

Massachusetts School Building Authority

Steven Grossman
Chairman, State Treasurer

John K. McCarthy
Executive Director



Board Meeting

November 19, 2014

November 19, 2014

www.MassSchoolBuildings.org



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Project Visits & Local Votes

- Since the September 24, 2014 Board meeting, the MSBA has visited 35 projects.
- Four Districts have voted affirmatively to appropriate feasibility funds.
- Two Districts have voted affirmatively to appropriate full project funds.
- The votes to appropriate funds for a project failed in Berkshire Hills and Swampscott.

| Project Visits | | | Local Votes |
|---|--|---|--|
| Auburn Ayer Shirley RSD Chicopee Concord-Carlisle RSD Duxbury Franklin Georgetown Gloucester Greater Lowell RSD Greater New Bedford RVT Greenfield Hingham | Lynn Marshfield Monomoy RSD Newburyport (Bresnahan) Newburyport (Nock/Molin) North Adams North Reading Revere Somerset-Berkley RSD Southwick-Tolland-Granville RSD (Regional High School) | Southwick-Tolland-Granville RSD (Woodland) Southwick-Tolland-Granville RSD (Powder Mill) Sutton Wakefield Webster West Bridgewater West Springfield Weston Wilmington Winchester | Abington Berkshire Hills RSD Bourne Holbrook Ipswich Quincy Somerville Swampscott |



Project Milestones

Since the September 24, 2014 Board meeting, the MSBA has attended nine project milestone celebrations.

Ribbon Cutting Ceremonies

- Norfolk County Agricultural High School
(*Norfolk County RSD*)
- Dracut High School (*Dracut*)
- Baypath Regional Voc/Tech High School (*Worcester County RSD*)
- Bresnahan Elementary School (*Newburyport*)
- Joseph Estabrooks Elementary School (*Lexington*)
- Douglas Middle School (*Douglas*)

Groundbreaking Ceremonies

- Lunenburg High School (*Lunenburg*)

Dedication Ceremony

- Bancroft Elementary School (*Andover*)
- Galvin Middle School (*Wakefield*)



Project Visits

Upcoming site visits anticipated in December and January:

| Project Visits | | |
|---|--|--|
| Assabet Valley RSD Auburn Chicopee Franklin Georgetown Greater Lowell RSD Greenfield Lynn Monomoy RSD | Newton North Adams North Reading Revere Southwick-Tolland-Granville RSD (Regional High School) Southwick-Tolland-Granville RSD (Woodland) Southwick-Tolland-Granville RSD (Powder Mill) | Springfield (Brookings) Springfield (Central) Sutton Wachusett RSD Webster West Bridgewater Wilmington Winchester Worcester County (Baypath) |



Invitation to Eligibility Period | **Vote**

| District | School |
|----------|---------------------|
| Boston | Boston Arts Academy |

Re-Categorization from Preferred Schematic to Feasibility Study | **Vote**

| District | School |
|----------|----------------------------|
| Boston | Josiah Quincy Upper School |



Invitation to Feasibility Study | **Vote**

| District | School |
|------------|--------------------------------|
| Quincy | Reay E. Sterling Middle School |
| Somerville | Somerville High School |



Update on Project Scope and Budget Authorization

- MSBA Board approval on July 31, 2013.
- Local Authorization Votes on November 5, 2013.
- Project advancement contingent upon two successful ballot questions held on same day: Question One to approve borrowing of project funding, which requires a simple majority of the aggregate votes from the three member towns of Great Barrington, West Stockbridge and Stockbridge. Question Two to approve an exclusion from Proposition 2 ½ in each of the towns individually.
- Question One passed by simple majority, while the Town of Great Barrington did not vote to support Question Two, a Proposition 2 ½ Override.
- The School District received an extension of time to assess the nature and extent of the failed vote, and with an indication of community support the district re-voted on November 4, 2014 but experienced similar results with the votes failing.

The District is not seeking an extension of time beyond what has been granted.



Project Update |

Swampscott: Hadley Elementary School

Update on Project Scope and Budget Authorization

- MSBA Board approval on July 30, 2014
- The Town Meeting Vote on October 6, 2014 failed to obtain the two-thirds vote required for local authorization to fund the proposed project.
- The Ballot question vote on November 4, 2014 to approve an exclusion from Proposition 2 ½ failed to secure a simple majority of the voters.
- The District's 120-day period from the Board of Directors July 30, 2014 Project Scope and Budget vote expires November 30, 2014.

The District is not seeking an extension of time beyond the 120-day period.



Project Funding Agreement Accelerated Repair Program | **Vote**

(1 of 2)

| District | School | Scope | Total Project Budget | Estimated Maximum Total Facilities Grant |
|-----------|---|---------------------|----------------------|--|
| Dartmouth | George H. Potter Elementary School | Roof | \$1,868,400 | \$926,141 |
| Lynn | E. J. Harrington Elementary | Roof | \$1,863,431 | \$1,349,098 |
| | Connery Elementary School | Roof | \$1,101,402 | \$799,283 |
| Norwood | Cornelius M. Callahan Elementary School | Boiler | \$485,809 | \$210,578 |
| Orleans | Orleans Elementary School | Partial Window/Door | \$1,109,312 | \$384,096 |
| Quincy | Francis W. Parker Elementary School | Window/Door | \$1,309,639 | \$877,881 |
| | Lincoln-Hancock Community School | Window/Door | \$2,521,196 | \$1,599,898 |



Project Funding Agreement Accelerated Repair Program | **Vote**

(2 of 2)

| District | School | Scope | Total Project Budget | Estimated Maximum Total Facilities Grant |
|--------------|--|-------------------------------------|----------------------|--|
| Stoughton | Joseph H. Gibbons Elementary School | Roof, Window/Door | \$3,919,990 | \$1,774,136 |
| Sudbury | General John Nixon Elementary School | Partial Roof Partial Window/Door | \$1,096,268 | \$375,914 |
| Worcester | Clark Street Developmental Learning School | Window/Door | \$2,505,511 | \$1,865,183 |
| | Goddard School of Science and Technology | Window/Door | \$5,494,557 | \$4,081,822 |
| | Union Hill School | Window/Door | \$2,520,957 | \$1,874,410 |
| | West Tatnuck School | Window/Door | \$2,395,045 | \$1,780,470 |
| Total | | | \$28,191,517 | \$17,898,910 |



Preferred Schematic Design | **Vote**

| District | School | Project Scope | Estimated Total Construction | Estimated Total Project Costs |
|--------------|-------------------------|-------------------------|------------------------------|-------------------------------|
| Brookline | Edward Devotion School | Addition/ Renovation | \$84,964,582 | \$118,397,806 |
| Pittsfield | Taconic High School | New | \$92,533,866 | \$115,700,000 |
| Woburn | Wyman Elementary School | New | \$25,749,248 | \$32,186,412 |
| Total | | | \$203,247,696 | \$266,284,218 |



Preferred Schematic Design | Brookline

Edward Devotion School

- Year Opened: 1913
- Current Grades: K-8
- Agreed Upon Grade Configuration: K-8
- Agreed Upon Enrollment: 1,010 students
- Proposed Scope of Project: Addition/Renovation
- Existing Square Footage: 162,051 gsf
- Proposed Square Footage: 196,582 gsf
- Estimated Construction Cost of Preferred Schematic: \$84,964,582



Preferred Schematic Design | Pittsfield

Taconic High School

- Year Opened: 1969
- Current Grades: 9-12
- Agreed Upon Grade Configuration: 9-12
- Agreed Upon Enrollment: 920 students
- Proposed Scope of Project: New construction
- Existing Square Footage: 241,224 gsf
- Proposed Square Footage: 247,770 gsf
- Estimated Construction Cost of Preferred Schematic: \$92,533,866



Preferred Schematic Design | Woburn

Wyman Elementary School

- Year Opened: 1892
- Current Grades: K-5
- Agreed Upon Grade Configuration: K-5
- Agreed Upon Enrollment: 410 students
- Proposed Scope of Project: New construction to replace the existing Wyman Elementary School and the existing Daniel P. Hurd Elementary School with a new K-5 facility on an alternative site.
- Existing Square Footage: 35,436
- Proposed Square Footage: 70,701
- Estimated Construction Cost of Preferred Schematic: \$25,749,248



Project Scope and Budget | **Vote**

| District | School | Project Scope | Total Project Budget | Estimated Maximum Total Facilities Grant |
|--------------|---------------------------|---------------|----------------------|--|
| Scituate | Gates Intermediate School | New | \$75,750,000 | \$20,630,601 |
| Total | | | \$75,750,000 | \$20,630,601 |

*See district specific slides for conditional reimbursement rate incentive point information.



Project Scope and Budget | Scituate

Gates Intermediate School

- Year Opened: 1917
- Current Grade Configuration: 7-8
- Agreed Upon Grade Configuration: 6-8
- Agreed Upon Enrollment: 710 students
- Scope of Project: New co-located middle school connected to the existing Scituate High School
- Existing Square Footage: 102,000
- Proposed Square Footage: 130,068
- District Total Project Budget: \$75,750,000
- Estimated Basis Total Facilities Grant: \$47,431,424
- Reimbursement Rate*: 44.06%
- Estimated Maximum Total Facilities Grant: \$20,630,601

*The MSBA has provisionally included two (2) incentive points for energy efficiency, subject to the District meeting certain sustainability requirements for the project. If the District does not meet the requirements for energy efficiency, the District will not qualify for these incentive points, and the MSBA will adjust the reimbursement rate accordingly.



Summary of Bid Data

| Year | Number of Projects | Design Basis for Enrollment | Project Budget | Construction Budget |
|--------------------|--------------------|-----------------------------|----------------|---------------------|
| 2014 | 17 | 14,345 | \$935.0 M | \$731.9 M |
| 2015 | 9 | 7,650 | \$644.7 M | \$505.8 M |
| Grand Total | 26 | 21,995 | \$1.58 B | \$1.24 B |

Note: These numbers are based on preliminary information received from the District and are subject to further review and calculation.

- Anticipated Bids in 2014:
 - November – Lynn (GMP), Athol-Royalston, Newton (GMP), Winchester (GMP)
 - December – Gloucester (GMP), Lunenburg (GMP)
- Anticipated Bids in 2015:
 - January – Milford (GMP)



Core Program Construction Estimate vs. 2014 Bid Amount

- 10 out of 17 bids received in 2014.
- Of the 10, seven bids came in within the estimated budget.

| District | School | Scope | Project Type | Bid Date | Construction Estimate ** | Bid Amount ** | Variance from Construction Estimate | Reimbursement Rate | Potential Grant Variance * |
|------------------|---------------------|--------------|--------------|----------|--------------------------|---------------|-------------------------------------|--------------------|----------------------------|
| | | | | Total | \$363,676,747 | \$345,309,391 | \$18,367,356 | - | \$11,889,863 |
| Revere | William McKinley ES | New | DBB | Jan-14 | \$33,897,336 | \$31,575,000 | \$2,322,336 | 80.00% | \$1,857,869 |
| North Adams | Conte MS | New | DBB | Mar-14 | \$21,853,267 | \$21,983,496 | -\$130,229 | 80.00% | \$0 |
| Ayer Shirley | Ayer Shirley RHS | Add/Reno | CMR | Mar-14 | \$44,372,576 | \$44,375,799 | -\$3,223 | 70.25% | \$0 |
| Greater Lowell | GLRVTHS | Major Repair | CMR | Mar-14 | \$53,165,631 | \$52,472,010 | \$693,621 | 76.84% | \$532,978 |
| South Hadley | Plains ES | New | DBB | May-14 | \$21,563,821 | \$21,391,144 | \$172,677 | 62.69% | \$108,251 |
| Wachusett | Mountview MS | New | DBB | May-14 | \$43,122,257 | \$34,887,000 | \$8,235,257 | 57.93% | \$4,770,684 |
| Chicopee | Chicopee Academy | Add/Reno | DBB | May-14 | \$30,776,990 | \$31,487,000 | -\$710,010 | 80.00% | \$0 |
| Auburn | Auburn MS | New | CMR | May-14 | \$35,474,676 | \$33,559,242 | \$1,915,434 | 58.61% | \$1,122,636 |
| Greater Lawrence | GLRVTHS | Major Repair | DBB | May-14 | \$4,361,641 | \$3,484,000 | \$877,641 | 78.95% | \$692,898 |
| Peabody | Higgins MS | New | DBB | Jun-14 | \$75,088,552 | \$70,094,700 | \$4,993,852 | 56.16% | \$2,804,547 |

*These numbers are based on preliminary information received from the district and are subject to further review and calculation.

**The construction estimate and bid amount do not include pre-construction services and alternatives.



Construction Estimate vs. Bid Amount

- **2012 Accelerated Repair Program**
 - Out of 36 projects, 36 bids have been received
 - Of the 36, 36 bids have been reported
 - Of the 36 projects, 31 bids came within the estimated budget

- **2013 Accelerated Repair Program**
 - Out of 45 projects, 44 bids have been received
 - Out of 44 projects, 38 bids have been reported
 - Of the 38 projects, 34 bids came within the estimated budget



Commissioning

Recommended Commissioning Consultants

Full Building Commissioning

- Bard, Rao + Athanas Consulting Engineers, LLC
- BVH Integrated Services, P.C.
- Consulting Engineering Services, LLC
- Fitzemeyer & Tocci Associates, Inc.
- Horizon Engineering Associates LLP
- RDK Engineers
- Rist-Frost-Shumway Engineering. P.C.
- Strategic Building Solutions, LLC
- Symmes Maini & McKee Associates
- WSP USA Corp.

Building Envelope Commissioning

- Building Enclosure Associates, LLC
- CBI Consulting
- Gale Associates
- Russo Barr Associates
- Simpson Gumpertz & Heger
- Thompson & Lichtner Co., Inc.



Audit Status Update

Former Program

Today's Vote

| Completed Projects | | Projects Currently Submitting for Reimbursement | Estimated Costs Remaining |
|--|---|--|--|
| 784 | 1 | 3 | |
| \$15.41 billion of costs <i>submitted and audited</i> | | \$187 million of costs <i>submitted and audited</i> | Approx. \$5 million of costs <i>to be submitted*</i> |

→ \$1.4 billion in audit savings to date

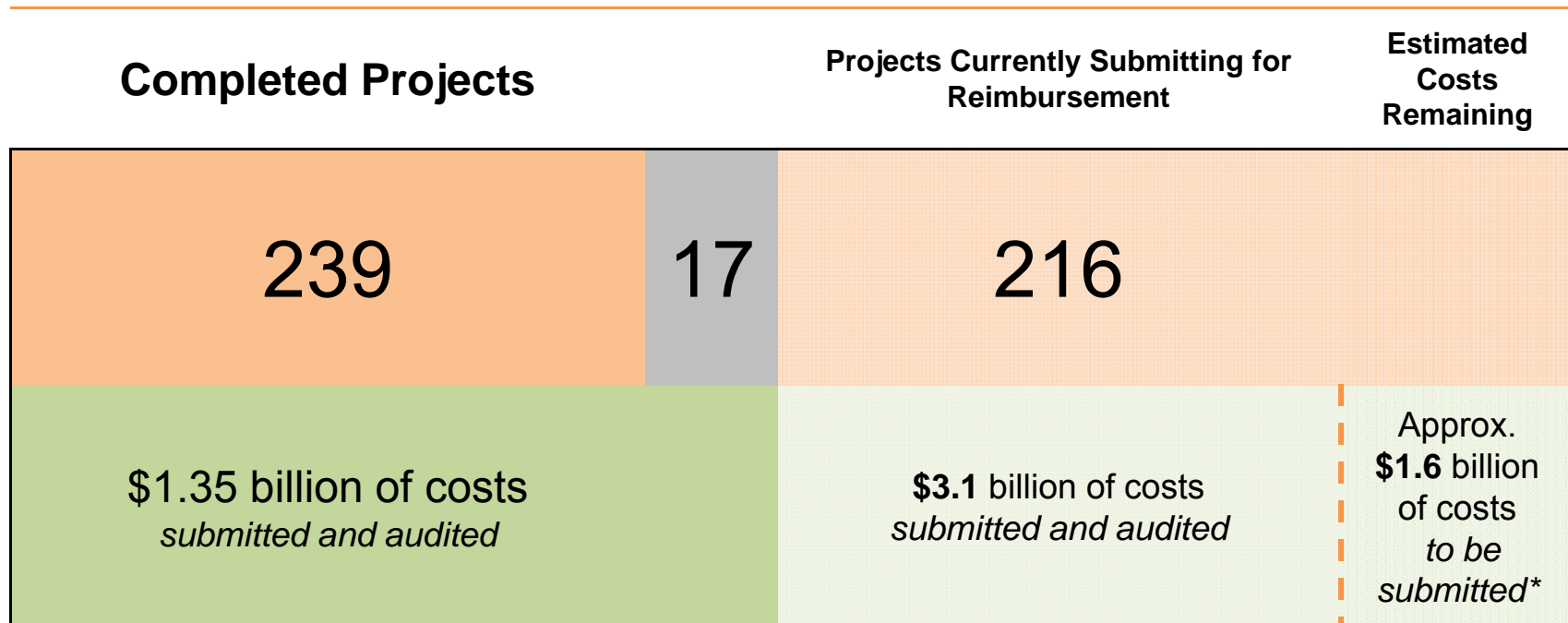
**Estimated based on Total Project Budgets from executed funding and submitted costs as of November 10, 2014*



Audit Status Update

New Program

Today's Vote

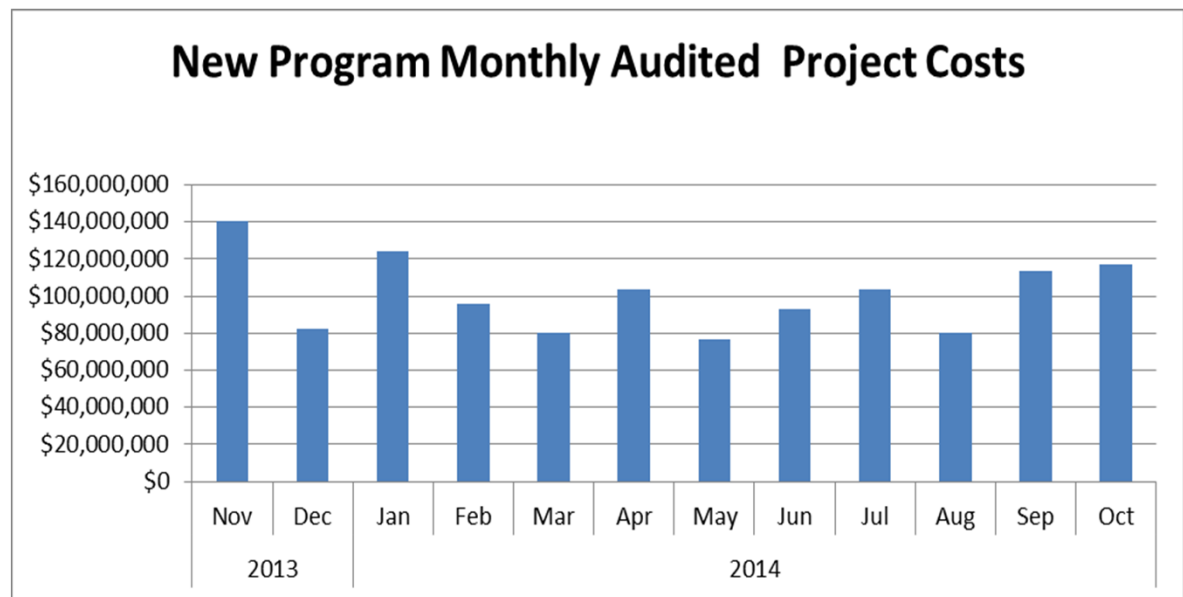


*Estimated based on Total Project Budgets from executed funding agreements and submitted costs as of November 14, 2014.



New Program: Monthly Audited Project Costs

- Rolling 12 month submitted costs monthly average of \$101 million
- Total 12 Month Audited Costs = \$1.2 billion





New Program: Closeout Audits

Today's Vote: Exhibit C, Approval of Final Audits

| District | School Name | MSBA Cx | Reimb. Rate | Total Project Budget | Final Costs Submitted | Basis for Final Total Facilities Grant | Final Total Facilities Grant |
|-----------|-------------------|---------|-------------|----------------------|-----------------------|--|------------------------------|
| Worcester | North High School | NA | 90.00% | \$72,800,000 | \$65,109,655 | \$51,013,201 | \$45,911,881 |



New Program: Closeout Audits

Today's Vote: Exhibit D, Approval of Final Audits

| District | School Name | MSBA Cx | Reimb. Rate | Total Project Budget | Final Costs Submitted | Basis for Final Total Facilities Grant | Final Total Facilities Grant |
|---------------------|-------------------------|---------|-------------|----------------------|-----------------------|--|------------------------------|
| Burlington | Marshall Simonds Middle | X | 54.01% | \$32,794,426 | \$34,876,155 | \$28,443,117 | \$15,362,127 |
| Grafton | Grafton Memorial Senior | X | 56.89% | \$72,016,800 | \$68,887,643 | \$59,468,199 | \$33,831,458 |
| Groton-Dunstable | Groton/Dun Reg'l Middle | X | 45.74% | \$1,234,197 | \$1,168,531 | \$1,166,625 | \$533,614 |
| Hampden-Wilbraham | Minnechaug Reg High | X | 61.73% | \$61,091,067 | \$60,200,226 | \$52,363,090 | \$32,323,735 |
| Haverhill | Caleb Dustin Hunking | X | 71.91% | \$18,169 | \$10,005 | \$10,005 | \$7,195 |
| Haverhill | Greenleaf | X | 71.91% | \$7,669 | \$4,863 | \$4,727 | \$3,399 |
| Nashoba Valley Tech | Nashoba Valley Tech H S | X | 52.89% | \$415,003 | \$415,000 | \$145,000 | \$76,691 |
| North Attleborough | Roosevelt Avenue | X | 52.06% | \$997,000 | \$969,915 | \$840,857 | \$437,750 |
| Palmer | Converse Middle | X | 61.32% | \$839,724 | \$954,470 | \$784,172 | \$480,854 |
| Palmer | Old Mill Pond | X | 61.32% | \$763,201 | \$1,038,573 | \$751,399 | \$460,758 |
| Palmer | Palmer High | X | 61.32% | \$1,660,910 | \$2,037,753 | \$1,576,053 | \$966,436 |
| Pentucket | Dr Frederick N Sweetsir | X | 51.42% | \$2,425,954 | \$2,424,137 | \$2,329,964 | \$1,198,067 |
| Pentucket | Dr John C Page School | X | 51.42% | \$3,249,887 | \$3,132,807 | \$2,959,214 | \$1,521,628 |
| Plymouth | Plymouth North High | X | 58.24% | \$84,294,824 | \$80,277,540 | \$64,858,703 | \$37,773,709 |
| Westfield | Munger Hill | X | 59.84% | \$828,601 | \$755,579 | \$755,299 | \$451,971 |
| Westfield | Paper Mill | X | 59.84% | \$797,354 | \$731,625 | \$731,355 | \$437,643 |
| Whitman-Hanson | Maquan Elementary | NA | 56.26% | \$500,000 | \$499,994 | \$499,928 | \$281,259 |
| Total | | | | \$263,934,786 | \$258,384,816 | \$217,687,707 | \$126,148,294 |



MSBA FY14 Financial Statements

- As a result of the 2014 Audit, KPMG has issued an unmodified (i.e. clean) opinion
- Report on compliance and internal controls:
 - No material weaknesses involving internal control over financial reporting and its operation
 - No instances of non-compliance



MSBA FY14 Financial Statements

- KPMG Areas of Emphasis
 - Grants Payable – accounting, disclosure, valuation
 - Debt Financing – arbitrage, disclosures, new issuances, bond covenants, outstanding balances
 - Investments – reviewed for impairment, balances per financial institutions, income, independent pricing of securities, required disclosures
 - Revenue
 - Other – conformity with GASB and industry practice, legal letter, disclosure, form & content of MD&A, standard tax review, minutes of Board meetings



MSBA FY14 Financial Statements

Auditors' Required Communications

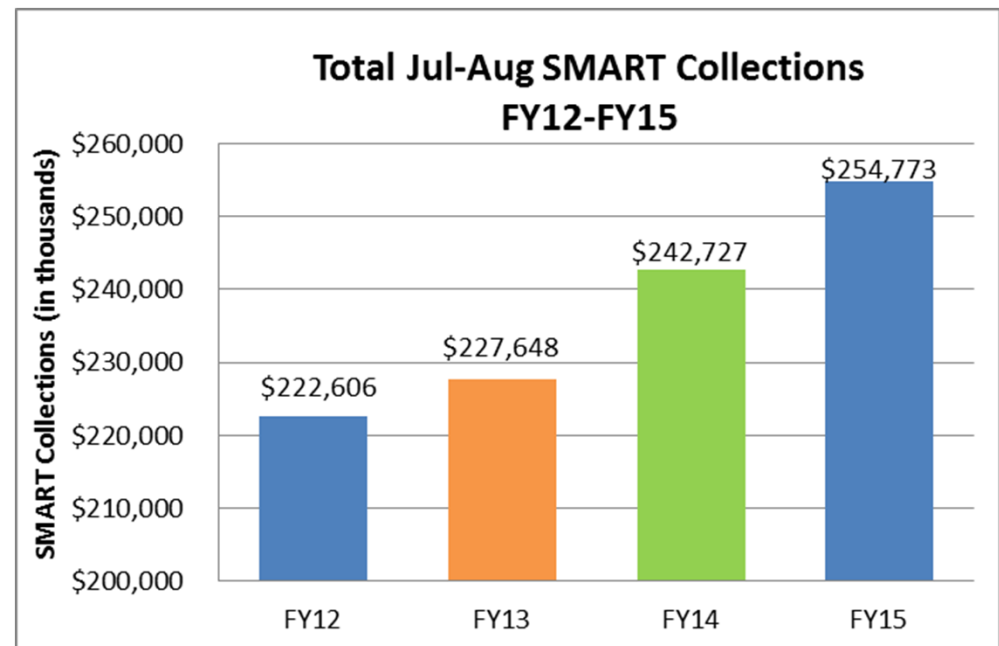
| Topic | Auditors' Response |
|--|--|
| Auditor responsibilities under generally accepted auditing standards and Government Auditing Standards | Audit designed to obtain reasonable assurance that basic financial statements are free of material misstatement |
| Management judgments and accounting estimates, including Grants Payable and OPEB Liability | Accounting estimates are an integral part of the financial statements Evaluated key factors and assumptions used to develop estimates. Found them reasonable in relation to the financial statements taken as a whole |
| Significant audit adjustments affecting the financial reporting process | None identified |
| Other information in documents containing audited financial statements | Evaluated form and content of MD&A |
| Uncorrected audit misstatements | KPMG proposed one audit adjustment over valuation of investments, deemed not material or necessary to adjust the financial statements |
| Disagreements with management | None |
| Difficulties encountered in performing the audit | None |



SMART Collections Update

| | Jul | Aug | Sep | Oct | Total |
|------------------------------------|--------|--------|--------|--------|---------|
| FY14 Collections (\$ 000) | 64,231 | 60,261 | 56,759 | 61,476 | 242,727 |
| FY15 Collections (\$ 000) * | 68,214 | 62,366 | 59,553 | 64,640 | 254,773 |
| Change (\$ 000) | 3,983 | 2,105 | 2,794 | 3,164 | 12,046 |
| % Change | 6.2% | 3.5% | 4.9% | 5.1% | 5.0% |

- FY15 SMART collections through October were approximately \$12 million (5.0%) greater than FY14 collections during the same period
- Total SMART collections through October in each of the last two fiscal years have exhibited year-over-year growth in excess of 4.9%



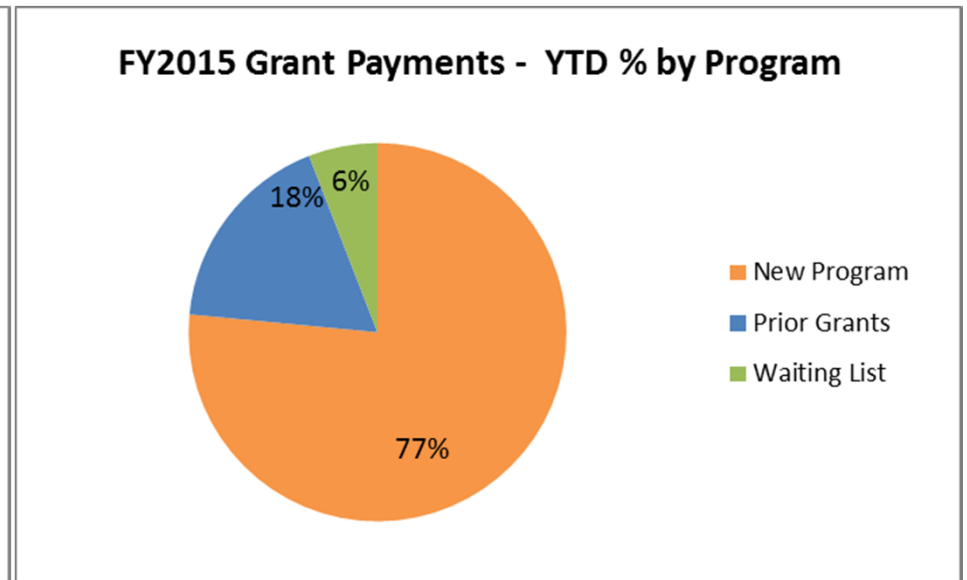
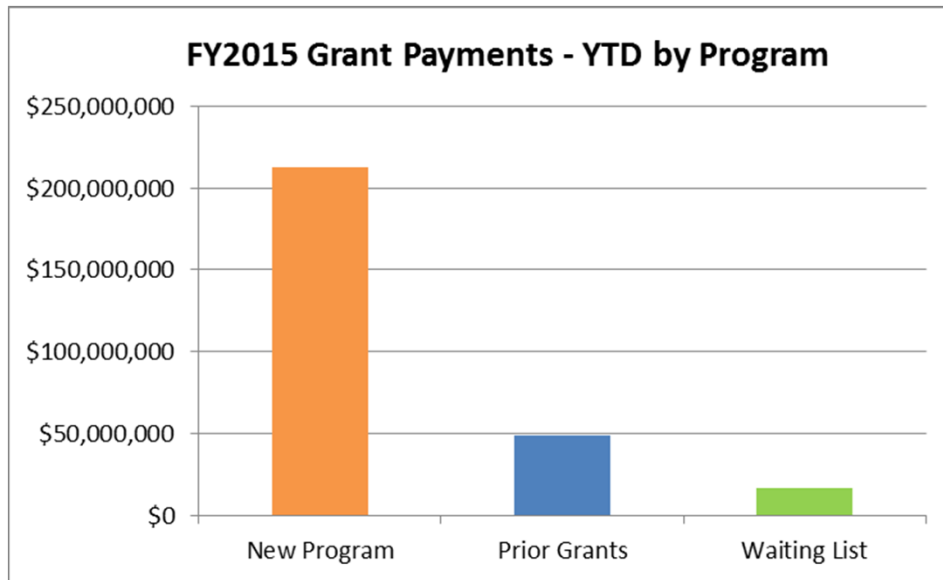
* October 2014 collections are based on preliminary data provided by the Department of Revenue.



Grant Payments – FY2015 YTD Update

*FY2015 YTD Grant Payments Summary**

| Program | Grant Payments | # Projects | # Districts |
|----------------|-----------------------|-------------------|--------------------|
| New Program | 212,466,866 | 148 | 104 |
| Prior Grants | 48,850,018 | 73 | 58 |
| Waiting List | 16,399,490 | 28 | 21 |
| | 277,716,374 | 249 | 159 |



* Reflects grant payments as of November 12, 2014.