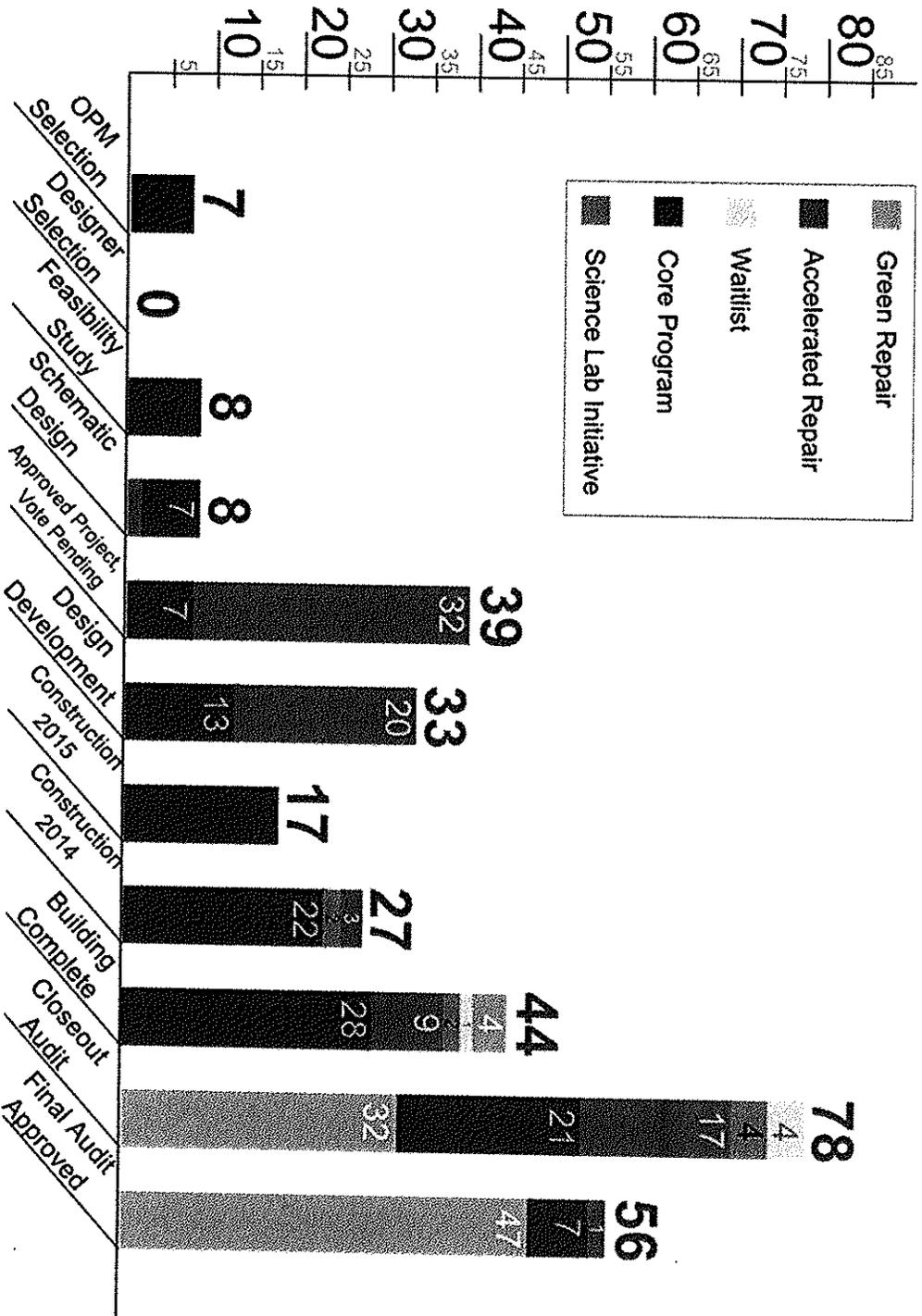
http://gis.massschoolbuildings.org/Projects_StateWideMap.aspx

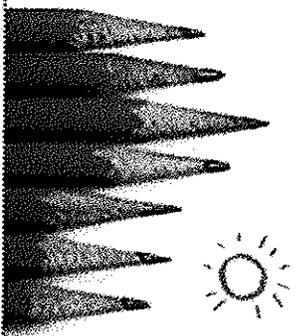
All Projects



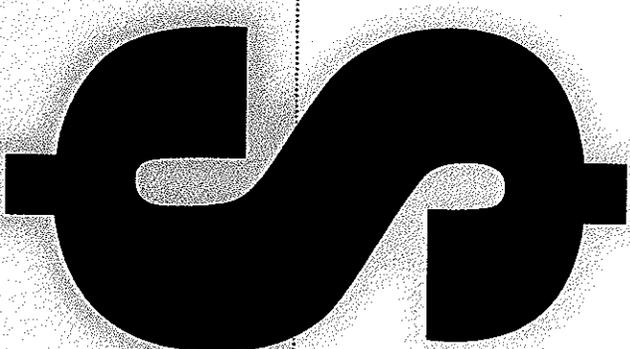
Past, Current & Projected Construction

Project Status - Capital Pipeline, Active Projects: 317 (as of March Board of Directors' Meeting)





Finance Overview



Vin Alabiso
Chief Financial Officer

<http://www.massschoolbuildings.org/about/finance>



Annual Operating Budget: SMART Fund

SMART Fund – Through the MSBA's enabling statute, the Commonwealth made an unconditional dedication of a 1% statewide sales tax drawn from Commonwealth's 6.25% sales tax (M.G.L. c.64H and 64I exclusive of meals and certain convention center taxes)

- Revenues shall not be diverted from the Trust for as long as bonds and notes are outstanding and principal and interest on bonds remains unpaid

With the issuance of the 2005 Series A Bonds, the MSBA made a gross pledge of the SMART sales tax collections.

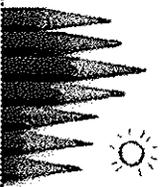
Accordingly, all SMART dedicated sales tax revenue flows directly to the Trustee to meet debt service requirements, prior to any of these revenues becoming available for further expenditure by the MSBA.

Dept. of Revenue identifies monthly SMART Collections by the 15th business day of the month and Comptroller credits to SMART Fund

Within 2 business days of credit to SMART Fund, Office of the Treasurer disburses the entire amount credited to the SMART fund to the Trustee under the Trust Agreement securing MSBA's Dedicated Sales Tax Bonds

Trustee makes all required debt service set asides (1/6 interest and 1/12 principal for Senior Lien) and transfers the then unrestricted sales tax collections (and any applicable interest or investment income) to the MSBA

MSBA receives unrestricted funds which are then available for grants, operations, loans, etc.

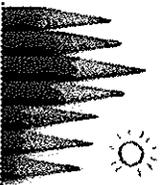


Key Credit Features

- **Unconditional Gross Pledge of a 1% Statewide Sales Tax¹**
- **Authority solely controls pace and scope of invitations into capital pipeline**
 - Districts have no entitlement to funds
 - Authority sets maximum participation in project based on due diligence prior to construction
- **Strong Debt Service Coverage**
 - Additional Bonds Test of 1.40x net debt service on Senior Lien
 - Senior Lien MADS coverage ratio of 2.09x as of March 2014
- **Significant Reserve Funds**
 - Current balance of more than \$550 million in cash-funded Debt Service Reserve Accounts
- **Dedicated Sales Tax Revenues are Credited, Without Appropriation, to the SMART Fund**
 - The Act expressly designates bond holders as beneficiaries of the SMART Fund
 - Payment of debt service to bond holders is senior to all other claims on the SMART Fund
 - Monthly funding of principal and interest to bond trustee
- **Statutory Non-Impairment Covenant**
 - The Act and Trust Agreement prohibit the diversion of sales tax revenues from the Authority's control and further prohibit the reduction of the rate of sales tax (1%) as long as Authority bonds remain outstanding

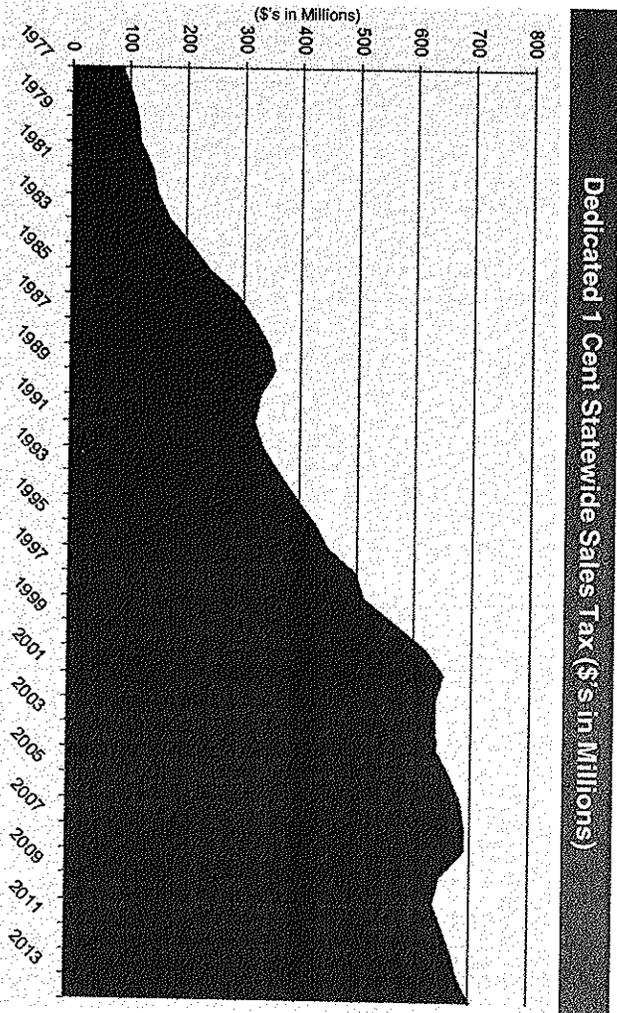
¹ Excludes taxes imposed on the sales of meals and certain other items.

Please refer to the Preliminary Official Statement for a full definition of MSBA's Dedicated Sales Tax Revenue Amount.



Strong, Statewide Dedicated Revenue Source

- Growth in all but 6 of the last 37 years
- Strong performance across economic cycles



Dedicated 1 Cent Statewide Sales Tax (\$'s in Millions)

FY	Sales Tax Receipts ¹	Applicable % of Sales Tax Receipts ²	% Increase/Decrease
1977	\$441.8	\$88.4	27.2%
1978	520.7	104.1	17.8%
1979	577.8	115.6	11.0%
1980	608.4	121.7	5.3%
1981	704.2	140.8	15.7%
1982	753.1	150.6	7.0%
1983	865.3	173.1	14.9%
1984	1,041.8	208.4	20.4%
1985	1,209.5	241.9	16.1%
1986	1,452.1	290.4	20.1%
1987	1,600.0	320.0	10.2%
1988	1,733.3	346.7	8.3%
1989	1,787.1	357.4	3.1%
1990	1,660.5	332.1	(7.1%)
1991	1,617.7	323.5	(2.6%)
1992	1,682.3	336.5	4.0%
1993	1,821.0	364.2	8.2%
1994	1,978.8	395.8	8.7%
1995	2,137.0	427.4	8.0%
1996	2,252.1	450.4	5.4%
1997	2,494.7	498.9	10.8%
1998 ⁽³⁾	2,572.4	514.5	3.1%
1999	2,833.0	566.6	10.1%
2000	3,107.2	621.4	9.7%
2001	3,273.0	654.6	5.3%
2002	3,193.9	638.8	(2.4%)
2003 ⁽⁴⁾	3,196.0	639.2	0.1%
2004	3,211.1	642.2	0.5%
2005	3,330.8	666.2	3.7%
2006	3,420.2	684.0	2.7%
2007	3,458.9	691.8	1.1%
2008	3,453.8	690.8	(0.1%)
2009	3,239.0	647.8	(6.2%)
2010 ⁽⁶⁾	3,882.1	637.1	(1.7%)
2011 ⁽⁵⁾	4,091.5	654.7	2.8%
2012	4,190.6	670.5	2.4%
2013	4,282.7	682.0	1.7%
2014 Est. (6)	4,552.0	728.3	6.8%

¹ Total sales tax receipts after reimbursements and abatements, less the Statutorily Exempted Revenue.

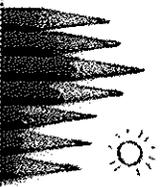
² These data are presented as an estimate of historical Dedicated Sales Tax Revenue Amount based on historical sales tax receipts, and represent a 1% sales tax. In January 1998, the payment schedule for businesses with tax liabilities greater than \$25,000 per year was changed to simplify the time period on which such payments are based. While the timing change did not affect the amount of tax owed by the affected businesses, the new payment schedule caused a one-time delay in receipt of tax revenues realized in FY 1998. According to DOR, approximately \$105 million less in sales tax revenue was collected in FY 1998 as a result of this change.

³ In January 1998, the payment schedule for businesses with tax liabilities greater than \$25,000 per year was changed to simplify the time period on which such payments are based. While the timing change did not affect the amount of tax owed by the affected businesses, the new payment schedule caused a one-time delay in receipt of tax revenues realized in FY 1998. According to DOR, approximately \$105 million less in sales tax revenue was collected in FY 1998 as a result of this change.

⁴ A tax amnesty program was in effect for a portion of FY 2003 which, according to DOR, generated approximately \$42 million of sales and use tax revenues.

⁵ Reflects additional revenue due to sales tax rate increase from 5.0% to 6.25% (estimated by DOR to be approximately \$739 million in Fiscal Year 2010, \$918 million in Fiscal Year 2011, \$963 million in Fiscal Year 2012, and \$980 million in Fiscal Year 2013) and elimination of sales tax exemption for alcoholic beverages for the period between August 1, 2009 and January 1, 2011 (estimated by DOR to be \$96.6 million in Fiscal Year 2010 and \$91.0 million in Fiscal Year 2011, of which amounts \$15.5 million and \$13.0 million, respectively, are included in the Dedicated Sales Tax Revenue Amount for each respective year.)

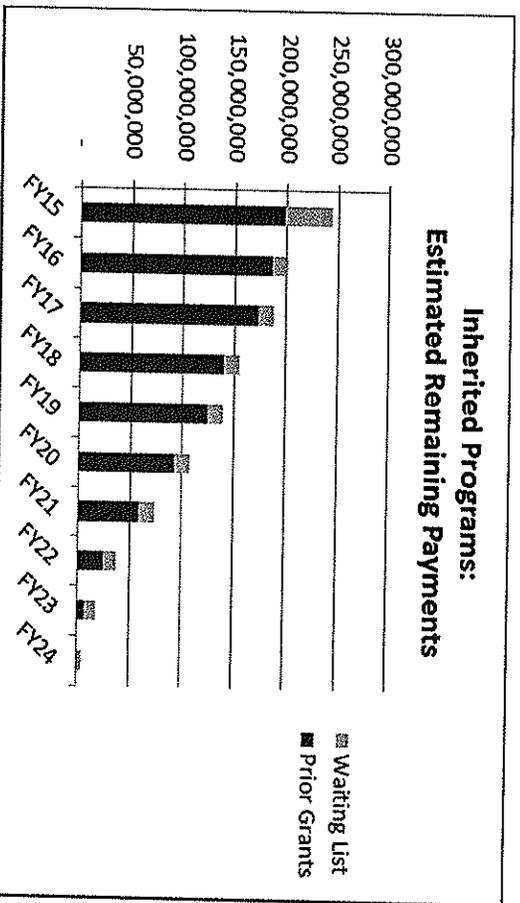
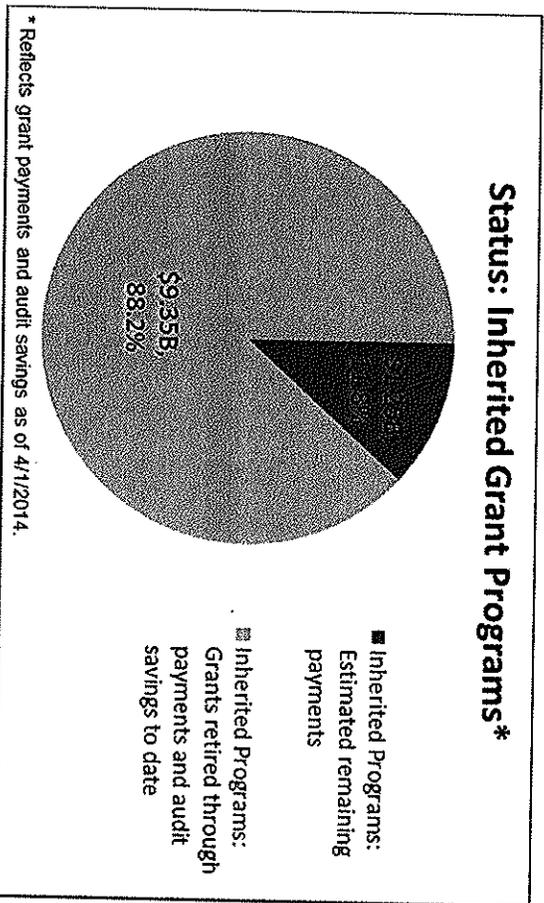
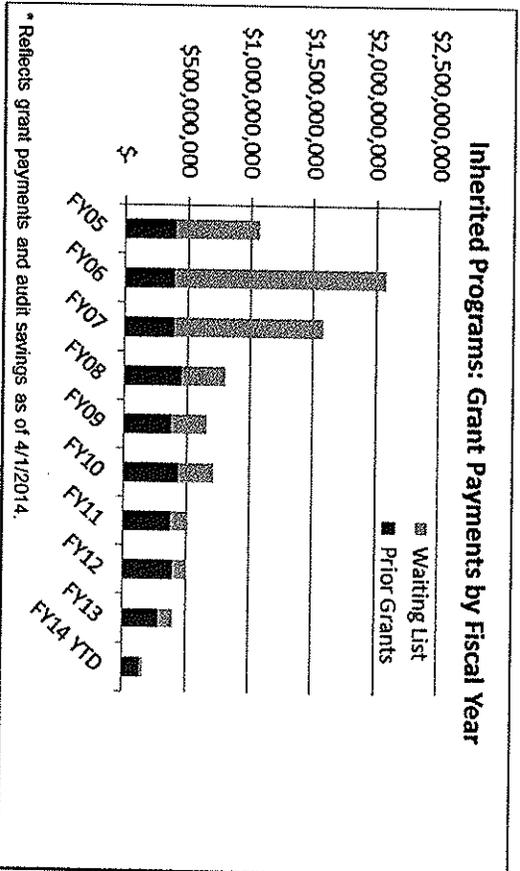
⁶ Amounts for Fiscal Year 2014 are based on the tax revenue estimate of \$22.797 billion. The \$22.797 billion estimate reflected the January 14, 2013 consensus tax revenue estimate of \$22.334 billion, as adjusted for the impact of revenue initiatives included in the Commonwealth's Fiscal Year 2014 budget, including the impact of a subsequently enacted two-day sales tax holiday in August, 2013, and the impact of the transportation finance legislation, which was enacted on July 24, 2013. One of the provisions enacted as a part of the transportation finance legislation (sales tax on computer/software services) was repealed on September 27, 2013. Preliminary Fiscal Year-to-date collections through October 31, 2013 are approximately \$1.517 billion (unaudited), as compared to approximately \$1.423 billion (unaudited) for the same period in Fiscal Year 2013.

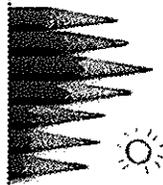


Inherited Programs Status

Efforts and commitment to eliminating the audit and funding backlog from former program have:

- Created greater certainty of remaining financial commitments towards these programs
- Resulted in identification of savings that will generate additional future liquidity for the MSBA that can be used to reduce debt service through pay-go financing and defeasance of outstanding debt
- Facilitated more than \$8.5 billion in grant payments made by the MSBA since FY05 towards more than 1,100 inherited projects





MSBA Sources and Uses

Draft – for discussion purposes only

Beginning Fund Balance *	FY14 Est.
Restricted Debt Service Funds Beginning Balance**	\$ 186,834,948
Restricted Bond Proceeds Beginning Balance[1]	5,000,000
Unrestricted Beginning Fund Balance[2]	125,828,905
Total Begin Fund Balance	317,663,853

General Revenues/Financing Sources:	
Dedicated sales tax[3]	\$ 728,316,638
Bond Issuance Proceeds[4]	540,527,990
Interest Income[5]	25,120,990
Arbitrage Rebate Set-Aside[6]	(2,411,176)
Grant Income[7]	22,402,219
Loan Program[8]	8,688,062
Other Postemployment Benefits	-
Total revenues	1,322,644,723

Expenditures/Expenses:	
Grant payments [9]	\$ 878,715,711
Debt service[10]	408,633,729
Operations	7,320,247
Capital Pipeline Support Services	3,039,159
Commissioning	3,674,533
Arbitrage Rebate Payment[11]	-
Loan Program[12]	6,250,000
Total expenditures/expenses	1,307,633,379

Year End Fund Balance*	
Year End Restricted Debt Service Funds Balance**	\$ 180,404,055 *
Year End Restricted Bond Proceeds Balance	-
Year End Unrestricted Fund Balance	152,271,142
Total Year End Balance	332,675,197

*Beginning and Year End fund balances do not include debt service reserve funds held by the trustee.

**Reflects restricted Debt Service Funds held by the trustee, and available only for debt service payments made by the trustee to bondholders.

[1] Reflects pre-closing initial deposit for 2013 Series A bonds.

[2] Reflects balances in non-trusted funds.

[3] FY14 Est. reflects Commonwealth's revised consensus tax revenue estimate for FY14.

[4] FY14 Est. reflects receipt of proceeds for from 2013 Series A issuance net of debt service reserve proceeds and underwriters' discount.

[5] Includes estimated earnings on all debt service funds held by the Trustee as well as unrestricted funds.

[6] Reflects set-aside of estimated excess interest earnings above arbitrage yields per most recent rebate calculations.

[7] Reflects impact of sequestration on annual interest subsidies estimated to be received from the federal government related to the 2009 Series A (Build America Bonds), and 2010 Series A and 2011 Series A (Qualified School Construction Bonds).

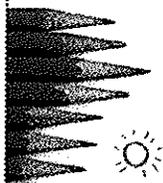
[8] Includes principal and interest received in November 2013 for executed loans, as well as one grant recapture payment.

[9] Includes grant payments made from bond proceeds as well as unrestricted sales tax revenues.

[10] Reflects gross debt service on outstanding debt including sinking fund deposits. FY14 estimate does not assume any savings that may result from advance refunding of outstanding debt.

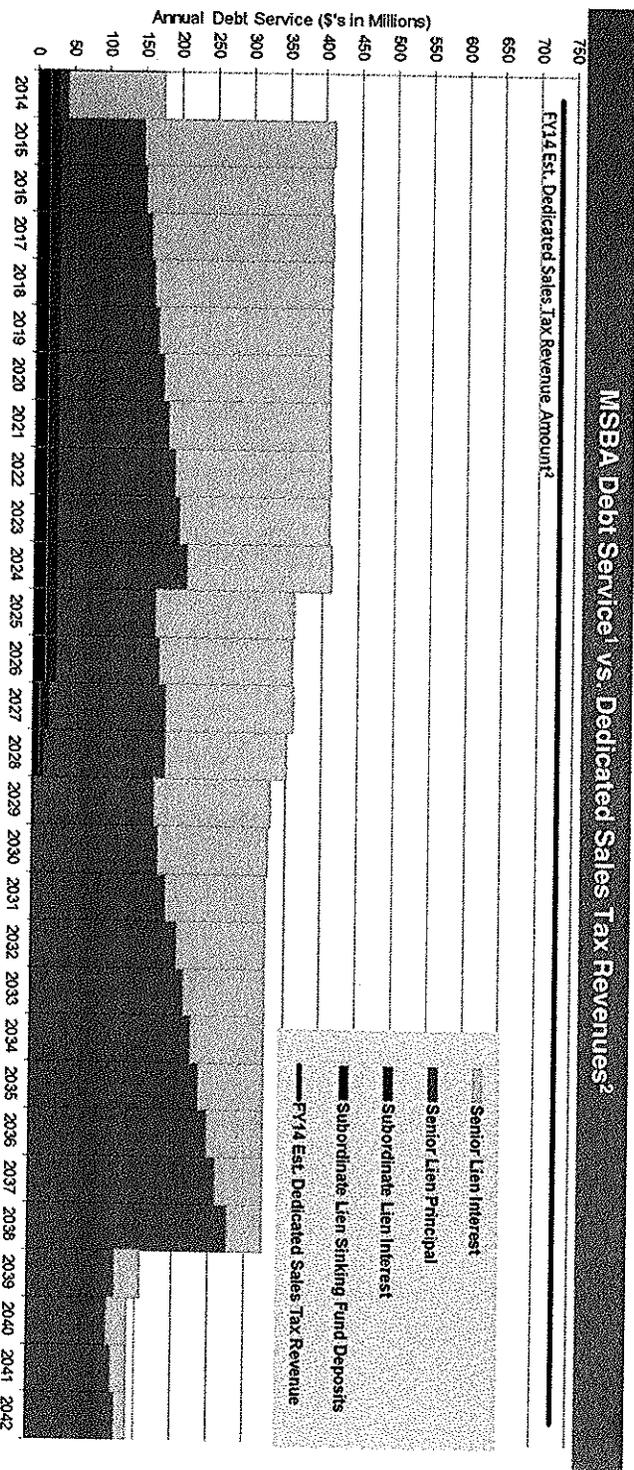
[11] Next anticipated arbitrage rebate payment is scheduled in FY15 for an estimated amount of \$1.04 million.

[12] FY14 reflects loan disbursement for East Somerville Community School.



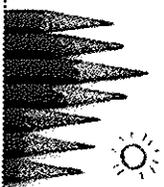
MSBA – Outstanding Debt

- \$5.4 billion of Senior Lien debt outstanding
- \$293.4 million of Subordinate Lien debt outstanding as of November 30, 2013
- 100% of Subordinate Lien debt is from Qualified School Construction Bond (“QSCB”) issuance
- 100% of MSBA’s debt portfolio comprises fixed rate debt



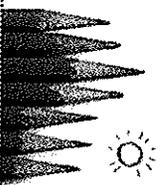
¹ Reflects debt service outstanding after the 2013 Series A and as of November 30, 2013. Debt service does not account for expected Debt Service Reserve Account or Sinking Fund earnings, or the Build America Bond and QSCB federal subsidies; however, debt service is net of the amounts that are expected to be paid from Debt Service Reserve Account releases.

² Amounts for Fiscal Year 2014 are based on the tax revenue estimate of \$22.797 billion. The \$22.797 billion estimate reflected the January 14, 2013 consensus tax revenue estimate of \$22.334 billion, as adjusted for the impact of revenue initiatives included in the Commonwealth’s Fiscal Year 2014 budget, including the impact of a subsequently enacted two-day sales tax holiday in August, 2013, and the impact of the transportation finance legislation, which was enacted on July 24, 2013. One of the provisions enacted as a part of the transportation finance legislation (sales tax on computer/software services) was repealed on September 27, 2013. Preliminary Fiscal Year-to-date collections through October 31, 2013 are approximately \$1.517 billion (unaudited), as compared to approximately \$1.423 billion (unaudited) for the same period in Fiscal Year 2013.



Reimbursement Rates (M.G.L. c. 70B)

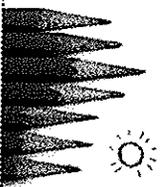
- Base rate for each district of 31 percentage points
- Three Ability-to-Pay Factors can increase the reimbursement rate from the base before addition of any applicable incentives:
 - Community Income Factor (0-12 percentage points)
 - Per capita income
 - Source: MA DOR
 - Community Property Wealth Factor (0-28 percentage points)
 - Per capita equalized property valuation
 - Source: MA DOR
 - Community Poverty Factor (0-17 percentage points)
 - Eligibility for Federal Free/Reduced Lunch
 - Source: MA DESE
- Maximum rate, including incentives, not to exceed 80%



Reimbursement Rates - Incentives

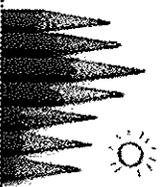
Per statute, no more than 6 incentive points allocated in one category, and no more than 18 incentive points total

- Energy Efficiency/Green Schools: 0-2 percentage points
- Routine and Capital Maintenance: 0-2 percentage points
- Model School Program: 5 percentage points
- Newly Formed Regional School Districts: 0-6 percentage points
 - Maximum of 6 incentive points for establishment of new regional district, or amendment of existing agreement to add a new member
 - Maximum of 3 incentive points for inclusion of additional grades into existing regional agreement (one percentage point per additional grade)
- Construction Management At Risk delivery method: 1 percentage point
- M.G.L. c.40R/c.40S Overlay Zoning District: 0-1.5 percentage points
- Renovation/Reuse of an Existing Facility: 0-5 percentage points



MSBA Enrollment Approach

- MSBA has developed a no cost Enrollment Forecasting tool that can be accessed by districts via the MSBA website that allows districts to account for district-specific variables
- Agreement on design enrollment required as part of Eligibility Period
- Align enrollment projections realistically with relevant data available
 - Recent and historical enrollment trends
 - Impact of economic cycles
 - District's information on district-specific development and planning issues

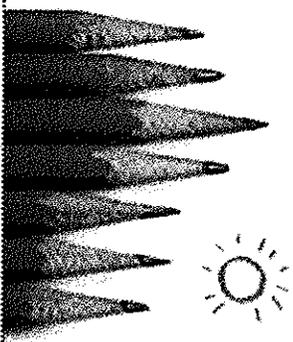


MSBA Progress Payment System

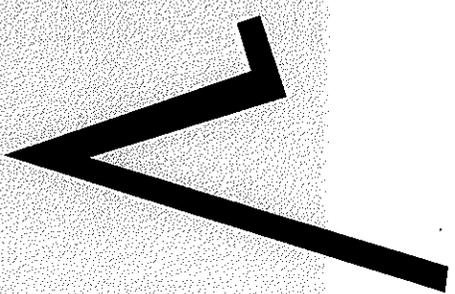
pay as you build
PRO-PAY
progress payments

- Enables MSBA to audit and pay as projects progress
 - Captures detailed project budget and cost data
- Districts submit paid project costs monthly for MSBA review and applicable reimbursement
- Districts avoid having to borrow the MSBA's share of project costs
 - Reduces local debt and interest costs related to financing
- Consistent, predictable payments allow communities to better manage their cash flow

<http://www.massschoolbuildings.org/programs/pro-pay>



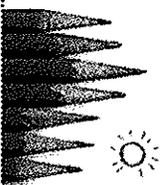
Designer Selection Process



Barbara Hansberry

Deputy Executive Director

<http://www.massschoolbuildings.org/building/team/dsp>

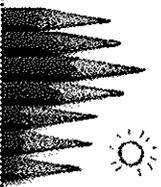


Designer Selection Law

M.G.L. c. 7C, ss 44-58

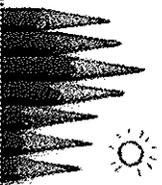
- The MSBA requires that designers annually submit a Master File in order to do business on school projects.
- In addition, a project-specific application must be submitted to the school district for each project. The application includes supporting evidence of past relevant projects and performance.

Note: The selection process is qualifications-based (i.e. fee is not part of the selection, but rather is negotiated with the highest ranked designer and the school district).



Designer Selection Panel Duties

- Assist cities, towns, regional school districts, and independent agricultural and technical schools seeking funding from the MSBA to select a designer for projects with an estimated construction cost of \$5,000,000 or greater.
- Incorporate the procedures required by the General Laws of Massachusetts pertaining to designer services for public building construction (M.G.L. c.7C, Sections 44 to 58).
- The MSBA staff periodically conducts a designer selection process for Accelerated Repair Projects (roofs, windows, boilers). A pre-qualified list of designers is then presented to the DSP for approval.
- MSBA staff assigns designers to school districts invited to conduct roof, window and/or boiler projects.

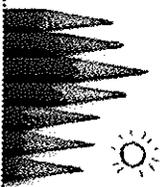


MSBA Designer Selection Panel

The DSP is made up of 13 appointed members and three representatives of the local city, town or regional school district who are selected by the District on a project-by-project basis.

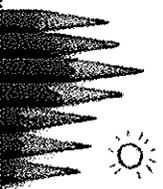
16 Member Board

- MSBA Executive Director (or designee)
- Three (3) MSBA staff members
- 2 Architects (or Architect Emeritus), 2 Engineers, 1 Public Representative
- 1 Registered Architect recommended by the Boston Society of Architects
- 1 Registered Engineer recommended by the American Council of Engineering Companies.
- 1 General Contractor recommended by the Associated General Contractors of MA.
- 1 Representative of Massachusetts Building Trades Council.
- 3 Representatives of the School District
 - 1 designated by the school committee
 - 1 designated by the superintendent of schools
 - 1 designated by the chief executive officer of the city or town
- Meetings are scheduled for twice a month and are open to the public.



MSBA DSP Voting Process

- DSP selects up to 3 finalists using a scoring system. Each Panelist votes for their top 3 candidates giving 3 points to their first choice, 2 points to their second, and 1 point to their third. Finalists typically include the three candidates receiving the highest point totals.
- Panelists then deliberate and vote regarding whether to invite the finalists to interview before the Panel
 - No interviews
 - Panel votes to rank the candidates in order of points scored
 - Interviews
 - Finalists are invited to a subsequent meeting to be interviewed by the Panel
 - After interviews, Panelists repeat the same scoring system to rank the finalists (previous scores are disregarded)
- Districts receive a letter listing the finalists in ranked order and begin fee negotiations with the first-ranked designer.



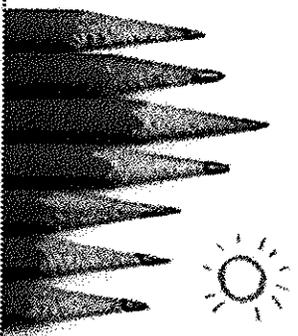
Rejection of Applications

“Fatal” Errors

- Application is not signed
- Applicant does not meet designer definition pursuant to M.G.L. Chapter 7C §44
- Principal in Charge or Project Manager are not MCPPO certified
- MBE/WBE participation goals not adequately addressed
- No Master File Brochure on file

Other Errors Possibly Resulting in Rejection

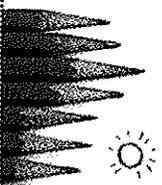
- Failure to address one or more of the requested categories of work
- Sub-consultants do not hold applicable professional registration
- Improper response to Question 12 (Professional Liability Claims)



Dennis Ryan

General Counsel

- Program
- Project Structure
- Process
 - Eligibility
 - Invite
 - Project Team
 - Feasibility Study
 - Schematic Design
- Contracting Methods



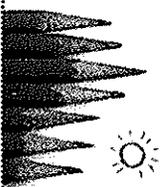
Program

Funding is Not an Entitlement

- Process = Voluntary and Collaborative
 - Identify the educational and facility needs of the District
 - Plan, fund, design, and build the most educationally-appropriate and cost-effective project solution to meet those needs

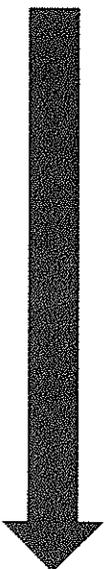
Funding is Provided on the Basis of Need

- Limited Resources
- Demand always greater than resources
- Must Choose Districts to participate upon the basis of comparative educational and physical need



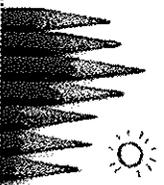
Project Structure

TASKS



MODULES

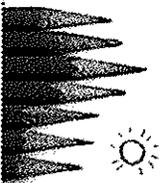
- | | |
|--|---------------------------|
| 1. Choose Districts | 1. Eligibility |
| 2. Procure Consultants | 2. Procure Project Team |
| 3. Identify Project Solution | 3. Feasibility Study |
| 4. Fix Scope, Budget and Funding for Project | 4. Schematic Design |
| 5. Enable Progress Payments | 5. Funding the Project |
| 6. Complete Design | 6. Detailed Design |
| 7. Complete Construction | 7. Construction |
| 8. Close Out, Audit, and Reconciliation | 8. Completing the Project |



Eligibility

Eligibility Begins With a Statement of Interest (“SOI”)

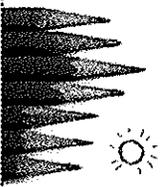
1. The Superintendent of Schools submits SOI with the authorization of both the Municipality and the School Committee.
 - A Regional School District is authorized by the Regional School Committee.
2. A Separate SOI is required for each project.
3. The SOI is a summary of the perceived deficiencies of the facility and the suggested Project Solution to address those deficiencies.
4. Districts are invited to participate upon the basis of comparative educational and physical need
5. This assessment typically includes a review of the District’s enrollment trends and educational programs along with an assessment of the existing conditions of the facility



Invite

The District has 270 Days to Complete the Following Eligibility Prerequisites

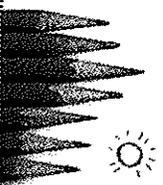
1. Certify the District will comply with grant program rules ("Initial Compliance Certification")
2. Form a School Building Committee
3. Summarize the District's existing maintenance practices
4. Certify the District agrees to a Project Design Enrollment
5. Appropriate the full debt of the Feasibility Study.
 - Include a non-bundled vote and a debt exclusion vote, if required.
 - The Regional School Committee votes for a Regional District provided, all must comply with the requirements of any Regional Agreement.
6. Sign the standard **Feasibility Study Agreement**.



Project Team

Procure a Project Manager and Designer

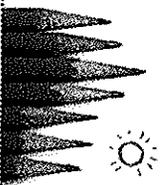
1. Form a School Building Committee subject to MSBA for approval
2. Appoint a Procurement Selection Committee and Procurement Manager
3. Procure an Owner's Project Manager using the MSBA's qualifications-based selection process.
4. The OPM is the agent of the District for the Feasibility Study and for the budgeting, design, funding, and construction of a Project.
5. The OPM must know the MSBA's requirements for the design and construction of a project, what can be funded, and what must be done to qualify for funding.
6. Procure a Designer through the MSBA Designer Selection Panel, using the DSP's qualifications-based selection process.
7. The Designer will provide design services required for the Feasibility Study and for the budgeting, design, funding, and construction of a Project.



Feasibility Study

Identifies both educationally-appropriate and cost-effective project solutions and the best Project Solution for the District

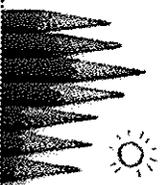
1. Prepare an **Initial Space Summary**: Compares the gross and educational space at the existing facility with the space requirements for a new facility.
2. Prepare a **Preliminary Design Program Report**: Compares the estimated cost and time of reconstructing the existing facility with the estimated cost and time of building a new facility.
3. Prepare a **Preliminary Evaluation of Project Alternatives**: Compares other construction and non-construction alternatives with the construction of a new facility.
 - Alternatives include space in other schools, tuition agreements with other districts, acquisition of existing buildings, and renovation of the existing facility.
4. Prepare a **Preferred Schematic Report**: Compares the efficacy of the District's Preferred Project Solution against 3 of the alternatives.
5. Identify the Preferred Solution of both Parties and seek MSBA BOD approval.



Schematic Design

Develop a Final Design Program and a Comprehensive Schematic Design for the Preferred Project Solution

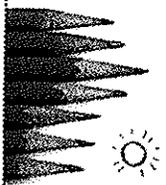
- The Comprehensive Schematic Design is not a Final Design.
- The Schematic Design is used to set Scope and **Total Project Budget**.
- The **Total Project Budget** fixes the Costs that the District may need to complete the Project and itemizes the maximum amount of those costs that will be “eligible” for MSBA funding at the District's Grant Percentage Rate.
- The Budget is a line by line estimate of all of the Costs that the District may need to complete the Project and a projection for each of those Line Item Costs of the maximum amount that will be “eligible” for MSBA funding, if incurred.
- The amount that will be funded is calculated by multiplying the sum of the actual eligible costs for each line item by the Project Grant Percentage Rate.



Schematic Design

Develop a Final Design Program and a Comprehensive Schematic Design for the Preferred Project Solution

- If actual eligible Project Costs turn out to be lower than estimated, the amount funded will also be lower.
- However, if actual Project Costs turn out to be higher than estimated, the amount funded will not be increased.
- The Total Project Budget includes costs that are estimated for Project Activities that will be needed to complete the Project and costs that are allocated to Contingent Reserves that may be used to pay for unanticipated costs that arise during the Project.
- The MSBA will only narrow class of Costs paid from the Contingencies and the decision to fund those Costs is made on a case by case basis.

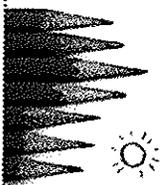


Choice of Contracting Method

The District Must Choose its Contracting Method Before the Budget is Finalized

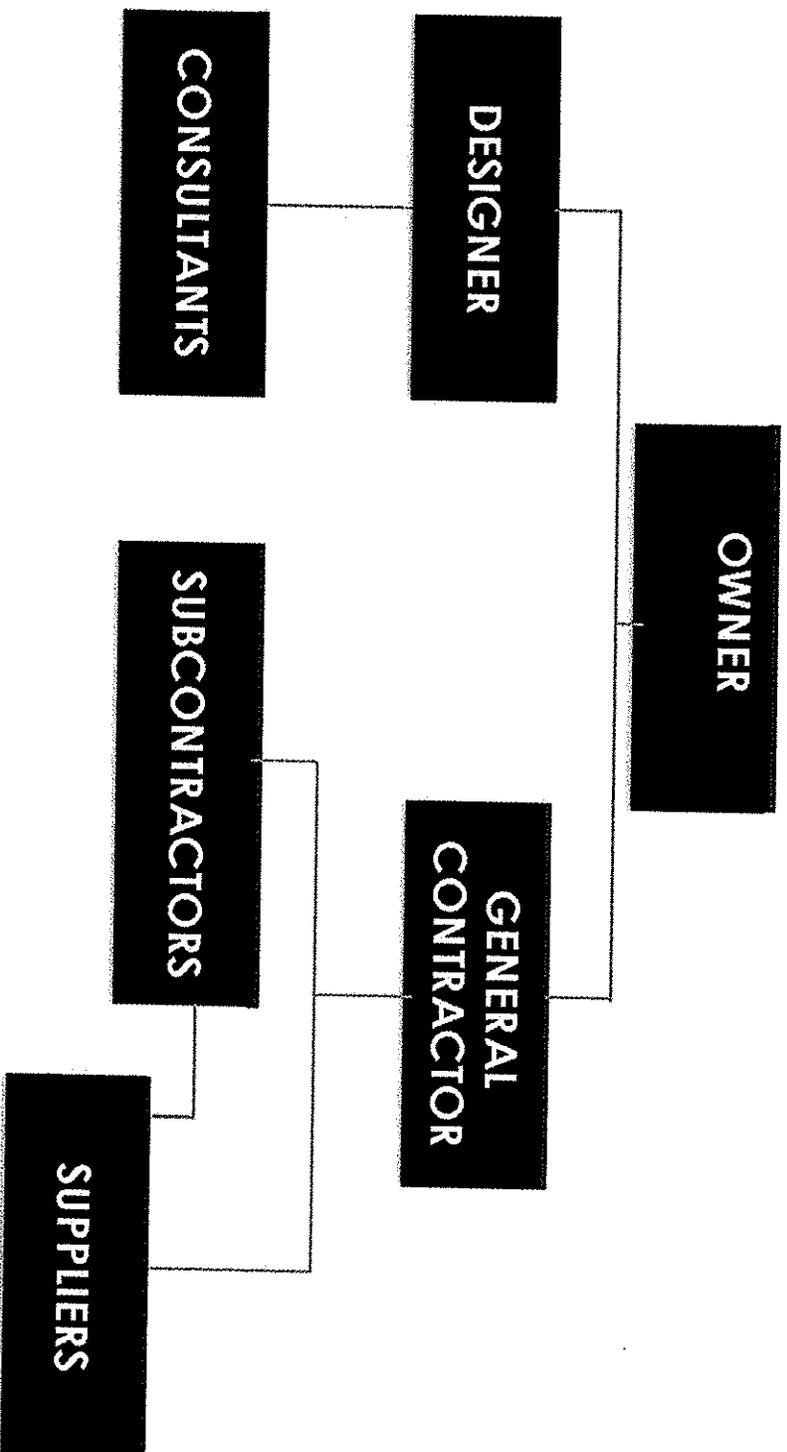
There are two (2) alternatives under Massachusetts Law:

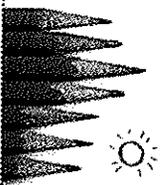
- After the design is 100% complete, a General Contractor may be procured to construct all of the work specified in the design for a Fixed Price.
- Before the design is completed, a Construction Manager may be procured to provide Pre-Construction Services while the Project is under design and to construct all of the work specified in the completed design on a Cost Plus Fee basis.
 - Pre-Construction Services include constructability, scheduling, and estimating advice.



Design / Bid / Build Structure

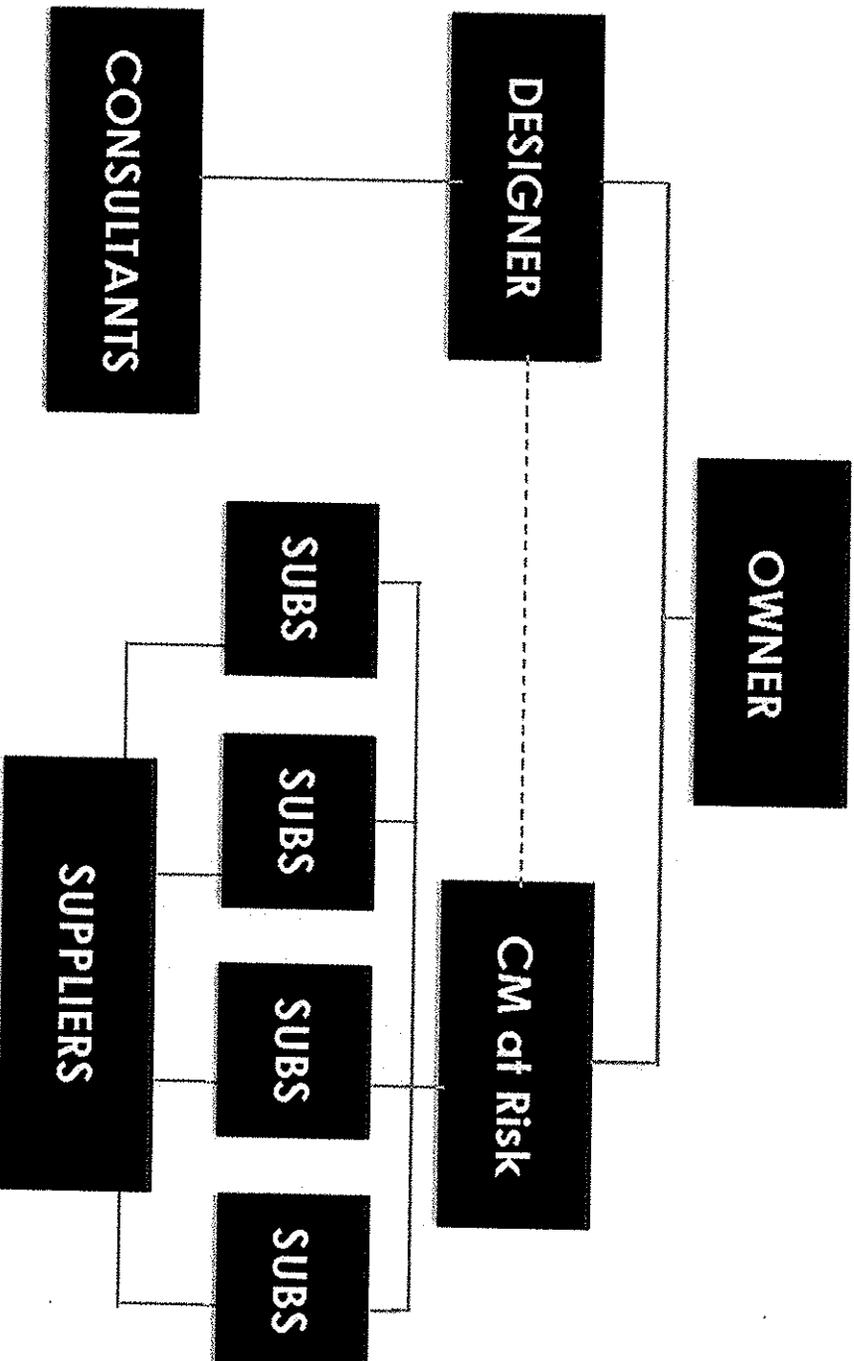
Design-Bid-Build Method

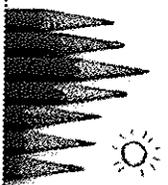




Construction Manager Structure

CM at Risk





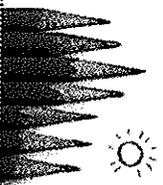
Differences

DESIGN/BID/BUILD

- Design 100% Complete
- Fixed Price Contract
- GC procured by Competitive Bid
- All Cost Risk is on GC

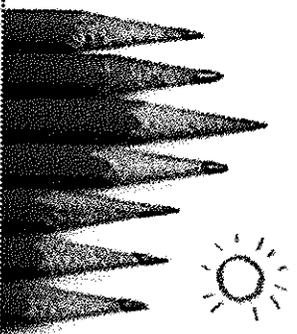
CM-at-RISK

- Design Not Complete
- Contract Price is Actual Cost Plus Fee
- Guaranteed Maximum Price Negotiated at Defined % of Design Completion
- GMP is a Price Cap
- CM Procured by Competitive Proposals
- Cost Risk on CM Only if GMP is Exceeded
- Pre-Construction Services



Differences

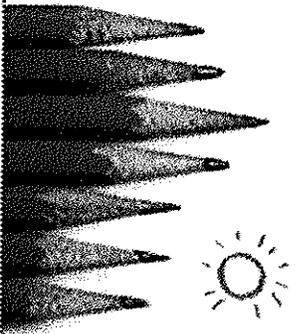
- 7.2.1 The term “Construction Contingency” shall mean the line item included by the CM in the GMP and the Schedule of Values that is **available to cover the net amount of any additional costs resulting from unforeseen conditions and events** not evidenced at the time that the CM awards a Subcontract or the parties execute the GMP Amendment, as applicable, **to the extent that such conditions or events do not result in or constitute a change in the Work**. Any claim against the construction contingency shall be submitted in accordance with Article VII of the General Conditions. Examples of such unforeseen conditions and events include, but are not limited to, the following:
 - ↙ (a) **unanticipated cost overruns** on the CM’s procurement of Subcontracts or other purchases of materials or labor costs, provided that the same **are not caused by the fault, negligence, or breach of contract of the CM or any Subcontractor**;
 - ↘ (b) expediting or acceleration costs required to meet the Baseline CPM Schedule, as long as the same are **not made necessary by the fault or negligence of the CM or any Subcontractor**; and
 - (c) **such other unforeseen events and conditions as may be specified in the Contract Documents** as chargeable to the Construction Contingency.



Mary Pichetti

Director of Capital Planning

- Design & Construction Standards
- Model School Program
- Contract Models & Oversight
- Project Managers
- Design/Build Considerations



John Jumpe

Director of Project Management

- Eligibility
- Consultant Fees
- Cost/Square Footage Standards
- Review Process
- Project Management

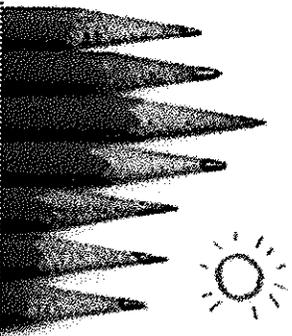
Massachusetts School Building Authority

Steven Grossman

Chairman, State Treasurer

Jack McCarthy

Executive Director



Questions?

Matt Donovan

Chief Operating Officer

617-720-4466

Matt.Donovan@MassSchoolBuildings.org