

# Massachusetts School Building Authority

Deborah B. Goldberg, State Treasurer and Receiver-General

*Chairperson*

Maureen Valente

*Chief Executive Officer*

Jack McCarthy

*Executive Director*



## Board Meeting

**May 25, 2016**



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# Project Votes

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# 2016 Statement of Interest Process

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The 2016 SOI Process opened on Friday, January 8, 2016.

## **Accelerated Repair**

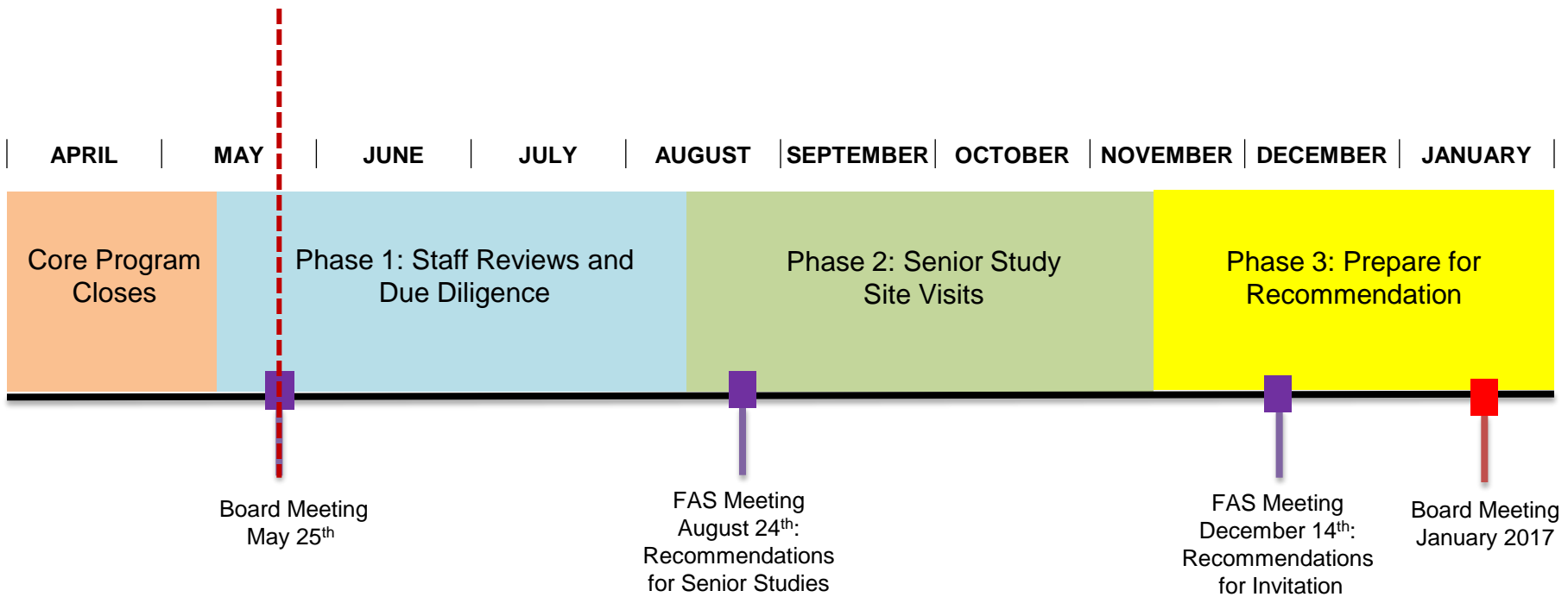
- Closed on February 12, 2016
- 67 SOI's submitted by 34 Districts
- 43 SOI's from 25 Districts recommended for Board action today
- 7 SOI's from 4 Districts remain under review with anticipated action at the July 2016 Board

## **Core Program**

- Closed on April 9, 2016
- 89 SOI's submitted by 58 Districts
- Staff review and due diligence is underway



# 2016 Core SOI Overview





# Invitation to Commence Eligibility Period | **Vote**

**May 2016**

<b>District</b>	<b>School</b>
Arlington	Arlington HS
Framingham	Fuller MS
Natick	John F. Kennedy MS
Pentucket RSD	Pentucket Regional HS
Tewksbury	Louise Davy Trahan ES
Weymouth	Maria Weston Chapman MS



# Invitation to Feasibility Study | **Vote**

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<b>District</b>	<b>School</b>
Harvard	Hildreth ES
Lexington	Maria Hastings ES
Tisbury	Tisbury ES



# Invitation to Accelerated Repair Program | **Vote**

District	School	Scope
Agawam	Roberta G. Doering School	Boiler
Auburn	Pakachoag ES	Roof
Boston	Boston Latin School	Partial Boiler
	James F. Condon ES	Boiler
	John W. McCormack MS	Roof
	Paul A. Dever ES	Roof
	William E. Channing ES	Boiler
Boxford	Spofford Pond ES	Roof / Window/Door
Cambridge	Fletcher Maynard Academy	Roof
Canton	Lt. Peter M. Hansen ES	Roof
Carver	Carver M/HS	Roof / Window/Door / Boiler
Chicopee	Patrick E. Bowe School	Window/Door
	Chicopee Academy at Selser School	Roof
Dartmouth	Dartmouth MS	Roof





# Invitation to Accelerated Repair Program | **Vote**

District	School	Scope
Gloucester	Gloucester HS	Roof
Halifax	Halifax ES	Roof / Window/Door
Lawrence	High School Learning Center	Boiler
Marshfield	Furnace Brook MS	Roof
Mashpee	Quashnet ES	Window/Door
New Bedford	John A. Parker ES	Window/Door
North Brookfield	North Brookfield ES	Roof
Northampton	Bridge Street School	Roof
	Leeds ES	Roof
Quincy	Atherton Hough ES	Partial Boiler
	Beechwood Knoll ES	Boiler
	Merrymount ES	Boiler
	Wollaston ES	Partial Boiler
Sharon	Heights ES	Roof



# Invitation to Accelerated Repair Program | **Vote**

District	School	Scope
Somerville	Winter Hill Community Innovation School	Roof / Window/Door
Springfield	Alfred G. Zanetti Montessori Magnet School	Window/Door
	Thomas M. Balliet School	Roof
	Balliet MS	Window/Door
	Kensington International School	Roof
	M. Marcus Kiley MS	Window/Door
	Mary M. Lynch ES	Roof
Swansea	Elizabeth S. Brown ES	Window/Door
Topsfield	Proctor ES	Roof
	Steward ES	Roof
Wayland	Loker ES	Window/Door
Worcester	Belmont Street Community School	Window/Door
	Chandler Elementary Community School	Window/Door / Boiler
	Gerald Creamer Center	Window/Door / Partial Boiler
	Wawecus Road School	Window/Door



# Preferred Schematic Design | **Vote**

District	School	Project Scope	Estimated Total Construction	Estimated Total Project Costs
Amherst	Wildwood ES	New	\$51,595,747	\$64,494,684
Boston	Josiah Quincy Upper School	New	\$83,277,026	\$114,548,499
<b>Totals</b>			<b>\$134,872,773</b>	<b>\$179,043,183</b>



## Wildwood Elementary School

- Year Opened: 1970
- Current Grade Configuration: K-6
- Agreed Upon Grade Configuration: 2-6
- Agreed Upon Enrollment: 750 students
- Proposed Scope of Project: Consolidation of the existing Wildwood Elementary School and Fort River Elementary School into two new “co-located” elementary schools, in one building, serving grades 2-6 on the existing Wildwood Elementary School site.
- Existing Square Footage: 82,000 gsf
- Proposed Square Footage: 122,272 gsf
- Estimated Total Construction Cost of Preferred Schematic: \$51,595,747



# Preferred Schematic Design | Boston

## Josiah Quincy Upper School

- Year Opened: 1911 (former Abraham Lincoln School)  
1920 (Church Street building)  
2000 (temporary modular classroom)
- Current Grade Configuration: 6-12
- Agreed Upon Grade Configuration: 6-12
- Agreed Upon Enrollment: 650 students
- Proposed Scope of Project: New Construction on the McKinley School site
- Existing Square Footage: 72,444 gsf (former Abraham Lincoln School)  
17,600 gsf (Church Street building)  
17,000 gsf (temporary modular classroom)
- Proposed Square Footage: 150,000 gsf
- Estimated Total Construction Cost of Preferred Schematic: \$83,277,026



# Project Scope and Budget | **Vote**

District	School	Project Scope	Total Project Budget	Estimated Maximum Total Facilities Grant
Stoughton	Stoughton High School	New	\$123,540,688	\$51,078,994
<b>Total</b>			<b>\$123,540,688</b>	<b>\$51,078,994</b>



# Project Scope and Budget | **Stoughton**

## **Stoughton High School**

- Year Opened: 1923
- Current Grade Configuration: 9-12
- Agreed Upon Grade Configuration: 9-12
- Agreed Upon Enrollment: 1,065 students
- Scope of Project: New construction of the Stoughton High School on the existing site
- Existing Square Footage: 216,000 gsf
- Proposed Square Footage: 214,600 gsf
- District Total Project Budget: \$123,540,688
- Estimated Basis Total Facilities Grant: \$84,205,398
- Reimbursement Rate\*: 60.66%
- Estimated Maximum Total Facilities Grant: \$51,078,994

*\*The MSBA has provisionally included one (1) incentive point for the Construction Manager at Risk construction delivery method, subject to the District receiving approval from the Office of the Inspector General to utilize this method. The MSBA also 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 receive approval for the Construction Manager at Risk delivery method and/or does not meet the requirements for the energy efficiency, the District will not qualify for these incentive points, respectively, and the MSBA will adjust the reimbursement rate accordingly.*



# Audit Update

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- **Audit Status Report**
- Approval of Final Audit with no appeal, Grant Conversion Project, MSBA grants of \$5,384,724 | **Vote**
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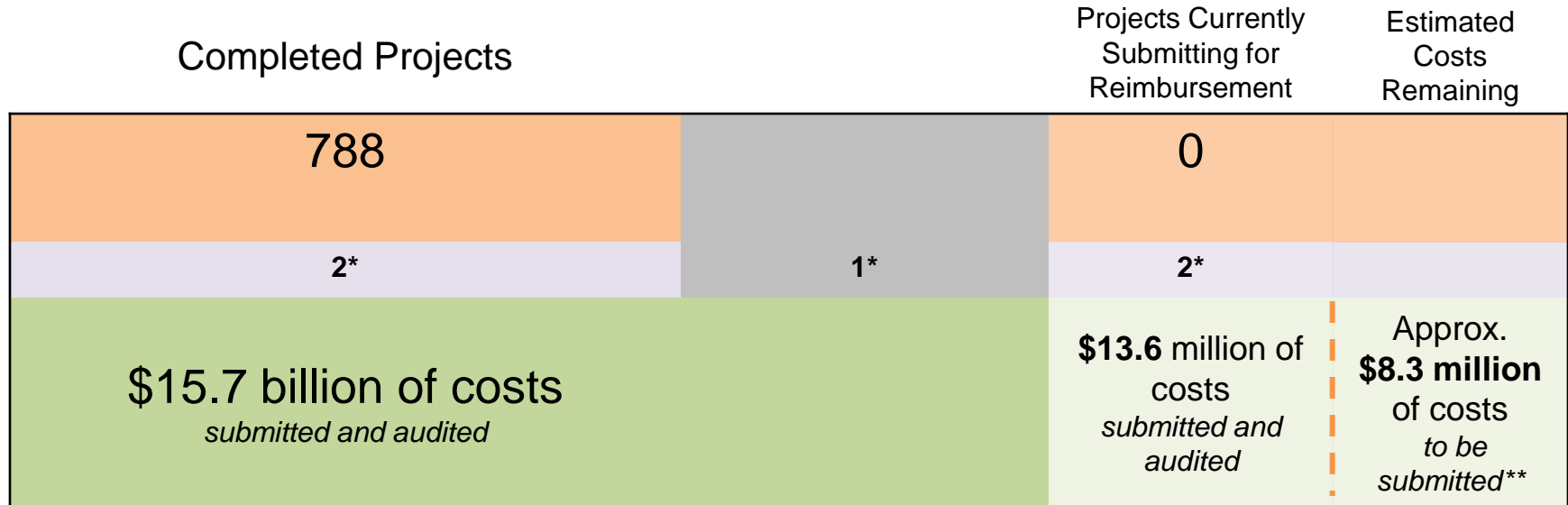




# Audit Status Update

## Former Program

## Today's Vote



\* Grant Conversion

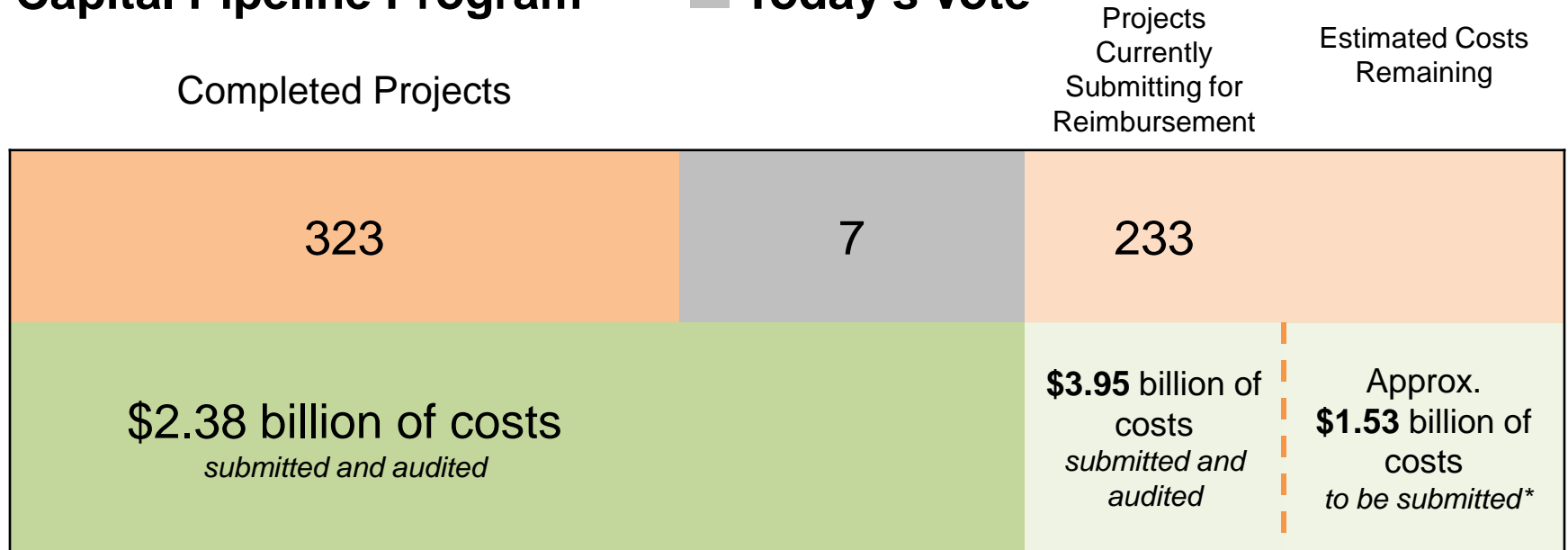
\*\* Estimated based on Total Project Budgets from executed funding and submitted costs as of May 13, 2016.



# Audit Status Update

## Capital Pipeline Program

## ■ Today's Vote



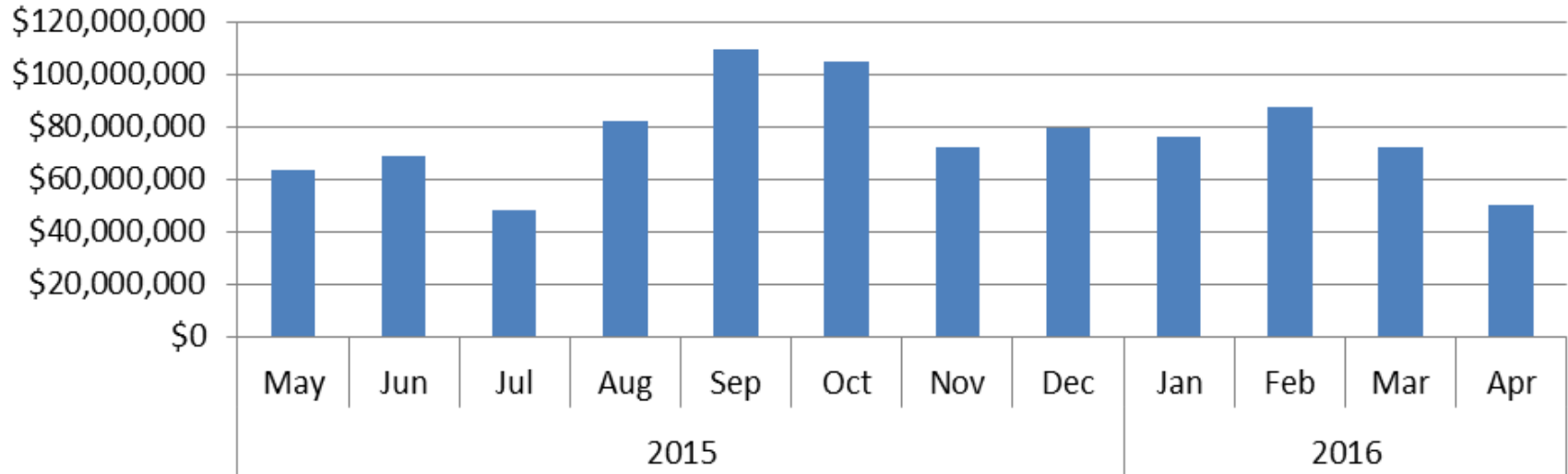
\*Estimated based on Total Project Budgets from executed funding agreements and submitted costs as of May 13, 2016.



# Capital Pipeline Program | Monthly Audited Project Costs

- Rolling 12 month submitted costs monthly average of \$76 million
- Total 12 Month Audited Costs = \$915 million

## Capital Pipeline Program Monthly Audited Project Costs





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# Waitlist 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
New Bedford	New Bedford HS	N/A	90.00%	\$6,249,275	\$7,339,123	\$5,983,027	\$5,384,724
			<b>TOTAL</b>	<b>\$6,249,275</b>	<b>\$7,339,123</b>	<b>\$5,983,027</b>	<b>\$5,384,724</b>



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# Capital Pipeline Program | Closeout Audits

## Today's Vote: Exhibit E, 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
Belmont	Roger Wellington School	X	40.00%	\$39,301,521	\$40,481,438	\$28,655,848	\$11,462,339
Dighton-Rehoboth RSD	Dighton ES	X	52.06%	\$2,071,988	\$2,005,347	\$1,957,163	\$1,018,899
Dighton-Rehoboth RSD	Dorothy L. Beckwith School	X	52.06%	\$1,727,520	\$1,624,799	\$1,564,614	\$814,538
Marblehead	Glover School	X	40.00%	\$25,900,000	\$25,873,961	\$23,896,044	\$9,558,418
Medford	Medford HS	X	59.16%	\$11,854,918	\$11,554,161	\$10,998,480	\$6,506,701
Shawsheen Valley Voc Tech	Shawsheen Valley VTHS	X	52.06%	\$1,003,429	\$704,054	\$693,143	\$360,850
Sudbury	General John Nixon ES	X	36.89%	\$1,096,268	\$954,549	\$930,855	\$343,392
			<b>TOTAL</b>	<b>\$82,955,644</b>	<b>\$83,198,309</b>	<b>\$68,696,147</b>	<b>\$30,065,137</b>



# MSBA Updates

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  - Construction Cost Trends | **Vote**
  - Update on Model School Program Site Visits
  - Minuteman Update
  - Construction Manager at Risk and Design





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Bid Build Data Analysis

[www.MassSchoolBuildings.org](http://www.MassSchoolBuildings.org)



# Project Visits and Local Votes

- Since the March 30, 2016 Board meeting, the MSBA has visited 22 projects.
- 11 Districts have voted affirmatively to appropriate feasibility/schematic design project funds.

Project Visits			Local Votes
Abington Athol-Royalston RSD Boston Chelsea Concord-Carlisle RSD Gloucester Haverhill Holbrook	Lunenburg Lynn Marshfield Milford New Bedford Newton North Middlesex RSD	Northborough Peabody Plymouth Revere Wachusett RSD Winthrop Worcester	<b>Feasibility Study Funds</b> Belmont Dedham Dennis-Yarmouth Foxborough Harvard Manchester Essex RSD Marlborough Northbridge Tisbury Triton Wareham



# Project Visits

## Upcoming site visits anticipated in June, July, and August:

Project Visits		
Abington Athol-Royalston RSD Boston Chelsea Gloucester Haverhill	Holbrook Lunenburg Milford New Bedford North Middlesex RSD Northborough	Peabody Plymouth Wachusett RSD Winchester Winthrop Worcester



# Project Milestones

Since the March 30, 2016 Board meeting, the MSBA has attended three project milestone celebrations.

## Dedication Ceremony

- Greater Lowell RSD, *Vocational Technical HS*

## Groundbreaking Ceremony

- Pittsfield, *Taconic HS*

## Topping Out Ceremony

- Holbrook, *K-12 School*



*Treasurer Deborah Goldberg breaking ground for Taconic High School in Pittsfield, with State Senator Ben Downing, State Representative Tricia Farley-Bouvier, Pittsfield Superintendent Jason McCandless, and project supporters and participants on Friday, May 13, 2016.*



*Treasurer Deborah Goldberg stands with a student body representative, Pittsfield Mayor Linda Tyer, State Representative Tricia Farley-Bouvier and project advocates at the Taconic High School Groundbreaking ceremony.*



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# Summary of Bid Data

Year	Number of Projects	Design Basis for Enrollment	Project Budget	Construction Budget
2016	14	8,150	\$811.75 M	\$665.06 M
2017	1	1,610	\$176.00 M	\$140.77 M
<b>Totals</b>	<b>15</b>	<b>9,760</b>	<b>\$987.75 M</b>	<b>\$805.83 M</b>

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

## Anticipated Bids in 2016:

- May – Worcester (CMR) and Westborough (CMR)
- June – Boston, Dearborn (CMR)



# Construction Estimate vs. 2016 Bid Amount

## Core Program

- Of the fourteen bids and/or executions of a GMP in 2016, one has been reported to date.
- Of the fourteen, one bid came in within the estimated budget.

District	School	Scope	Project Type	Bid Date	Construction Estimate **	Bid Amount **	Variance from Construction Estimate	Reim. Rate	Potential Grant Variance *
Provincetown	Provincetown Schools K-8	Repair	DBB	Feb-16	\$5,709,882	\$4,859,600	- \$850,282	50.68%	- \$430,923
<b>Totals</b>					<b>\$5,709,882</b>	<b>\$4,859,600</b>	<b>- \$850,282</b>	<b>-</b>	<b>- \$430,923</b>

\*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.



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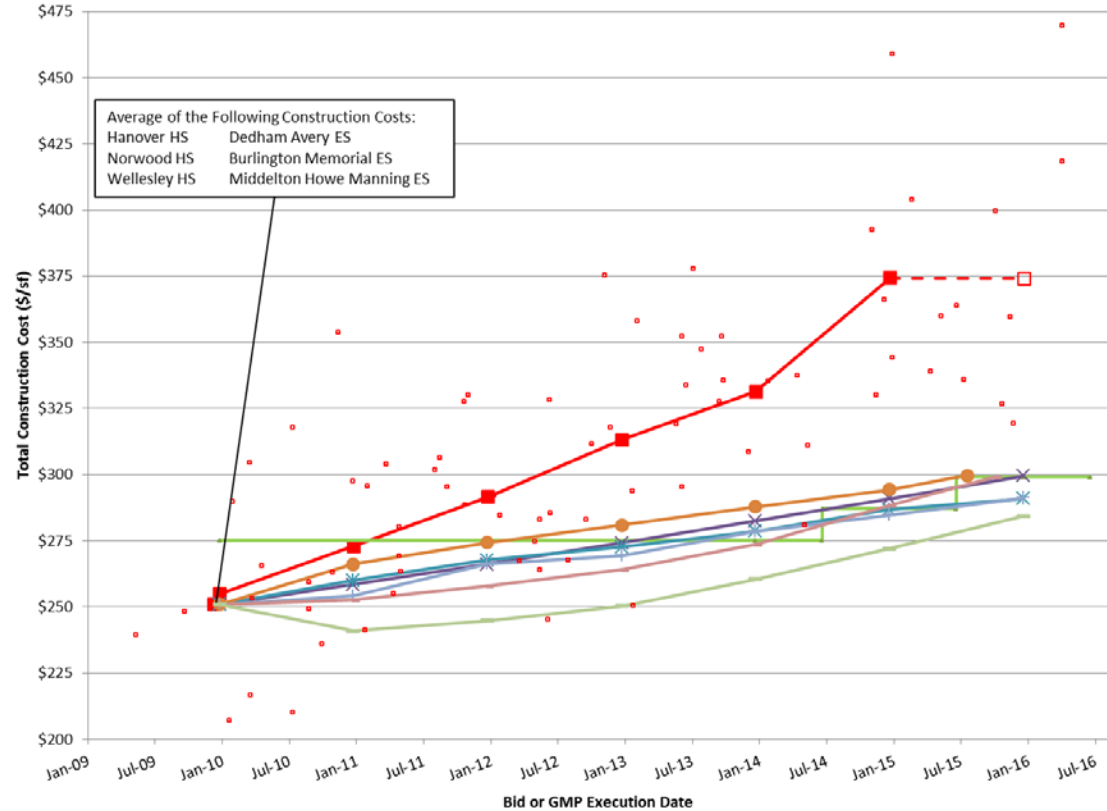




# Construction Cost Trends | Economic Indicators

- Updated based on Total Construction Cost anticipated for this fiscal year
- Present at April 20, 2016 FAS Meeting

- Ave. Total Construction Cost
- 3% Escalation
- BLS PPI Schools
- Total Construction Cost
- Prel. Ave. Total Construction Cost
- ENR National
- RLB National CCI
- MSBA Construction Funding
- ENR BCI
- Turner Building Cost Index

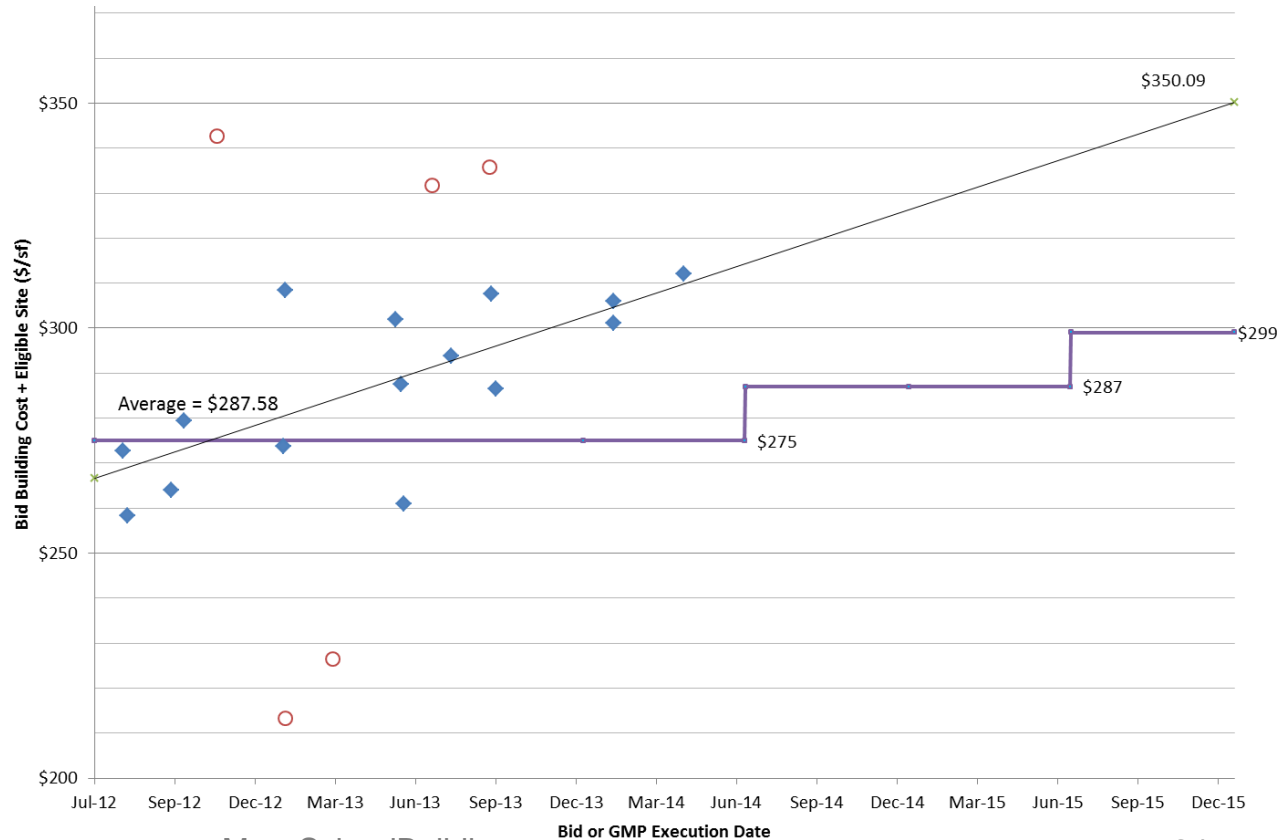




# Construction Cost Trends | School Construction Trends

- Presented at the June 2, 2015 Board Meeting and April 20, 2016 FAS Meeting
- Included in the MSBA Construction Cost Policy Memorandum presented at the August 6, 2015 Board Meeting

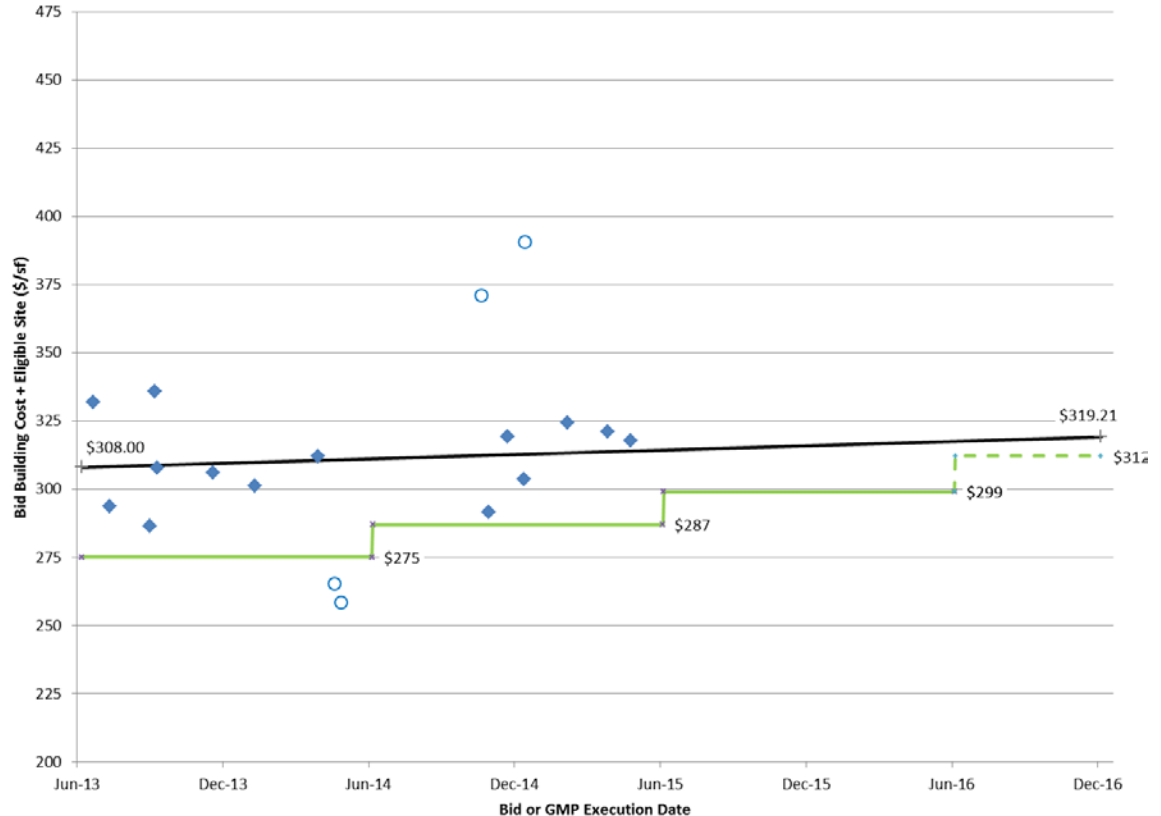
- ◆ Within 1 Standard Dev.
- Outside 1 Standard Dev.
- × Trend Line
- MSBA Funding
- Linear (Trend Line)





# Construction Cost Trends | School Construction Trends

- Updated based on project bids and CMR GMP executions during FY14 and FY15
- Presented at the April 20, 2016 FAS Meeting





# Recommendations

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- Adjust current policy of funding up to \$299/sf plus eligible demolition and abatement to \$312/sf plus eligible demolition and abatement based on the statutory limit of 4.5%.
- Make effective for districts receiving an approval of a proposed project on or after July 1, 2016.



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Data Analysis



# Project Visits

## DISTRICT

Burlington  
 Billerica  
 Andover  
 Lexington  
 Belmont  
 Douglas  
 Hudson  
 Wellesley  
 New Bedford  
 Norfolk  
 Ashburnham-Westminster RSD  
 Berlin-Boylston RSD  
 Shrewsbury  
 Hanover  
 Duxbury  
 Longmeadow  
 Hampden-Wilbraham RSD  
 Grafton  
 Monomoy RSD  
 Uxbridge

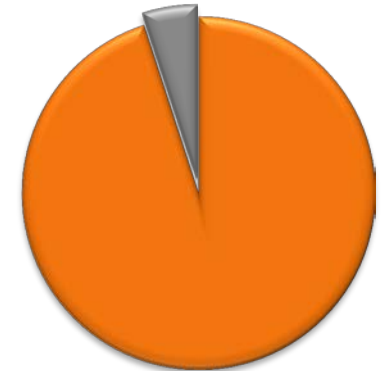
## SCHOOL

Memorial Elementary School  
 Parker Elementary School  
 Bancroft Elementary School  
 Estabrook Elementary School  
 Wellington Elementary School  
 Douglas Elementary School  
 Quinn Middle School  
 Wellesley High School  
 Lincoln Elementary School  
 Freeman-Kennedy Elementary School  
 Briggs Elementary School  
 Tahanto Regional Middle/High School  
 Sherwood Middle School  
 Hanover High School  
 Duxbury Middle/High School  
 Longmeadow High School  
 Minnechaug Regional High School  
 Grafton High School  
 Monomoy Regional High School  
 Uxbridge High School

## DATE

March 24  
 March 24  
 April 1  
 April 8  
 April 8  
 April 11  
 April 11  
 April 26  
 April 27  
 April 27  
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 May 5  
 May 5  
 May 9  
 May 9  
 May 11  
 May 11  
 May 20  
 May 20  
 May 23  
 May 26

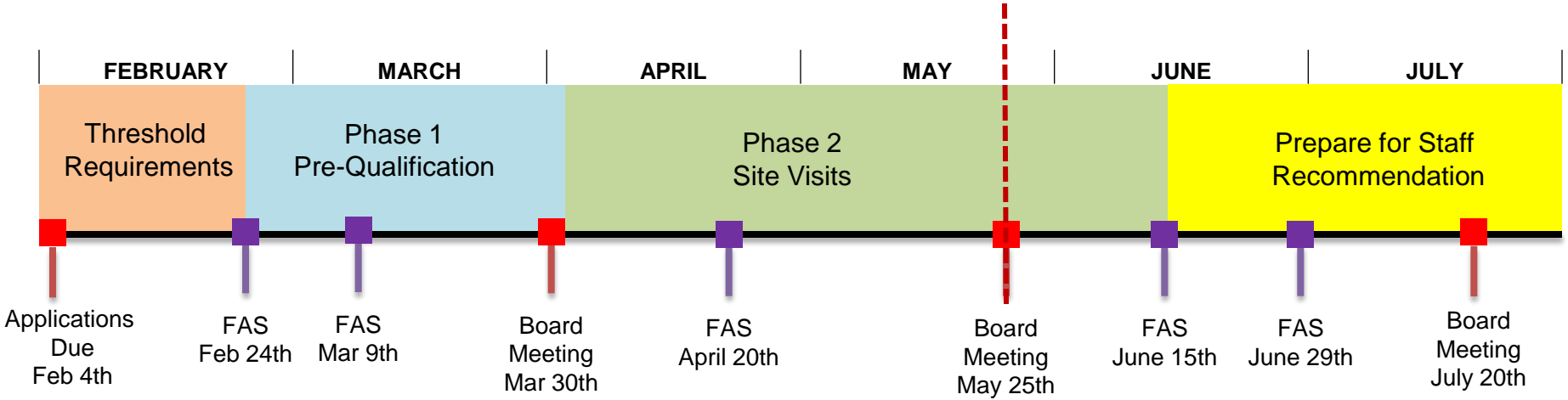
## MSBA VISITED



**19 OUT OF 20 SCHOOLS**



# Model School Update





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# Project Update | Minuteman: Technical Vocational HS

- The District received a Project Scope and Budget vote at the January 27, 2016 Board of Director's Meeting.
- The District's 120-day period to secure local authorization and funding to proceed with the project expires May 27, 2016.
- The District reported they had secured affirmative action (or non-disapproval) from 15 of the District's 16 member Town Meetings with the bond funding disapproved by the Town of Belmont at their Town Meeting on May 4, 2016. Per M.G.L. Chapter 71, Section 16 (d), this constitutes an over-all failed (project) vote and requests a 180-day extensions to proceed again with actions under Chapter 71, Section 16 (d), conduct a District-wide referendum under Chapter 71, Section 16 (n) or a combination of actions.
- Staff supports an additional extension of time through November 30, 2016 so that the District can conduct a revote for the proposed project.



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# CMR / DBB Presentation

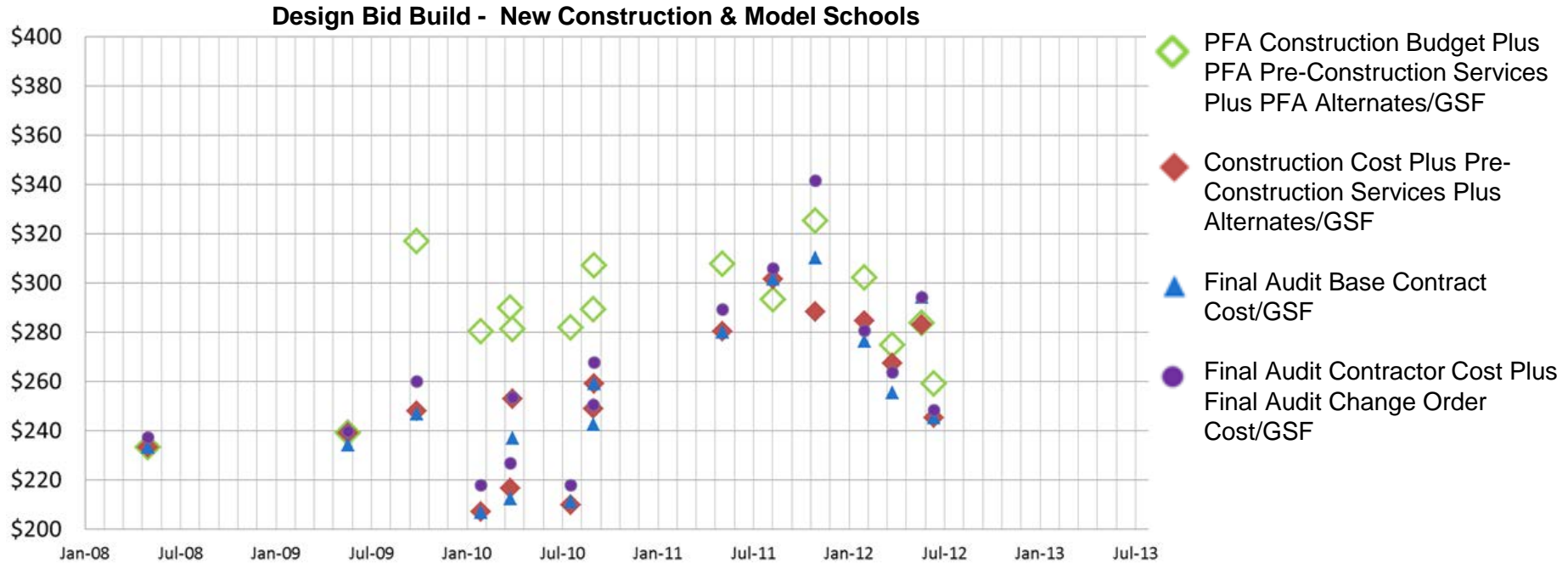
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Summary Construction Cost and Change  
Order Data for Core Program Projects



# Construction Methodology Cost Data

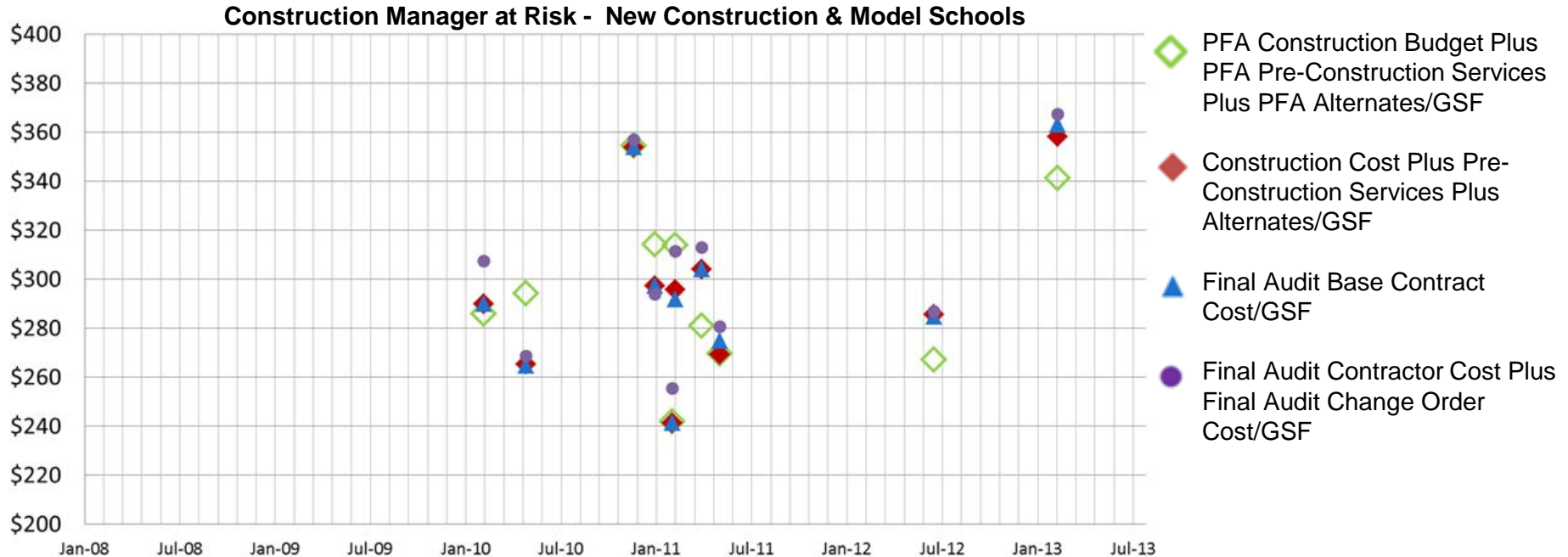
16 Design Bid Build projects authorized for Final Audit





# Construction Methodology Cost Data

## 10 Construction Manager at Risk projects authorized for Final Audit

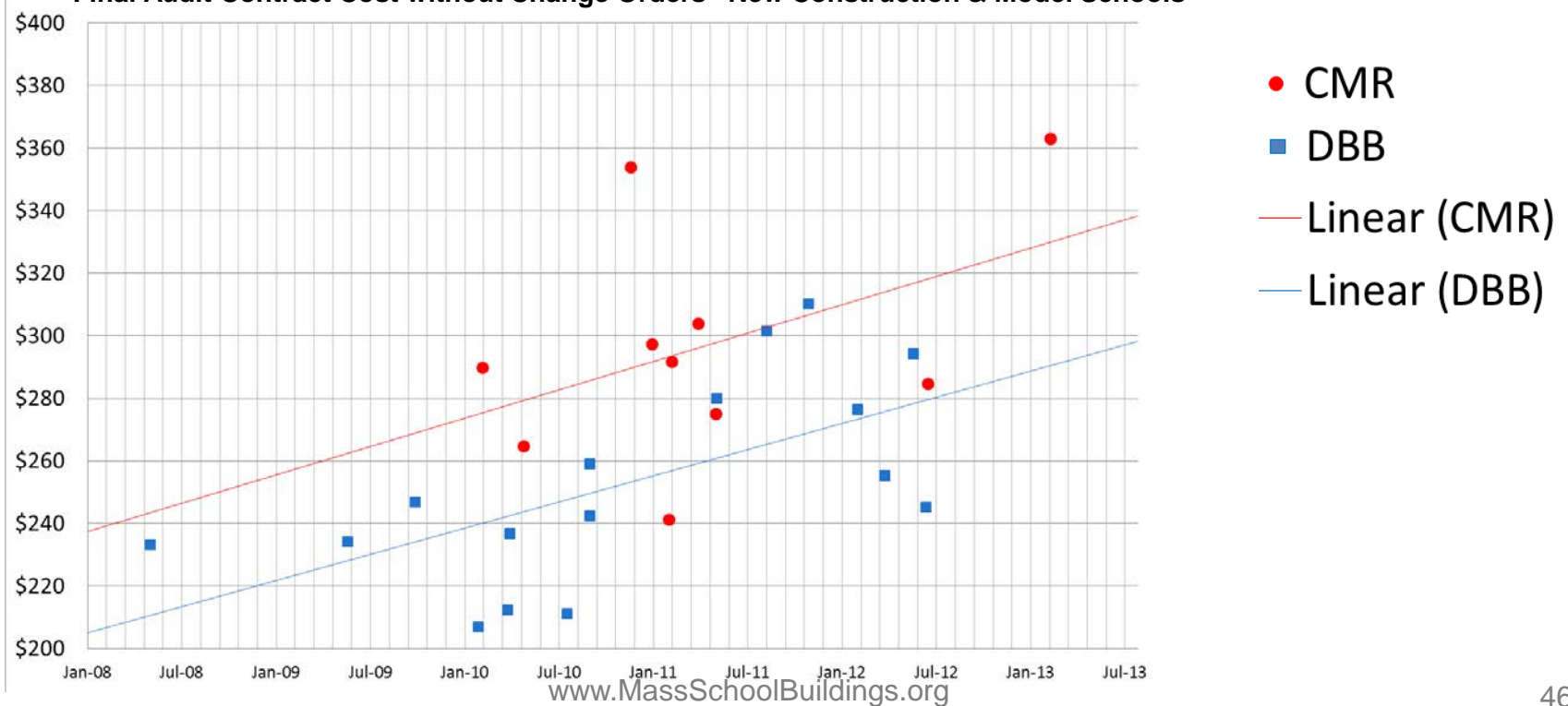




# Construction Methodology Cost Data

26 projects authorized for PFAs between April 2008 and July 2014

Final Audit Contract Cost without Change Orders– New Construction & Model Schools

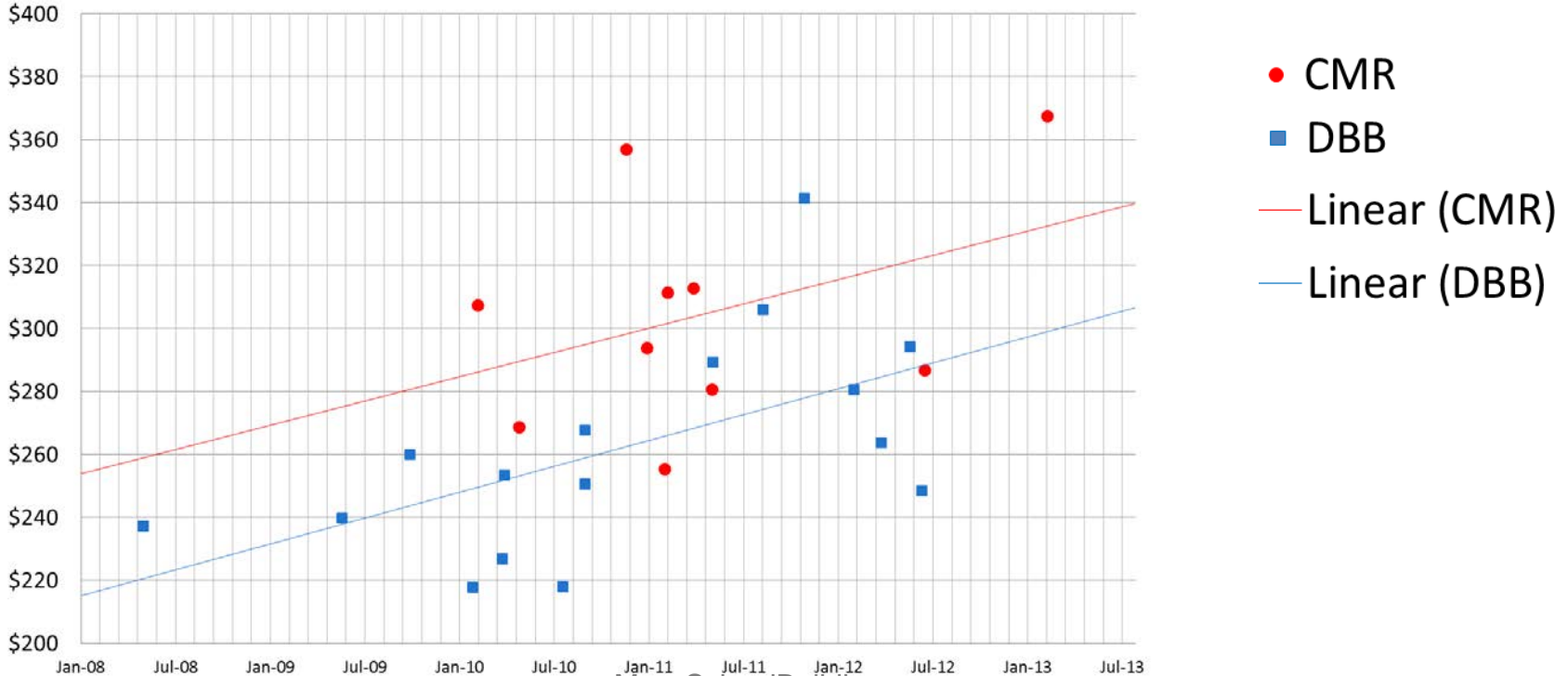




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26 projects authorized for PFAs between April 2008 and July 2014

Final Audit Contract Cost with Change Orders– New Construction & Model Schools





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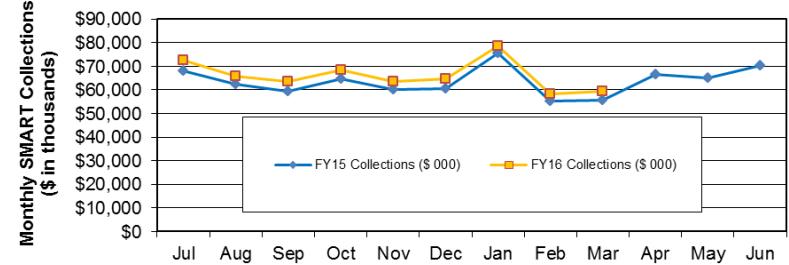


# FY2016 SMART Collections Update

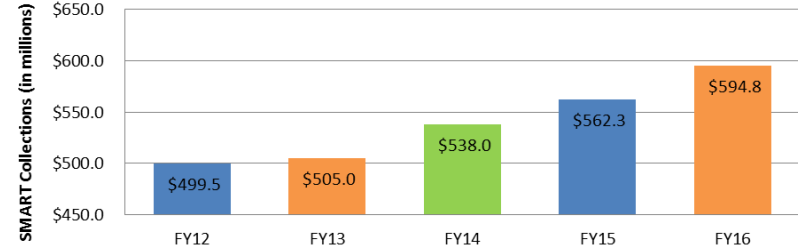
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
<b>FY15 (\$ 000)</b>	68,214	62,366	59,553	64,652	60,072	60,703	75,691	55,434	55,661	66,538	65,063	70,163	764,110
<b>FY16 (\$ 000)</b>	72,473	65,832	63,453	68,475	63,558	64,618	78,727	58,102	59,541				594,779
<b>Change (\$ 000)</b>	4,259	3,466	3,900	3,824	3,486	3,915	3,036	2,667	3,880				32,432
<b>% Change</b>	6.24%	5.56%	6.55%	5.91%	5.80%	6.45%	4.01%	4.81%	6.97%				

- FY16 SMART collections through March were approximately \$32.4 million (5.77%) greater than FY15 collections during the same period.
- Collections through March for each of the most recent four fiscal years have exhibited average year-over-year growth of 4.48%.
- Preliminary April collections indicate that the year over year rate of growth has lessened.

FY16 Monthly SMART Collections



SMART Collections FY12-FY16 July to March YTD





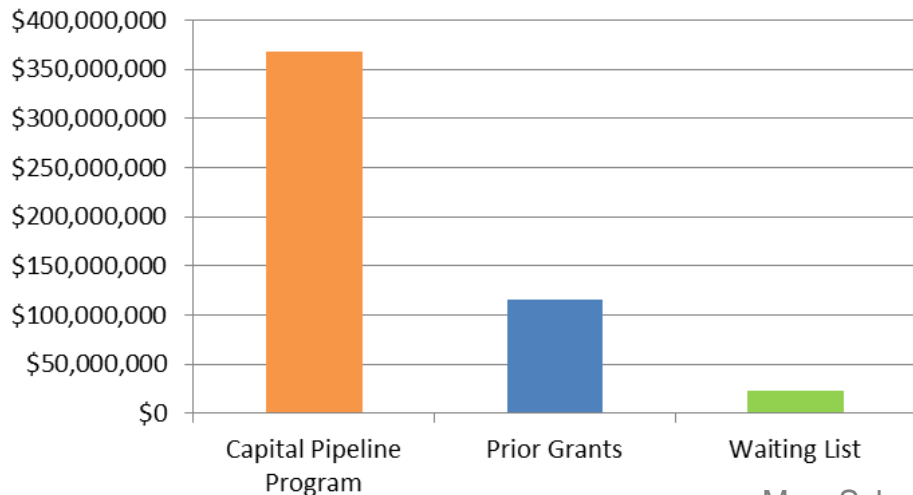
# Grant Payments | FY2016 YTD Update

## FY2016 YTD Grant Payments Summary\*

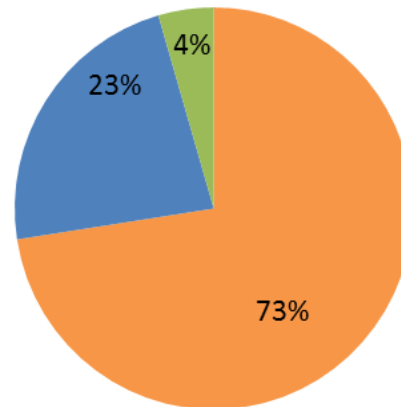
Program	Grant Payments	# Projects	# Districts	% of FY16 Payments
Capital Pipeline Program	\$ 367,504,748	176	119	73%
Prior Grants	\$ 116,328,947	146	91	23%
Waiting List	\$ 22,765,195	30	22	4%
<b>Total</b>	<b>\$ 506,598,890</b>	<b>352</b>	<b>185</b>	

\* Reflects grant payment data as of May 9, 2016.

### FY2016 Grant Payments - YTD by Program



### FY2016 Grant Payments - YTD % by Program





# FY2017 Debt Management Outlook

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- Defease \$15 million of the 2009 Series A bonds
- Issue up to \$500 million between July and December 2016
- Issue up to \$220 million to refund the balance of the 2007 Series A bonds between July and December 2016



# MSBA Debt Profile

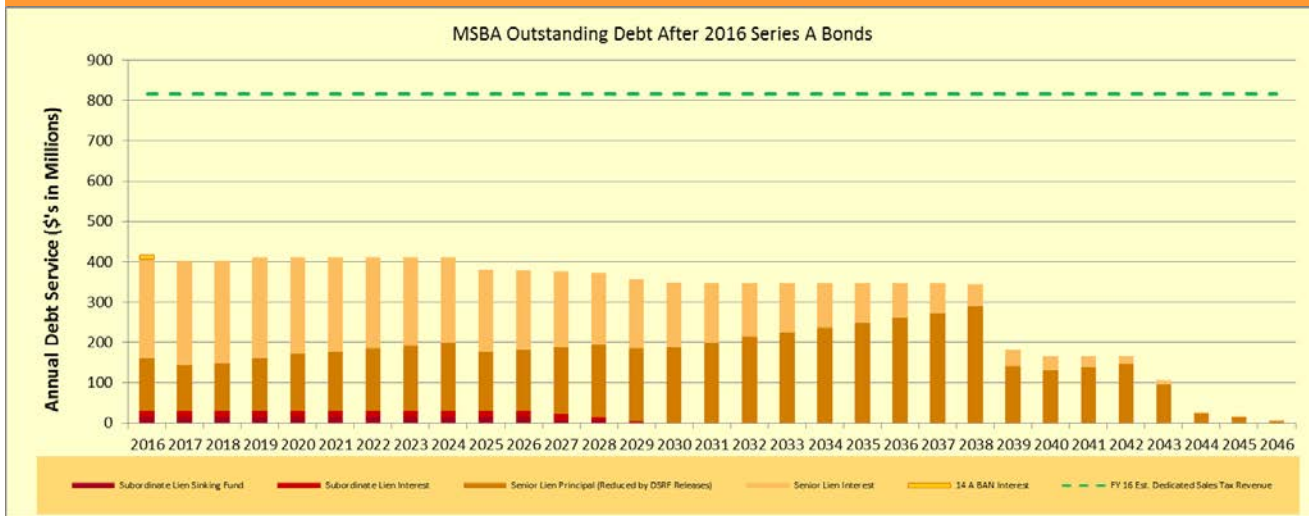
**\$5.3 billion of Senior Lien bonds outstanding as of May 1, 2016**

**\$293.4 million of Subordinate Lien bonds outstanding as of May 1, 2016**

- o 100% are fixed rate Qualified School Construction Bonds (“QSCBs”)

**\$450.0 million of Commercial Paper outstanding as of May 1, 2016**

**MSBA Debt Service<sup>1</sup> vs. Estimated Dedicated Sales Tax Revenues<sup>2</sup>**



<sup>1</sup> Reflects debt service outstanding after the 2016 Series A Bonds. 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, senior principal is net of the amounts that are expected to be paid from Debt Service Reserve Account releases.

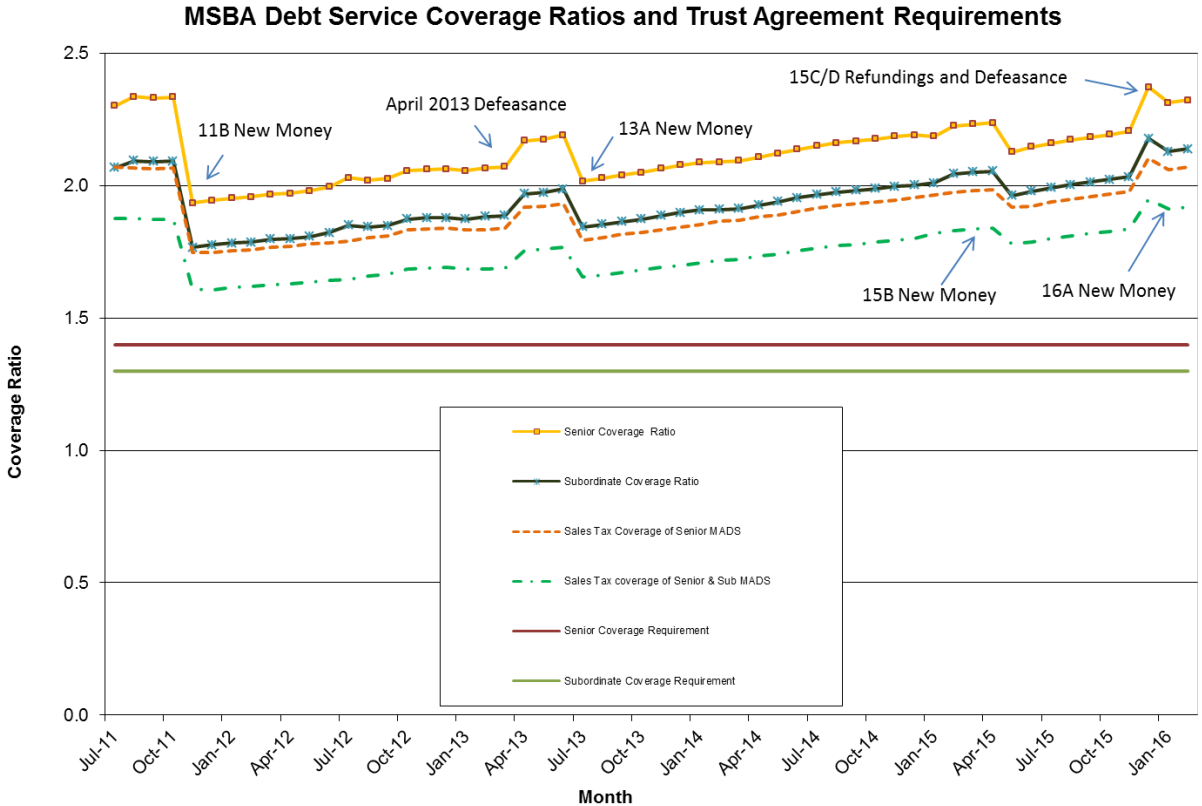
<sup>2</sup> Amount for Fiscal Year 2016 is based on the Commonwealth's consensus tax revenue estimate as updated for Fiscal Year 2016.



# Debt Service Coverage Ratios Update

- MSBA's debt service coverage ratios have benefitted from growth in the dedicated sales tax and active debt management
- Senior lien debt service coverage ratio of 2.33x as of March 31, 2016\*
- Combined coverage ratio of 2.15x as of March 31, 2016\*

\* Calculated pursuant to the provisions of the MSBA's trust agreement





# MSBA has Preserved Flexibility to Refund Outstanding Debt

## Significant optionality remains in the MSBA’s debt portfolio as the result of MSBA’s prudent use of refunding opportunities

- More than \$2.1 billion advance refundable bonds outstanding
- More than \$3.8 billion of total callable debt in MSBA’s portfolio – approximately 68% of debt outstanding
- Since 2011, the MSBA’s opportunistic approach to refunding outstanding debt has resulted in total present value savings of more than \$280 million

Series	Par Amount Refunded	PV Savings	PV Savings as % of Refunded Par
2012A	\$ 808,215,000	\$56.6M	7.0%
2012B	\$ 987,330,000	\$93.4M	9.5%
2015A	\$ 104,880,000	\$23.6M	22.5%
2015C	\$ 781,170,000	\$69.6M	8.9%
2015D	\$ 320,965,000	\$38.4M	11.9%



# Unrestricted Fund Guidelines

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- Debt service payments or monthly set-asides not covered by restricted funds held at the Trustee
- Rebate payments to the U.S. Treasury
- Operations of the MSBA
- Annual Waiting List and Quarterly Prior Grant Payments
- Pay-go of 20% to 30% of Capital Pipeline program grants to maintain at least 2x senior coverage
- Defeasance of outstanding non-callable bonds to maintain at least 2x senior coverage
- Loan disbursements
- Lump sum payments for Annual Waiting List and Prior Grant projects



# Capital Pipeline Funding Commitments and Estimated Statutory Ceiling

- Capital pipeline aligns grant funding with dedicated revenue
- Approximately \$900 million Capital pipeline commitments currently outstanding

FY	Ceiling Adjustment *	Annual Est. Ceiling
FY08	N/A	\$ 500,000,000
FY09	-6.2%	\$ 468,906,174
FY10	-1.7%	\$ 461,150,211
FY11	2.8%	\$ 473,859,984
FY12	2.4%	\$ 485,333,969
FY13	1.7%	\$ 493,696,070
FY14	4.5%	\$ 515,912,394
FY15	4.5%	\$ 539,128,451
FY16 Est.	4.5%	\$ 563,389,232
FY17 Est.	4.5%	\$ 588,741,747

\* Per statute, lesser of rate of growth in dedicated sales tax revenue or 4.5%.





# MSBA Five-Year Capital Programs Outlook

## 1% SMART Fund Growth

Grants	FY16	FY17	FY18	FY19	FY20
Statements of Interest Submitted by Districts <sup>1</sup>	158	156			
New Program <sup>2</sup>					
Core Program Projects (# project invitations) <sup>3</sup>	\$473M (26)	\$489M (15-25)	\$495M (15-25)	\$501M (15-25)	\$507M (15-25)
Accelerated Repair (# project invitations) <sup>4</sup>	\$90M (44)	\$100M (30-50)	\$100M (30-50)	\$100M (30-50)	\$100M (30-50)
Estimated New Program Grant Authorizations	\$563M	\$589M	\$595M	\$601M	\$607M
Estimated New Program Ceiling <sup>5</sup>	\$563M	\$589M	\$595M	\$601M	\$607M
Inherited Programs <sup>6</sup>					
Prior Grants (# projects)	\$185M (228)	\$171M (198)	\$139M (169)	\$123M (142)	\$91M (98)
Wait List (# projects) <sup>7</sup>	\$36M (31)	\$24M (30)	\$16M (27)	\$15M (26)	\$15M (26)
Estimated Inherited Program Grant Payments	\$221M	\$195M	\$155M	\$138M	\$106M

<sup>1</sup> FY16 reflects CY 2015 SOIs filed for FY16 invitation period. FY17 reflects CY 2016 SOIs filed for FY17 invitation period.

<sup>2</sup> Reflects estimated invitations for project approvals, and assumes districts have the ability to complete work through schematic design within an average timeframe, and are able to obtain local funding approvals for a proposed project.

<sup>3</sup> Invitation assumptions are based upon grant estimates that are developed using MSBA space guidelines and available enrollments for MSBA potential projects.

<sup>4</sup> Assumes estimated grants for roof, window and boiler projects of \$500,000 - \$2.5M, and invitation assumption is not project-specific and is based upon previous years' authorizations.

<sup>5</sup> Assumes Commonwealth's estimated growth in SMART collections for FY16 and FY17 Consensus Revenue Estimate, and assumes 1% annual growth beyond FY17.

<sup>6</sup> Reflects estimated grant payments based upon payment schedule of final project audit, revised payment schedule as a result of district refunding, or estimated remaining progress payment reimbursements.

<sup>7</sup> Reflects estimated payments following project closeout audits, and remaining wait list annual payments schedule as of 5/12/2016.



# MSBA Five-Year Capital Programs Outlook

## 4.5% SMART Fund Growth

Grants	FY16	FY17	FY18	FY19	FY20
Statements of Interest Submitted by Districts <sup>1</sup>	158	156			
New Program <sup>2</sup>					
Core Program Projects (# project invitations) <sup>3</sup>	\$473M (26)	\$489M (15-25)	\$515M (15-25)	\$543M (15-25)	\$572M (15-25)
Accelerated Repair (# project invitations) <sup>4</sup>	<u>\$90M (44)</u>	<u>\$100M (30-50)</u>	<u>\$100M (30-50)</u>	<u>\$100M (30-50)</u>	<u>\$100M (30-50)</u>
Estimated New Program Grant Authorizations	\$563M	\$589M	\$615M	\$643M	\$672M
Estimated New Program Ceiling <sup>5</sup>	\$563M	\$589M	\$615M	\$643M	\$672M
Inherited Programs <sup>6</sup>					
Prior Grants (# projects)	\$185M (228)	\$171M (198)	\$139M (169)	\$123M (142)	\$91M (98)
Wait List (# projects) <sup>7</sup>	<u>\$36M (31)</u>	<u>\$24M (30)</u>	<u>\$16M (27)</u>	<u>\$15M (26)</u>	<u>\$15M (26)</u>
Estimated Inherited Program Grant Payments	\$221M	\$195M	\$155M	\$138M	\$106M

<sup>1</sup> FY16 reflects CY 2015 SOIs filed for FY16 invitation period. FY17 reflects CY 2016 SOIs filed for FY17 invitation period.

<sup>2</sup> Reflects estimated invitations for project approvals, and assumes districts have the ability to complete work through schematic design within an average timeframe, and are able to obtain local funding approvals for a proposed project.

<sup>3</sup> Invitation assumptions are based upon grant estimates that are developed using MSBA space guidelines and available enrollments for MSBA potential projects.

<sup>4</sup> Assumes estimated grants for roof, window and boiler projects of \$500,000 - \$2.5M, and invitation assumption is not project-specific and is based upon previous years' authorizations.

<sup>5</sup> Assumes Commonwealth's estimated growth in SMART collections for FY16 and FY17 Consensus Revenue Estimate, and assumes 4.5% annual growth beyond FY17.

<sup>6</sup> Reflects estimated grant payments based upon payment schedule of final project audit, revised payment schedule as a result of district refunding, or estimated remaining progress payment reimbursements.

<sup>7</sup> Reflects estimated payments following project closeout audits, and remaining wait list annual payments schedule as of 5/12/2016.

# FY16 Budget Update and FY17 Budget Recommendations

## MSBA Administrative Operations and Grants Programs Budget – Attachment A

Expense Category	FY 15		FY 16							FY 17	
	FY15 Expenditures (7/1-6/30)		FY16 Budget	Line Item Adjustments Approved by the Executive Director	FY16 Revised Budget	FY16 YTD Expenditures 7/1-4/30	%(FY16 Revised Budget)	Projected FY16 Expenditures	%(FY16 Revised Budget)	FY17 Budget	Variance (FY16 Revised Budget)
<b>Administrative Expense Budget</b>											
Salaries & Benefits <sup>[1]</sup>	\$ 5,771,037	\$ 6,766,138	\$ -	\$ 6,766,138	\$ 4,895,010	72.3%	\$ 6,006,885	88.8%	\$ 7,442,813	\$ 676,675	
General & Administrative Office Expenses <sup>[2]</sup>	\$ 232,517	\$ 314,711	\$ -	\$ 314,711	\$ 269,639	85.7%	\$ 310,723	98.7%	\$ 378,629	\$ 63,918	
Occupancy & Utilities <sup>[3]</sup>	\$ 652,516	\$ 1,005,314	\$ 110,000	\$ 1,115,314	\$ 934,161	83.8%	\$ 1,113,997	99.9%	\$ 1,122,821	\$ 7,507	
Consulting & Professional Support Services <sup>[4]</sup>	\$ 252,937	\$ 215,000	\$ (65,000)	\$ 150,000	\$ 102,206	68.1%	\$ 150,028	100.0%	\$ 203,905	\$ 53,905	
Information Technology <sup>[5]</sup>	\$ 143,785	\$ 179,445	\$ (45,000)	\$ 134,445	\$ 87,956	65.4%	\$ 119,641	89.0%	\$ 205,399	\$ 70,954	
<b>Total Administrative Expense Budget<sup>[6]</sup></b>	<b>\$ 7,052,793</b>	<b>\$ 8,480,608</b>	<b>\$ -</b>	<b>\$ 8,480,608</b>	<b>\$ 6,288,972</b>	<b>74.2%</b>	<b>\$ 7,701,274</b>	<b>90.8%</b>	<b>\$ 9,353,567</b>	<b>\$ 872,959</b>	
<b>Other Post Employment Benefits (OPEB)<sup>[7]</sup></b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>100.0%</b>	<b>\$ 100,000</b>	<b>100.0%</b>	<b>\$ 100,000</b>	<b>\$ -</b>	
<b>Capital Pipeline Professional Support Services &amp; Issuance Related Costs</b>											
Project Related Legal, Audit & Professional Support Services <sup>[8]</sup>	\$ 6,219,824	\$ 8,049,184	\$ (2,842,422)	\$ 5,206,762	\$ 3,410,768	65.5%	\$ 4,593,430	88.2%	\$ 6,038,000	\$ 831,238	
Cost of Issuance <sup>[9]</sup>	\$ 932,954	\$ 2,650,500	\$ 1,000,000	\$ 3,650,500	\$ 3,206,109	87.8%	\$ 3,650,109	100.0%	\$ 3,250,000	\$ (400,500)	
<b>Total Capital Pipeline Program Professional Support Services</b>	<b>\$ 7,152,778</b>	<b>\$ 10,699,684</b>	<b>\$ (1,842,422)</b>	<b>\$ 8,857,262</b>	<b>\$ 6,616,877</b>	<b>74.7%</b>	<b>\$ 8,243,539</b>	<b>93.1%</b>	<b>\$ 9,288,000</b>	<b>\$ 430,738</b>	
<b>Arbitrage Rebate<sup>[10]</sup></b>	<b>\$ 1,226,558</b>	<b>\$ -</b>	<b>\$ 1,842,422</b>	<b>\$ 1,842,422</b>	<b>\$ 11,842,422</b>	<b>642.8%</b>	<b>\$ 11,842,422</b>	<b>642.8%</b>	<b>\$ 2,000,000</b>	<b>\$ 157,578</b>	
<b>Grant Program</b>											
Prior Grants <sup>[11]</sup>	\$ 197,946,924	\$ 185,093,670	\$ -	\$ 185,093,670	\$ 116,328,947	62.8%	\$ 184,937,437	99.9%	\$ 170,850,561	\$ (14,243,109)	
Waiting List <sup>[12]</sup>	\$ 26,534,249	\$ 25,489,887	\$ -	\$ 25,489,887	\$ 22,765,195	89.3%	\$ 25,372,665	99.5%	\$ 24,403,354	\$ (1,086,534)	
Capital Pipeline Program Grants <sup>[13]</sup>	\$ 544,518,569	\$ 585,000,000	\$ -	\$ 585,000,000	\$ 365,929,340	62.6%	\$ 485,000,000	82.9%	\$ 550,000,000	\$ (35,000,000)	
<b>Total Grant Program</b>	<b>\$ 768,999,742</b>	<b>\$ 795,583,557</b>	<b>\$ -</b>	<b>\$ 795,583,557</b>	<b>\$ 505,023,482</b>	<b>63.5%</b>	<b>\$ 695,310,102</b>	<b>87.4%</b>	<b>\$ 745,253,915</b>	<b>\$ (50,329,643)</b>	
<b>Grand Total - Operating Budget</b>	<b>\$ 784,531,871</b>	<b>\$ 814,863,849</b>	<b>\$ -</b>	<b>\$ 814,863,849</b>	<b>\$ 529,871,753</b>	<b>65.0%</b>	<b>\$ 723,197,336</b>	<b>88.8%</b>	<b>\$ 765,995,482</b>	<b>\$ (48,868,367)</b>	
Loan Program - FY 17 Proposed New Initiative - Potential vote and budget authorization to be Requested at the July 20, 2016 Board meeting - supported by unrestricted funds and would not impact the Capital Pipeline Program.									\$ 10,000,000		
Maintenance Trust - FY 17 Proposed New Initiative - Potential vote and budget authorization to be Requested at the September 28, 2016 Board meeting supported by unrestricted funds and would impact Capital Pipeline Program.									\$ 5,000,000		



# FY17 Resource Plan Supports Effective Oversight of Capital Pipeline



MSBA provides **effective oversight** to construction projects so that they benefit from accumulated experience and competencies towards better use of limited resources, requiring:

<b>OPMs</b>	OPM Selection Panel ensuring pre-selection involvement of MSBA and joint decision making
<b>Construction Administration</b>	Site visits increased during peak construction to 1 per month Project managers able to commit 20 hours/project/month
<b>Change Orders</b>	Cap for change order allowance Change order data published on website to DSP and OPM Review Panels and part of consultant evaluation process
<b>Designers</b>	Designer Selection Panel ensuring involvement of industry expertise and MSBA
<b>Commissioning Consultant</b>	Resources to increase review and oversight of commissioning
<b>Standard Contracts</b>	Enforcement of standard contracts (including on-going audit and implementation)
<b>Cost Data</b>	Development and publication of bid and final project data sheets
<b>Public School Data and Best Practices</b>	Master Schedule and monthly Project Advisories



# Capital Pipeline Professional Support Services Detail

## Capital Pipeline Professional Support Services & Issuance Related Costs – Attachment B

	FY15 Expenditures (7/1-6/30)	FY16 Budget	Line Item Adjustments Approved by the Executive Director	FY16 Revised Budget	FY16 YTD Expenditures (7/1-4/30)	% of FY16 Revised Budget	Projected FY16 Expenditures	% FY16 Revised Budget	FY17 Budget	Variance (FY16 Revised Budget)
Commissioning Consultants <sup>[1]</sup>	\$ 4,150,823	\$ 3,800,000	\$ (627,922)	\$ 3,172,078	\$ 2,302,934	72.6%	\$ 2,900,000	91.4%	\$ 2,300,000	\$ (872,078)
Project Management Services <sup>[2]</sup>	\$ 1,519,176	\$ 1,250,000	\$ (100,000)	\$ 1,150,000	\$ 773,745	67.3%	\$ 1,014,426	88.2%	\$ 650,000	\$ (500,000)
Architectural Services <sup>[3]</sup>	\$ 371,594	\$ 680,000	\$ (5,000)	\$ 675,000	\$ 330,701	49.0%	\$ 670,000	99.3%	\$ 813,000	\$ 138,000
Cost Estimating Services <sup>[4]</sup>	\$ 1,384	\$ 100,000	\$ (100,000)	\$ -	\$ -	n/a	\$ -	n/a	\$ -	\$ -
Audit & Other Compliance <sup>[5]</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	n/a	\$ -	\$ -
Capital Program Information Systems <sup>[6]</sup>	\$ 176,504	\$ 43,184	\$ (33,500)	\$ 9,684	\$ 3,388	35.0%	\$ 9,004	93.0%	\$ 75,000	\$ 65,316
Cost of Issuance <sup>[7]</sup>	\$ 932,954	\$ 2,650,500	\$ 1,000,000	\$ 3,650,500	\$ 3,206,109	87.8%	\$ 3,650,109	100.0%	\$ 3,250,000	\$ (400,500)
School Survey <sup>[8]</sup>	\$ -	\$ 2,000,000	\$ (1,800,000)	\$ 200,000	\$ -	0.0%	\$ -	0.0%	\$ 2,000,000	\$ 1,800,000
Other - New Initiatives <sup>[9]</sup>	\$ 344	\$ 176,000	\$ (176,000)	\$ -	\$ -	n/a	\$ -	n/a	\$ 200,000	\$ 200,000
Legal <sup>[10]</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	n/a	\$ -	\$ -
<b>Capital Program Support Services</b>	<b>\$ 7,152,778</b>	<b>\$ 10,699,684</b>	<b>\$ (1,842,422)</b>	<b>\$ 8,857,262</b>	<b>\$ 6,616,877</b>	<b>74.7%</b>	<b>\$ 8,243,539</b>	<b>93.1%</b>	<b>\$ 9,288,000</b>	<b>\$ 430,738</b>



# MSBA Sources and Uses

## Projected Sources and Uses - Attachment C

Beginning Fund Balance \*

FY16 Est.      FY17 Est.

\* Beginning and Year End fund balances do not include debt service reserve funds held by the trustee. Presented on a cash basis.

Restricted Debt Service Funds Beginning Balance**	\$ 171,349,054	186,941,079
Restricted Debt Proceeds Beginning Balance[1]	38,198,727	173,532,293
Restricted Arbitrage Rebate Beginning Balance[2]	11,756,742	1,949,959
Unrestricted Beginning Fund Balance[3]	46,986,896	132,571,350
<b>Total Beginning Fund Balance</b>	<b>268,291,419</b>	<b>494,994,681</b>

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

[1] Reflects remaining proceeds from \$135 million commercial paper proceeds at FY15 year-end. FY 17 estimate includes 16A proceeds.

[2] Reflects balances in MSBA's dedicated fund for anticipated arbitrage rebate payments.

General Revenues/Financing Sources:

[3] Reflects balances in non-trusted funds. FY 16 beginning balance reflects wire to State Treasurer's office to offset double payment of SMART fund.

Dedicated sales tax[4]	\$ 803,798,321	852,026,220
Debt Issuance Proceeds[5]	490,101,335	500,000,000
Interest income[6]	24,009,989	24,074,847
Grant income - Federal Subsidies[7]	22,528,767	22,566,579
Loan Program[8]	8,536,251	8,409,206
<b>Total Revenues/Financing Sources</b>	<b>1,348,974,662</b>	<b>1,407,076,852</b>

[4] Reflects cash basis estimate based upon Commonwealth's DOR estimate for FY16, and Consensus Revenue Forecast for FY 17.

[5] Reflects receipt of proceeds from new money issuance during FY16, including utilization of \$315 million of commercial paper program capacity and \$150 million new money, which generated \$175,101,335 in proceeds. Projected 16B new money estimated to produce \$500 million in proceeds.

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

Expenditures/Expenses:

Grant payments [9]	\$ 695,310,102	745,253,915
Operations	7,701,274	9,353,567
Capital Pipeline Support Services[10]	5,343,539	9,288,000
Arbitrage Rebate[11]	11,842,422	2,000,000
Loan Program	-	-
Other Postemployment Benefits	100,000	100,000
<b>Total Operating Expenses</b>	<b>720,297,336</b>	<b>765,995,482</b>

[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 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 project related costs including costs of issuance for debt, a portion of which is expected to be paid with proceeds.

Debt service[12]	416,659,597	405,194,863
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[11] Reflects arbitrage rebate payment made during FY 16 related to earnings on the 05A, and estimated payment during FY 17 for 07A. Set-asides decrease Unrestricted Fund Balance, and increase the Year End Restricted Arbitrage Rebate Balance.

<b>Uses: Arbitrage Rebate Set-Aside[11]</b>	<b>181,218</b>	<b>200,000</b>
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[12] Reflects gross debt service on outstanding debt including sinking fund deposits, including the 2016 Series A Bonds, and an estimate of debt service on the commercial paper.

Year End Fund Balance*	\$	
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[13] Reflects the issuance of \$315 million of CP in Q1 of FY 16, and \$150 million of new money in Q3. New Money expected to be issued in FY 17 Q1 or Q2.

Year End Restricted Debt Service Funds Balance**	186,941,079	211,249,681
Year End Restricted Debt Proceeds Balance[13]	173,532,293	288,532,293
Year End Restricted Arbitrage Rebate Balance[14]	1,949,959	161,959
Year End Unrestricted Fund Balance[15]	132,571,350	186,671,065
<b>Total Year End Balance</b>	<b>494,994,681</b>	<b>686,614,998</b>

[14] Reflects additional arbitrage rebate payments and set asides.

[15] Reflects approximately 20% to 30% Pay-Go for FY 16 and FY 17 Capital Pipeline Program Payments.



# FY 2017 Initiatives

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- Technology Loan Revolving Fund Program – Vote and budget authorization expected to be requested at the July Board meeting. Unrestricted funds are the source. This will not impact the Capital Pipeline program.
- Post Occupancy Survey of School Facilities - \$200,000 requested in the FY 17 budget. Additional funds may be needed in FY 17 or FY 18.
- Development of 21<sup>st</sup> Century Toolkit – no specific budget allocation requested at this time.
- Planning and Acquiring a Document Management System - \$50,000 to \$70,000 to be requested in the FY budget recommendation. Additional funds may be needed in FY 17 or FY 18.
- Maintenance Trust Incentive Points for Core Projects - Vote and budget authorization expected to be requested at the September Board meeting. Unrestricted funds are the source. This would be part of the Capital Pipeline program.
- Building Code Upgrade - \$50,000 to be requested in the FY 17 budget.



# Summary

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- FY2016 SMART revenue collections continue to exhibit growth as anticipated by the Commonwealth's FY2016 consensus revenue estimate and Updates from the Department of Revenue; however, recent collection trends show a slowing of the growth rate.
- MSBA FY2016 year-to-date expenditures are trending below straight-line budget benchmarks.
- Debt management activity during FY 17 Q1 and Q2 will include defeasance of a portion of the 09A, up to \$500 million of new money, and a potential refunding of the balance of the 2007 Series A bonds.
- MSBA's debt service coverage ratios remain strong, with senior lien coverage projected to remain at approximately 2x following issuance of the 2016 Series B new money bonds.