www.massschoolbuildings.org

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

Our Mission

The MSBA:

Executive Director
Jack McCarthy

Chairman, State Treasurer
Seveen Grossman

Massachusetts School Building Authority
Executive Director
Jack McCarthy
Overview Authority
School Safety & Security Working Group

Task Forces

Owner's Project Manager Review Panel

Designer Selection Panel

Project Management: Meets to review and decide appeals for MSBA projects

Administration & Finance: Meets to review budgetary and financial matters presented to the Board

3 Board Subcommittees: chaired by Treasurer/Steven Gossman

Seventy-member Board of Directors

Legislature, Chapter 70B

Created in 2004 by an Act of the

Former Program

About Us - Organization
- 5 Co-op Students/Interns
- 10 Contractors
- 69 Employees

Currently has a staff of:

Outreach

Information Technology, Capital Planning, Communications & Technology

7 Departments - Strategy & Operations, Audit, Finance, Legal

About Us - Organization
environment. 97% of schools received top scores for general learning and enrollment and educational programs.

92% of schools have adequate space to support current building conditions.

Only 23 schools, less than 2%, received the lowest rating for building conditions.

84% of schools received top scores for building conditions.

Our 2010 Needs Survey found:

Commonwealth.

more than 1,750 public schools across the state are operating school districts and MA schools
All Projects

Total Projects: 400

Construction Past, Current & Projects
$ Vin Alabiso
Chief Financial Officer

Overview
Finance

http://www.massachusettsbuildings.org/about/finance
MSBA revenues unrestricted funds which are then available for general operating, loans, etc.

Dedicated Sales Tax Bonds

SMART Fund

MSBA

SMART Fund

Annual Operating Budget
remaining outstanding control and through prohibition of the reduction of the rate of sales tax (1%) as long as Authority bonds — The Act and Trust Agreement prohibit the diversion of sales tax revenues from the Authority’s Statutory Non-impairment Covenant.

- Monthly funding of principal and interest to bond trustee
- Payment of debt service to bond holders is senior to all other claims on the SMART Fund
- The Act expressly designates bond holders as beneficiaries of the SMART Fund
- Dedicated Sales Tax Revenues are Credited, Without Appropriation, to the SMART Fund
- Current balance of more than $550 million in cash-funded Debit Service Reserve Accounts

Significant Reserve Funds

- Senior Liens MADS coverage ratio of 2.09x as of March 2014
- Additional Bonds Test of 1.40x net debt service on Senior Liens
- Strong Debit Service Coverage

- Authority sets maximum participation in projects based on due diligence prior to construction
- Districts have no entitlement to funds
- Authority solely controls pace and scope of acquisitions into capital pipeline
- Unconditional Gross Pledge of a 1% Statewide Sales Tax

Key Credit Features
Massachusetts School Building Authority

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

Revenue Source

Dedicated Statewide Sales Tax ($s in Millions)
Inherited Programs Status

1,100 inherited projects made by the MSBA since FY05 towards more than $8.5 billion in grant payments.

- Reclaimed more than $8.5 billion in grant payments, resulting in significant savings.
- - Financing and deferral of outstanding debt can be used to reduce debt service through pay-ago.
- Generated additional future liquidity for the MSBA that will enable greater certainty of remeasuring financial statements.
- Efforts and commitment to eliminating the audit and funding backlog from former program have.

Infrafred Program: Grant Payments by Fiscal Year

Estimated Remaining Payments

Prior Grants

Waiting List

Estimated Remaining Payments

Prior Grants

Waiting List

Status: Inherited Grant Programs

92.36% 88.38%
### Total Fund Balance

#### Fund Balance as of December 31, 2023

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<tr>
<th>Account</th>
<th>Amount</th>
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<td>878,714.711</td>
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<td>Expenditures/Expenditure</td>
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<td>Loan Program [2]</td>
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<td>Debt Service [6]</td>
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<td>General Fund [6]</td>
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<td>General Revenues/Expenditures Sources</td>
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<tr>
<td>FY 14 Expenditures</td>
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### Fund Sources and Uses

#### Fund Sources as of December 31, 2023

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Maximum rate, including incentives, not to exceed 80%.

- Source: MA D.E.S.E
- Eligibility for Federal Free/Reduced Lunch
- Community Poverty Factor (0-17 percentage points)
  - Source: MA D.O.R
- Per capita equalized property valuation
- Community Property Wealth Factor (0-28 percentage points)
  - Source: MA D.O.R
- Per capita income
- Community Income Factor (0-12 percentage points)

From the base before addition of any applicable incentives:
Three Ability-to-Pay Factors can increase the Reimbursement Rate

Base rate for each district of 31 percentage points

Reimbursement Rates (M.G.L. c. 70B)
Renovation/Reuse of an Existing Facility: 0-5 percentage points

M.G.L. c. 40R/c.40S overlay Zoning District: 0-1.5 percentage points

Construction Management At Risk delivery method: 1 percentage point

(Grade)

Maximum of 3 incentive points for inclusion of additional regional agreements into existing regional agreements (one percentage point per additional district, or amendment of existing agreement to add a new member district, or amendment for establishment of new regional agreements)

Maximum of 6 incentive points for establishment of new regional agreements

Newly Formed Regional School Districts: 0-6 percentage points

Model School Program: 5 percentage points

Routine and Capital Maintenance: 0-2 percentage points

Energy Efficiency/Green Schools: 0-2 percentage points

And no more than 18 incentive points total per statute, no more than 6 incentive points allocated in one category.

Reimbursement Rates - Incentives
Planning Issues

- District-specific development
- Impact of economic cycles
- Recent and historical enrollment trends

Data available

Align enrollment projections realistically with relevant

Eligibility Period

Agreement on design enrollment required as part of

Variables

Website that allows districts to account for district-specific
Tool that can be accessed by districts via the MSBA

MSBA has developed a no cost Enrollment Forecasting

MSBA Enrollment Approach
better manage their cash flow.

Consistent, predictable payments allow communities to:

- Reduce local debt and interest costs related to financing project costs.
- Avoid having to borrow the MSBA's share of districts' costs.
- Enable districts to submit and pay project costs monthly.
- Capture detailed project budget and cost data.
- Review and reimburse reimbursable amounts.

MSBA Progress Payments • ERO PAY • Pay as you build
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).

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.

The MSBA requires that designers annually submit a Master File in order to do business on school projects.
MSEA staff assigns designers to school districts invited to conduct.

- Qualified list of designers is then presented to the DSR for approval.

- For accelerated repair projects (roots, windows, boilers), a pre-
  -construction (M.G.L. c.7C, Sections 44 to 58).

- Incorporate the procedures required by the General Laws of
  -$5,000,000 or greater.

- Select a designer for projects with an estimated construction cost of
  -Agricultural and technical schools seeking funding from the MSEA to

- Assist cities, towns, regional school districts, and independent

Designer Selection Panel Duties
Meetings are scheduled for twice a month and are open to the public.

- One designated by the chief executive officer of the city or town
- One designated by the Superintendent of Schools
- One designated by the school committee
- Three representatives of the School District
- One representative of Massachusetts Building Trades Council
- One General Contractor recommended by the Associated General Contractors of MA
- One Registered Engineer recommended by the American Council of Engineering Companies
- One Registered Architect recommended by the Boston Society of Architects
- Two Architects (or Architect Emeritus), two Engineers, one Public Representative
- Three (3) MSBA Staff Members
- MSBA Executive Director (or designee)

16 Member Board

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.

MSBA Designer Selection Panel
The negotiations with the first-ranked designer.
Districts receive a letter listing the finalists in ranked order and begin

(scores are disregarded)
After interviews, panelists repeat the same scoring system to rank the finalists (previous
panel votes to rank the candidates in order of points scored
Panelists then deliberate and vote regarding whether to invite the

Panelists to interview before the Panel
Panelists then deliberate and vote regarding whether to invite the

include the three candidates receiving the highest point totals.
Preliminary votes for their top 3 candidates giving 3 points to their first choice, 2
DSP selects up to 3 finalists using a scoring system. Each panelist

MBA DSP Voting Process

DSP
Improper response to Question 12 (Professional Liability Claims)

- Sub-consultants do not hold applicable professional registration
- Failure to address one or more of the requested categories of work

Other Errors Possibly Resulting in Rejection

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

"Fatal" Errors

Rejection of Applications
• Contracting Methods
• Schematic Design
• Feasibility Study
• Project Team
• Invite
• Eligibility
• Process
• Project Structure
• Program

General Counsel
Dennis Ryan
educational and physical need

Must Choose Districts to Participate upon the basis of competitive
Demand always greater than resources
Limited Resources

Funding is Provided on the Basis of Need

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

Funding is Not an Entitlement

Program
1. Choose Districts
2. Procure Consultants
3. Identity Project Solution
4. Fix Scope, Budget and Funding for Project
5. Enable Progress Payments
6. Complete Design
7. Complete Construction
8. Close Out, Audit, and Reconciliation

Modules:
1. Eligibility
2. Procure Project Team
3. Feasibility Study
4. Schematic Design
5. Funding the Project
6. Detailed Design
7. Construction
8. Completing the Project

Project Structure
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.
2. A Regional School District is authorized by the Regional School Committee.
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 need 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.

http://www.massschoolbuildings.org/building/prerequisites
Eligibility Prerequisites

The District has 270 days to complete the Following

1. Certify the District will comply with grant program rules ("initial compliance certificate"")

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

6. Sign the standard Feasibility Study Agreement.
   – all must comply with the requirements of any Regional Agreement.
   – The Regional School Committee votes for a Regional District provided,
     include a non-bundled vote and a debt exclusion vote, if required.

Invite
The designer will provide design services required for the feasibility study and for the budgeting, design, funding, and construction of a project.

7. Procure a designer through the MSBA's qualification-based selection process.

6. Procure a designer through the MSBA's qualification-based selection process.

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.

4. The OPM is the agent of the district for the feasibility study and for the budgeting, design, funding, and construction of a project.

3. Procure an owner's project manager using the MSBA's qualification-based selection process.

2. Appoint a procurement selection committee and procurement manager.

1. From a school building committee subject to MSBA for approval.

Procure a Project Manager and Designer.
Reasability Study

Identification of the District:

1. Prepare an Initial Space Summary: Determines the space requirement for a new facility.
2. Prepare a Preliminary Design Program Report: Compares the existing facility with the estimated cost and time of reconstructing the existing facility with the estimated cost.
3. Prepare a Preliminary Evaluation of Project Alternatives: Compares the existing facility with the space requirements for a new facility.
4. Prepare a Preferred Schematic Report: Compares the efficiency of the district's preferred project solution against 3 of the alternatives.
5. Identify the Preferred Solution of both parties and seek MSBA Board Approval.

Alternatives include space in other schools, tuition agreements with other districts, acquisition of existing buildings, and renovation of the existing facility.

- a new facility.
- a new facility.
- and time of building a new facility.
- and time of reconstructing the existing facility with the estimated cost.

Identification of the best project solution for the district:

Project solutions and the best project solution and cost-effective and educationally-appropriate and cost-effective...
Rate.

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.

Incurred.

Costs of the maximum amount that will be "eligible" for MSBA funding, if incurred.

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 Project.

The Total Project Budget fixes the Costs that the District may need to complete the Project and identifies the maximum amount of those costs that will be "eligible" for MSBA funding at the District's Grant Percentage Rate.

The Schematic Design is used to set Scope and Total Project Budget.

The Comprehensive Schematic Design is not a Final Design.

Design for the Preferred Project Solution

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

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

Schematic Design
Estimating advice.

Pre-Construction Services include constructability, scheduling, and completed design on a Cost Plus Fee basis.

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 design for a Fixed Price.

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.

There are two (2) alternatives under Massachusetts law:

1. Budget is Finalized

2. The District Must Choose its Contracting Method Before The Choice of Contracting Method
Design-Bid-Build Method

Design/Bid/Build Structure
CM at Risk

Construction Manager Structure
Pre-Construction Services

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

CM-at-Risk

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

Design/Bid/Build Differences
Contract Documents as changeable to the Construction Contingency.

(i) Such other unforeseen events and conditions as may be specified in the

any Subcontractor; and

long as the same are not made necessary by the fault or negligence of the CM or

expediting or acceleration costs required to meet the Baseline CPM Schedule, as

fault, negligence, or breach of contract of the CM or any Subcontractor;

purchase of materials or labor costs, provided that the same are not caused by the

unanticipated cost overruns on the CM's procurement or Subcontracts or other

unforeseen conditions and events include, but are not limited to, the following:

unforeseen conditions and events shall constitute a change in the Work. Any claim against the construction contingency shall

as applicable, to the extent that such conditions or events do not result in or

schedule of Values that is available to cover the net amount of any

7.2.1 The terms "Construction Contingency" shall mean the line item included by the CM in
Project Management
• Review Process
• Cost/Square Footage Standards
• Consultant Fees
• Eligibility

Director of Project Management

John Jumpe