

Massachusetts School Building Authority

Deborah B. Goldberg, State Treasurer and Receiver-General

Chairperson

James MacDonald

Chief Executive Officer

Jack McCarthy

Executive Director



Board Meeting

December 13, 2017



Table of Contents

Project Votes

- Invitation to Eligibility Period | Vote
- Invitation to Feasibility Study | Vote
- Amendment to Feasibility Study Agreement | Vote
- Authorization to Execute Project Funding Agreement-Accelerated Repair Program | Vote
- Recommendation for Preferred Schematic Design | Vote
- Invitation to Project Scope and Budget | Vote

Audit Update

- Audit Status Report
- Approval of Final Audits with no appeals, Capital Pipeline Program MSBA grants | Vote

MSBA Updates

- Executive Director's Report
- Reconciliation of Project Obligations and Annual Cap | Vote
- Project Status Updates

- Project Overview Report
- Recommendations to Execute Master Service Agreements for Commissioning Consultants | Vote
- Construction Cost Policy Update | Vote
- Discussion on Cape Cod Regional Vocational Technical School District Poverty Factor | Vote

Finance Update

- FY 17 Audited Financial Statements
- Sales Tax Collections | Update
- Grant Payments | Update
- Results of November 2017 Defeasance, Results of Procurements, and Plan of Finance
- FY 18 Budget | Update

Legal

Executive Session



Project Votes



Invitation to Eligibility Period | Vote

District	School
Andover	West Elementary School
Ashland	David Mindess Elementary School
Boston	Carter Development School
Bristol-Plymouth Regional Vocational Technical School District	Bristol-Plymouth Regional Vocational Technical High School
Greater Fall River Regional Vocational School District	Diman Regional Vocational Technical High School
Groton-Dunstable Regional School District	Florence Roche School
Lawrence	Francis M. Leahy Elementary School
Medfield	Dale Street Elementary School

District	School
Northeast Metropolitan Regional Vocational School District	Northeast Metropolitan Regional Vocational Technical High School
Randolph	Elizabeth G. Lyons Elementary School
Somerset	Somerset Middle School
Swampscott	Hadley Elementary School
Watertown	Watertown High School
Wellesley	Ernest F. Upham Elementary School
Westwood	Paul Hanlon Elementary School



Invitation to Feasibility Study | **Vote**

District	School
Braintree	South Middle School
Easton	Center Elementary School
Leicester	Leicester Middle School
Rockland	Jefferson Elementary School
Sharon	Sharon High School



Amendment to Feasibility Study Agreement | **Vote**

District	School
Boston	Josiah Quincy Upper School



Authorization to Execute PFA- ARP | **Vote**

District	School	Scope	Total Project Budget	Estimated Maximum Total Facilities Grant
New Bedford	Elizabeth C. Brooks Elementary School	Window/Door; Partial Boiler	\$4,100,333	\$1,550,109
Westford	Abbot Elementary School	Partial Roof	\$3,066,442	\$1,069,917
Totals			\$7,166,775	\$2,620,026



Preferred Schematic Design | **Vote**

District	School	Project Scope	Estimated Total Construction	Estimated Total Project Cost
Ipswich	Winthrop Elementary School	New	\$55,755,664	\$69,789,268
Ludlow	Chapin Street Elementary School	New	\$46,424,819	\$58,031,024
Totals			\$102,180,483	\$127,820,292



Preferred Schematic Design | Ipswich

Winthrop Elementary School

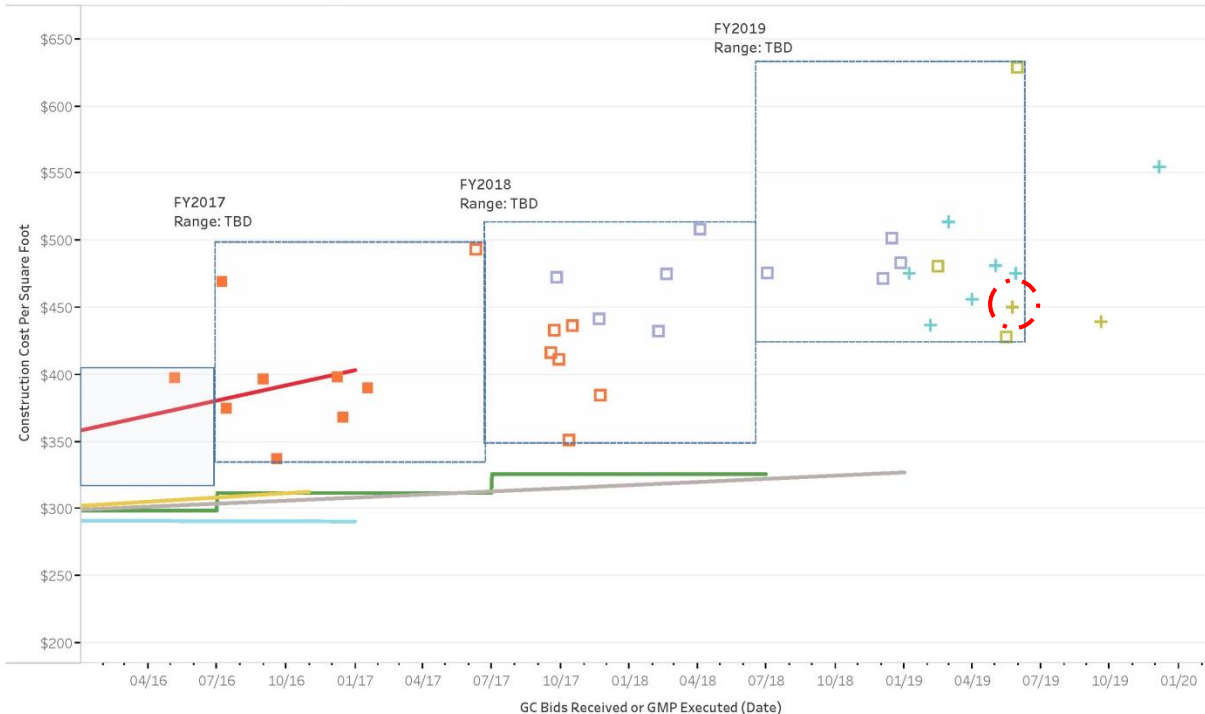
- Year Opened: 1956
- Current Grade Configuration: PK-5
- Agreed Upon Grade Configuration: PK-5
- Agreed Upon Enrollment: 775 Students
- Proposed Scope of Project: New to replace the existing Winthrop and Doyon Elementary Schools on the Doyon Elementary School site
- Existing Square Footage: 50,600 GSF
- Proposed Square Footage: 123,700 GSF
- Estimated Total Construction Cost of Preferred Schematic: \$55,755,664



Preferred Schematic Design | Ipswich

Winthrop Elementary School

School Construction Costs Compared to Common Economic Indicators



Legend

- PFA Amended ■
- BID □
- SD □
- SD-Vote □
- PSR +
- PSR-Vote +

- 3% Escalation —
- Average —
- BLS PPI —
- RLB Comparative Cost - Boston —



Chapin Street Elementary School

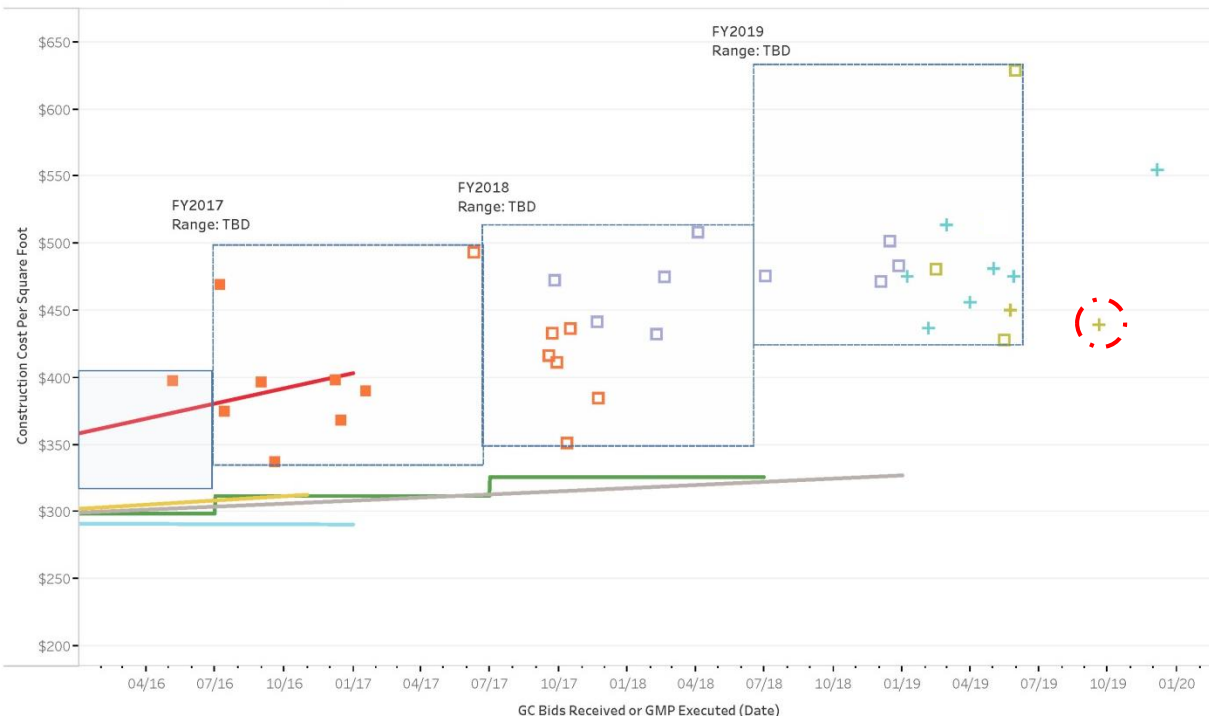
- Year Opened: 1959
- Current Grade Configuration: 2-3
- Agreed Upon Grade Configuration: 2-5
- Agreed Upon Enrollment: 630 students
- Proposed Scope of Project: New to replace the existing Chapin and Veterans Elementary Schools on the existing Chapin Street Elementary School site
- Existing Square Footage: 42,672 GSF
- Proposed Square Footage: 105,683 GSF
- Estimated Total Construction Cost of Preferred Schematic: \$46,424,819



Preferred Schematic Design | Ludlow

Chapin Street Elementary School

School Construction Costs Compared to Common Economic Indicators



Legend

- PFA Amended ■
- BID □
- SD □
- SD- Vote □
- PSR +
- PSR- Vote +

- 3% Escalation —
- Average —
- BLS PPI —
- RLB Comparative Cost - Boston —



Project Scope and Budget | **Vote**

District	School	Project Scope	Total Project Budget	Estimated Maximum Total Facilities Grant
Boston	Boston Arts Academy	New	\$124,755,527	\$47,675,093
Westport	Westport Middle School	New	\$ 96,884,896	\$ 37,418,779
Worcester	South High Community School	New	\$209,971,240	\$112,469,676
Total			\$431,611,663	\$197,563,548



Project Scope and Budget | Boston

Boston Arts Academy

- Year Opened: Founded in 1998
- Current Grade Configuration: 9-12
- Agreed Upon Grade Configuration: 9-12
- Agreed Upon Enrollment: 500 students
- Scope of Project: New on existing site
- Existing Square Footage: 120,825 GSF
- Proposed Square Footage: 153,476 GSF
- District Total Project Budget: \$124,755,412
- Estimated Basis Total Facilities Grant: \$67,777,406
- Reimbursement Rate*: 70.36%
- Estimated Maximum Total Facilities Grant: \$47,675,093

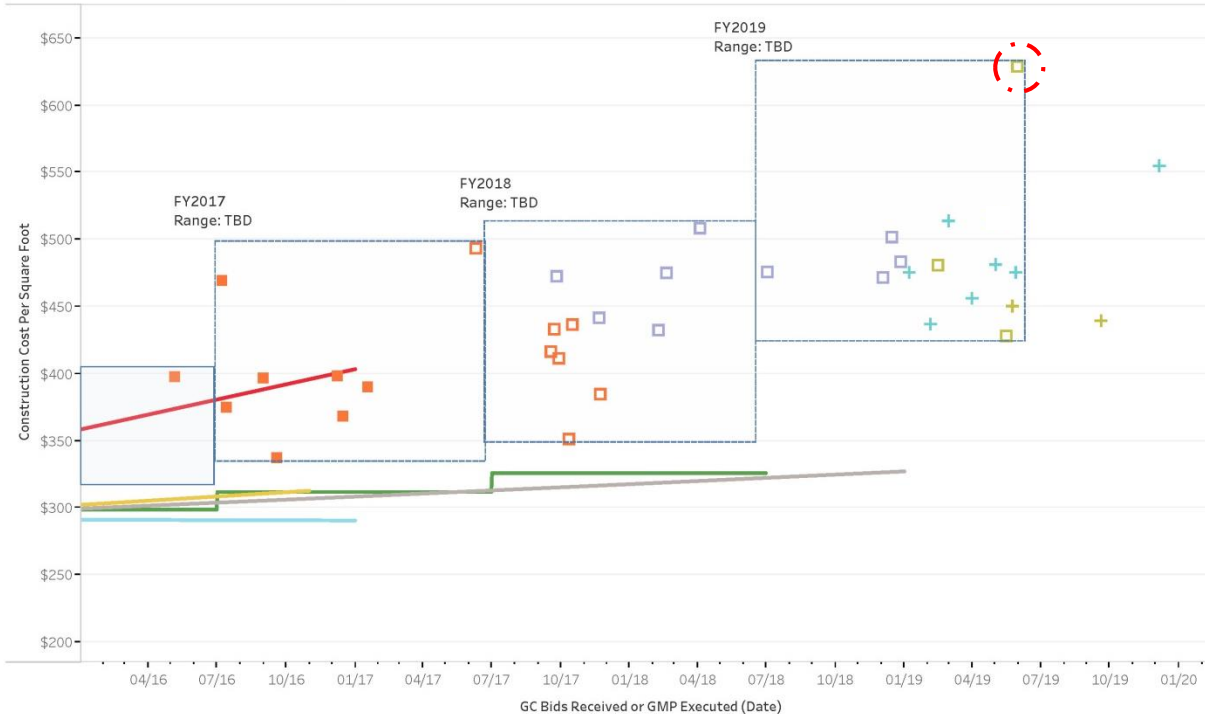
**The MSBA has provisionally included two (2) incentive points for energy efficiency, subject to the District meeting certain sustainability requirements for the project. If the District does not meet the requirements for the energy efficiency, the District will not qualify for these incentive points,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



Project Scope and Budget | Boston

Boston Arts Academy

School Construction Costs Compared to Common Economic Indicators



Legend

- PFA Amended
- BID
- SD
- SD-Vote
- PSR
- PSR-Vote
- 3% Escalation
- Average
- BLS PPI
- RLB Comparative Cost - Boston



Project Scope and Budget | Westport

Westport Middle School

- Year Opened: 1969
- Current Grade Configuration: 6-8
- Agreed Upon Grade Configuration: 5-12
- Agreed Upon Enrollment: 860 students
- Scope of Project: New on existing site
- Existing Square Footage: 115,592 GSF
- Proposed Square Footage: 187,100 GSF
- District Total Project Budget: \$96,884,896
- Estimated Basis Total Facilities Grant: \$76,500,433
- Reimbursement Rate*: 49.47%
- Estimated Maximum Total Facilities Grant: \$37,418,779

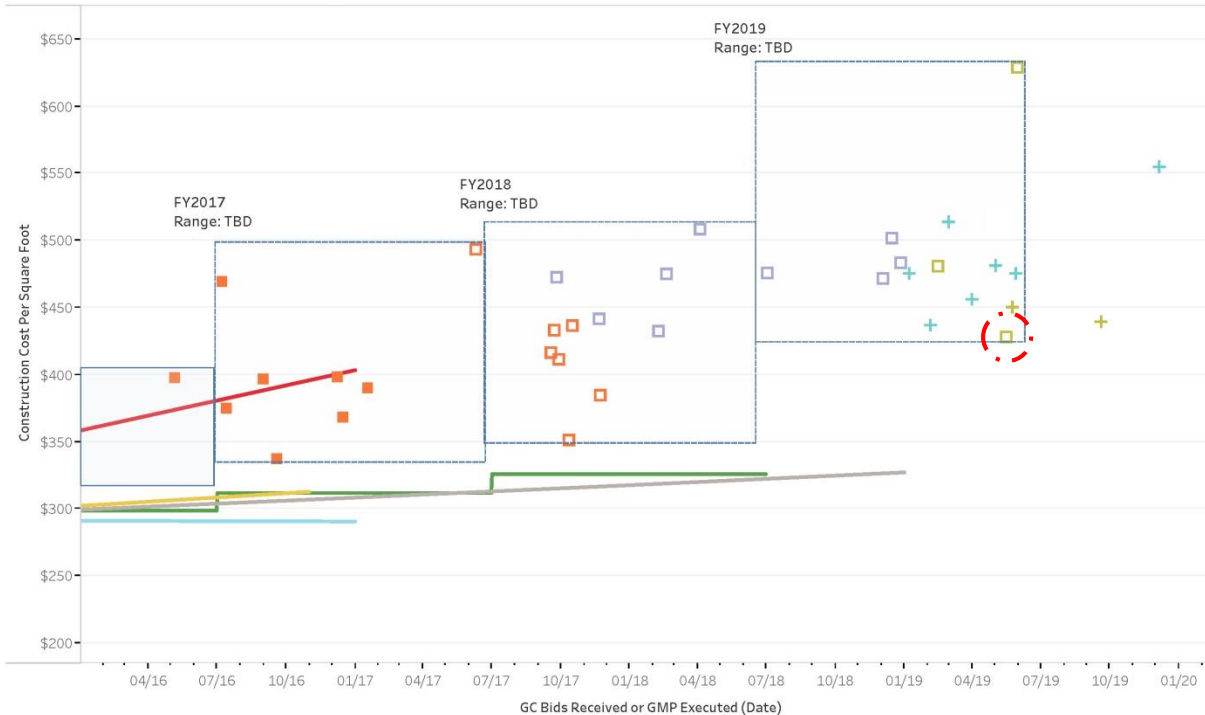
**The MSBA also has provisionally included two (2) incentive points for energy efficiency, subject to the District meeting certain sustainability requirements for the project. If the District does not meet the requirements for the energy efficiency, the District will not qualify for these incentive points,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



Project Scope and Budget | Westport

Westport Junior/Senior High School

School Construction Costs Compared to Common Economic Indicators



Legend

- PFA Amended
- BID
- SD
- SD- Vote
- PSR
- PSR- Vote
- 3% Escalation
- Average
- BLS PPI
- RLB Comparative Cost - Boston



Project Scope and Budget | Worcester

South High Community School

- Year Opened: 1978
- Current Grade Configuration: 9-12
- Agreed Upon Grade Configuration: 9-12
- Agreed Upon Enrollment: 1,420 students
- Scope of Project: New on existing site
- Existing Square Footage: 246,000 GSF
- Proposed Square Footage: 359,994 GSF
- District Total Project Budget: \$209,971,240
- Estimated Basis Total Facilities Grant: \$140,604,086
- Reimbursement Rate*: 80.00%
- Estimated Maximum Total Facilities Grant: \$112,469,676

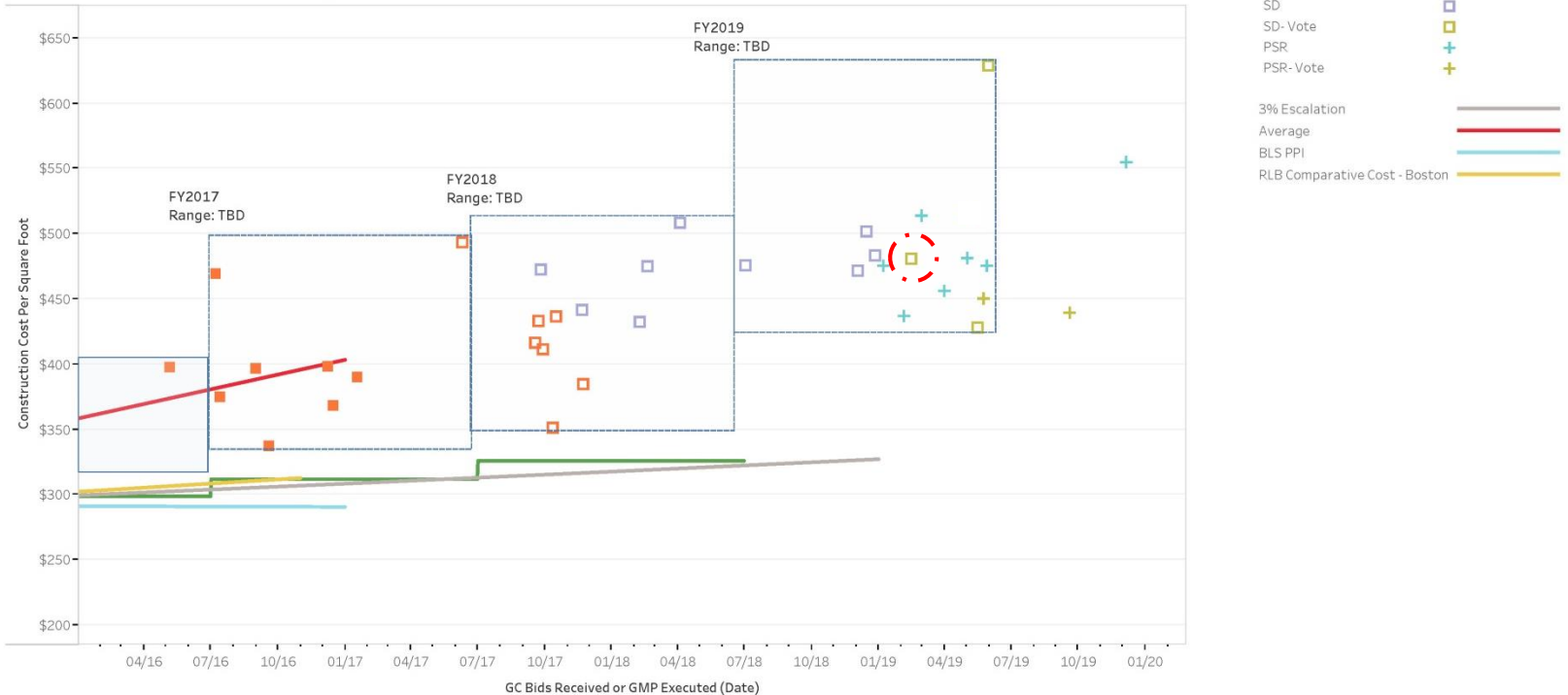
**By statute, 80% is the maximum reimbursement rate. Here, the District reaches the maximum rate of 80%, with the addition of the incentive reimbursement points for maintenance.*



Project Scope and Budget | Worcester

South High Community School

School Construction Costs Compared to Common Economic Indicators





Audit Update

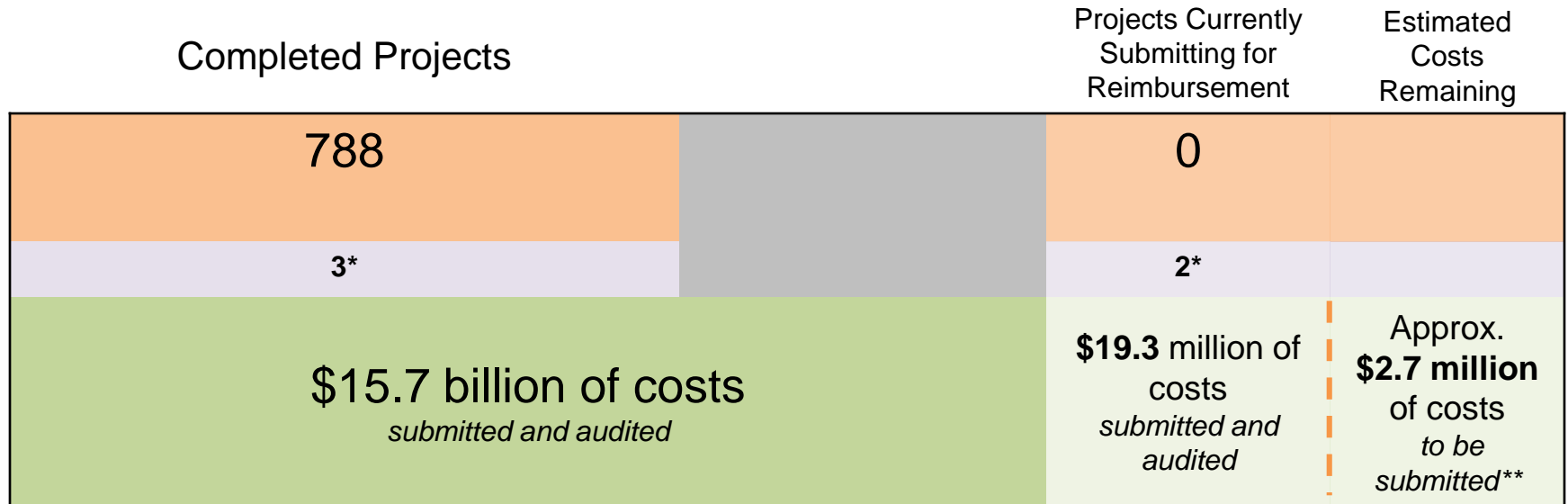
- **Audit Status Report**
- Approval of Final Audits with no appeals, Capital Pipeline Program MSBA grants | Vote



Audit Status Update

Former Program

■ Today's Vote



* Grant Conversion

** Estimated based on Total Project Budgets from executed funding and submitted costs as of November 29, 2017.



Audit Status Update

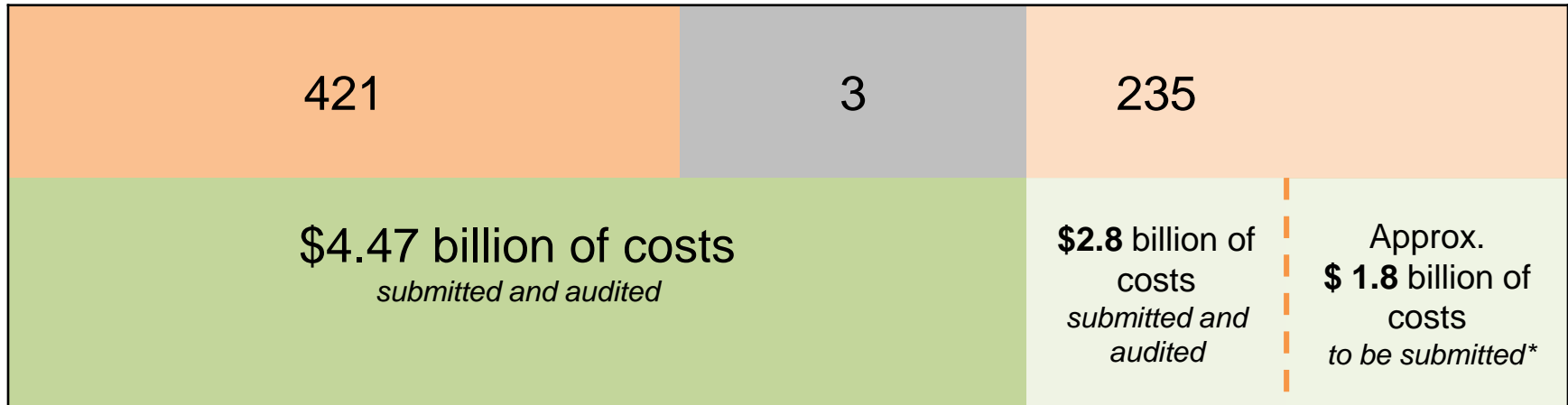
Capital Pipeline Program

■ Today's Vote

Completed Projects

Projects
Currently
Submitting for
Reimbursement

Estimated Costs
Remaining



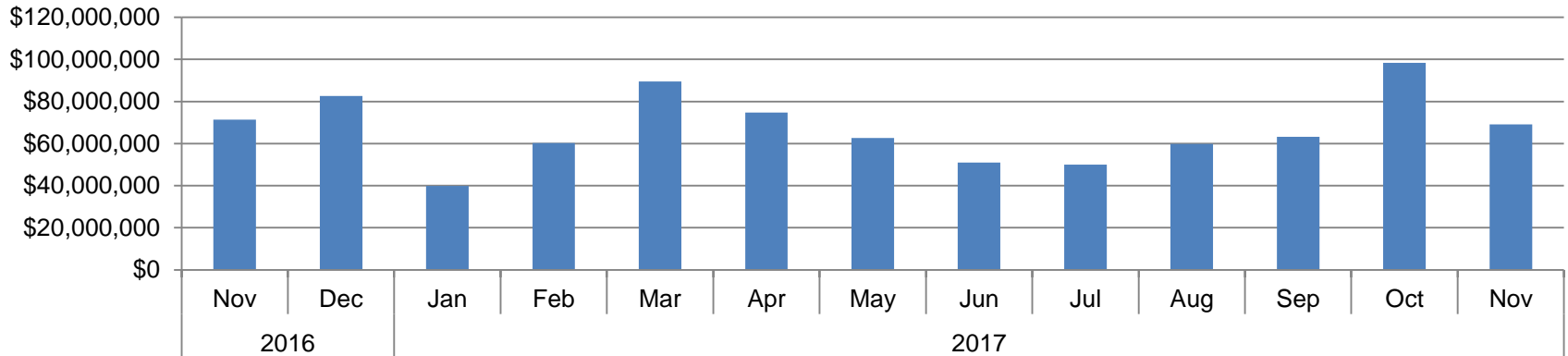
*Estimated based on Total Project Budgets from executed funding agreements and submitted costs as of November 29, 2017.



Capital Pipeline Program | Monthly Audited Project Costs

- Rolling 12 month submitted costs monthly average of \$66.7 million
- Total 12 Month Audited Costs = \$801 million

Capital Pipeline Program Monthly Audited Project Costs





Audit Update

- Audit Status Report
- **Approval of Final Audits with no appeals, Capital Pipeline Program MSBA grants | Vote**



Capital Pipeline Program | Closeout Audits

Today's Vote: December 13, 2017 Approval of Final Audits

District Name	School Name	MSBA CX	Reimb. Rate	Total Project Budget	Final Costs Submitted	Basis for Final Total Facilities Grant	Final Total Facilities Grant
Berlin-Boylston Regional School System	Tahanto Regional Middle High School	X	51.21%	\$41,357,035	\$43,783,281	\$37,047,531	\$18,972,041
South Hadley	Plains Elementary School	X	62.69%	\$28,011,124	\$27,289,046	\$22,675,665	\$14,215,374
West Bridgewater	Spring Street Elementary School	X	52.69%	\$1,339,458	\$814,986	\$814,956	\$429,400
			TOTAL	\$70,707,617	\$71,887,313	\$60,538,152	\$33,616,815



MSBA Updates

- **Executive Director's Report**
- Reconciliation of Project Obligations and Annual Cap | Vote
- Project Status Updates
 - Project Overview Report
 - Recommendations to Execute Master Service Agreements for Commissioning Consultants | Vote
 - Construction Cost Policy Update | Vote
 - Discussion on Cape Cod Regional Vocational Technical School District Poverty Factor | Vote



Project Visits and Local Votes

- Since the October 25, 2017 Board meeting, the MSBA has visited 20 projects.
- 9 Districts have voted affirmatively to appropriate full project funds or feasibility study funds.

Project Visits		Local Votes	
Abington Beverly Billerica Boston Brookline Chelsea Dedham Granby Hanover Holbrook	Hopkinton Mt. Greylock Minuteman New Bedford Newton North Middlesex Pittsfield Quincy Stoughton Woburn	Feasibility Study Funds Acton-Boxborough Braintree Easton Gloucester Sharon	Full Project Funds Blue Hills RTSD Cape Cod RVTSD Lexington Middleborough



Project Visits

Upcoming site visits anticipated in January and February:

Project Visits	
Billerica	Mt. Greylock
Boston	Minuteman
Brookline	New Bedford
Carver	Newton
Chelsea	North Middlesex
Dedham	Pittsfield
Granby	Quincy
Hanover	Stoughton
Hopkinton	



Project Milestones

Groundbreaking Ceremonies

Clyde Brown Elementary School and Williams Elementary School

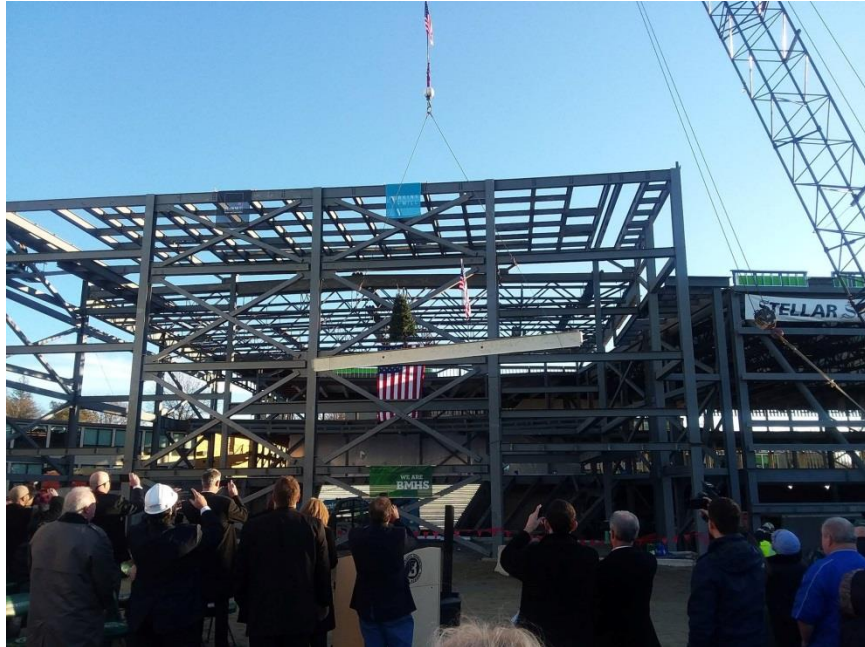




Project Milestones

Topping off Ceremonies

Center/Sylvester School and Billerica Memorial High School





Project Milestones

Ribbon Cutting and Building Dedication Ceremony

William H. Taylor Elementary School (New Bedford)





Outreach

Miscellaneous Events:

MASC/MASS Conference

Superintendents Webinar

Higgins Middle School Training (Peabody)

Story of a Building

Meetings with Cities and Towns:

Mayor of Everett

City of Boston

City of Cambridge

City of Lowell



OPM Fees | Update

School Name	Total Construction Cost	Enrollment	GSF	Construction \$/ SF	Construction Duration (Months)	OPM	OPM Basic Services	OPM Basic Services as % of Construction	OPM Add Services	OPM Add Services as % of Construction
Boston Boston Arts Academy	\$95,976,807	500	153,476	\$625.35	33	PMA Construction Services	\$3,359,188	3.5%	\$500,000	0.5%
Westport Middle/High School	\$79,880,726	860	187100	\$426.94	37	Daedalus Projects Inc	\$2,617,000	3.3%	\$40,000	0.1%
Worcester South High Community	\$172,861,181	1420	359994	\$480.18	32	HEERY	\$4,298,352	2.5%	\$120,000	0.1%
Middleborough High School	\$82,769,898	720	166650	\$496.67	22	Compass Project Management, Inc.	\$2,857,263	3.5%	\$142,856	0.2%
Blue Hills Regional Voc Tech High School	\$70,509,857	900	292400	\$241.14	15	Dore & Whittier	\$2,467,845	3.5%	\$ -	0.0%
Cape Cod Regional Voc Tech High School	\$104,223,800	650	220880	\$471.86	24	Colliers	\$3,647,833	3.5%	\$55,500	0.1%
Lexington Maria Hastings Elementary	\$52,973,418	645	110000	\$ 481.58	22	Dore & Whittier	\$1,820,000	3.4%	\$90,000	0.2%
Braintree East Middle School	\$67,736,699	1180	184425	\$ 367.29	18	Hill International	\$2,332,879	3.4%	\$32,764	0.0%
Saugus High School	\$127,685,356	1360	269070	\$ 474.54	27	PMA	\$4,468,987	3.5%	\$650,000	0.5%
Triton Pine Grove School	\$30,191,749	415	87674	\$ 344.36	15	Pinck & co.	\$1,353,647	4.5%	\$20,000	0.1%
Millis Clyde Brown Elementary School	\$42,591,393	515	89852	\$ 474.02	21	Compass Management	\$1,549,912	3.6%	\$156,545	0.4%
Somerville High School	\$199,051,710	1,590	369,496	\$ 538.71	40	PMA Construction Services	\$7,276,956	3.7%	\$2,820,000	1.4%



Designer Fees | Update

School Name	Total Construction Cost	Enrollment	GSF	Construction \$/ SF	Construction Duration (Months)	Designer	Designer Basic Services	Designer Basic Services as % of Construction	Designer Add Services	Designer Add Services as % of Construction
Boston Boston Arts Academy	\$95,976,807	500	153,476	\$625.35	33	Perkins Eastman/DPC	\$9,597,681	10.0%	\$2,180,546	2.3%
Westport Middle/High School	\$79,880,726	860	187100	\$426.94	37	Jonathan Levi Architects LLC	\$6,805,000	8.5%	\$589,170	0.7%
Worcester South High Community	\$172,861,181	1420	359994	\$480.18	32	Lamoureux Pagano & Associates, Inc.	\$14,557,244	8.4%	\$600,000	0.3%
Middleborough High School	\$82,769,898	720	166650	\$496.67	22	Drumme Rosane Anderson, Inc.	\$8,230,000	9.9%	\$655,000	0.8%
Blue Hills Regional Voc Tech High School	\$70,509,857	900	292400	\$241.14	15	Drumme Rosane Anderson, Inc.	\$7,050,986	10.0%	\$215,000	0.3%
Cape Cod Regional Voc Tech High School	\$104,223,800	650	220880	\$471.86	24	Drumme Rosane Anderson, Inc.	\$10,395,980	10.0%	\$605,000	0.6%
Lexington Maria Hastings Elementary	\$52,973,418	645	110000	\$ 481.58	22	DiNisco Design Partnership	\$4,996,000	9.4%	\$304,000	0.6%
Braintree East Middle School	\$67,736,699	1180	184425	\$ 367.29	18	Miller Dyers Spears, Inc.	\$6,750,976	10.0%	\$311,500	0.5%
Saugus High School	\$127,685,356	1360	269070	\$ 474.54	27	HMFH Architects	\$12,768,536	10.0%	\$380,000	0.3%
Triton Pine Grove School	\$30,191,749	415	87674	\$ 344.36	15	Dore & Whittier Architects, Inc.	\$3,462,771	11.5%	\$236,100	0.8%
Millis Clyde Brown Elementary School	\$42,591,393	515	89852	\$ 474.02	21	Tappe Associates	\$4,147,286	9.7%	\$295,000	0.7%
Somerville High School	\$199,051,710	1,590	369,496	\$ 538.71	40	SMMA	\$19,905,171	10.0%	\$2,900,000	1.5%



MSBA Updates

- Executive Director's Report
- **Reconciliation of Project Obligations and Annual Cap | Vote**
- Project Status Updates
 - Project Overview Report
 - Recommendations to Execute Master Service Agreements for Commissioning Consultants | Vote
 - Construction Cost Policy Update | Vote
 - Discussion on Cape Cod Regional Vocational Technical School District Poverty Factor | Vote



MSBA Updates

- Executive Director's Report
- Reconciliation of Project Obligations and Annual Cap | Vote
- **Project Status Updates**
 - **Project Overview Report**
 - Recommendations to Execute Master Service Agreements for Commissioning Consultants | Vote
 - Construction Cost Policy Update | Vote
 - Discussion on Cape Cod Regional Vocational Technical School District Poverty Factor | Vote



Summary of Bid Data

Year	Number of Projects	Design Basis for Enrollment	Project Budget	Construction Budget
2017	10	6,300	\$675.71 million	\$528.47 million
2018	10	8,438	\$1.10 billion	\$880.21 million
Totals	20	14,738	\$1.78 billion	\$1.34 billion

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

Anticipated Bids in 2018:

- January– None
- February– Minuteman (CMR), Newton (CMR)



Core Program

Construction Estimate vs. 2017 Bid Amount

- All ten bids and/or executions of a GMP in 2017 have been reported to date.
- Nine of the ten bids 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 **
Granby	West ES	Add/Reno	DBB	Jan-17	\$26,453,000	\$23,590,000	-\$2,863,000	50.66%	-\$1,450,396
Hanover	Sylvester ES	Add/Reno	DBB	Jun-17	\$26,075,672	\$24,800,000	-\$1,275,672	53.70%	-\$685,036
Quincy	Sterling MS	New	CMR	Jul-17	\$46,550,994	\$47,235,067	\$684,073	73.22%	\$0
Mount Greylock	Mt. Greylock Reg HS	Add/Reno	CMR	Sep-17	\$52,310,706	\$52,266,600	-\$44,106	59.68%	-\$26,322
Dedham	ECEC	New	DBB	Sep-17	\$23,213,553	\$21,224,028	-\$1,989,525	51.33%	-\$1,021,223
Billerica	Memorial HS	New	CMR	Sep-17	\$140,847,096	\$140,847,096	\$0	56.99%	\$0
Needham	Hillside ES	New	DBB	Sep-17	\$45,465,414	\$37,323,700	-\$8,141,714	34.72%	-\$2,826,803
Narragansett	Templeton Center	New	DBB	Oct-17	\$36,522,000	\$32,218,000	-\$4,304,000	63.11%	-\$2,716,254
Stoughton	Stoughton HS	New	CMR	Nov-17	\$97,228,730	\$93,710,552	-\$3,518,178	50.66%	-\$1,782,309
Bourne	Peebles ES	New	DBB	Nov-17	\$30,910,366	\$27,539,000	-\$3,371,366	53.70%	-\$1,810,424
Total					\$525,577,531	\$500,754,043	-\$24,823,488	-	-\$12,318,767

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

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



Construction Estimate vs. 2017 Bid Amount

2016 Accelerated Repair Program

- 23 of the 33 reported projects bid within the estimated budget
- 7 of the remaining 15 projects will bid by January 2018



The photo (Left) was received from the Edmund Hatch Bennett School in Taunton, a 2015 ARP Invitation. The project was completed in September 2017 and included repairs to the Roof, Windows, and Doors.



MSBA Updates

- Executive Director's Report
- Reconciliation of Project Obligations and Annual Cap | Vote
- **Project Status Updates**
 - Project Overview Report
 - **Recommendations to Execute Master Service Agreements for Commissioning Consultants | Vote**
 - Construction Cost Policy Update | Vote
 - Discussion on Cape Cod Regional Vocational Technical School District Poverty Factor | Vote



MSBA Updates

- Executive Director's Report
- Reconciliation of Project Obligations and Annual Cap | Vote
- **Project Status Updates**
 - Project Overview Report
 - Recommendations to Execute Master Service Agreements for Commissioning Consultants | Vote
 - **Construction Cost Policy Update | Vote**
 - Discussion on Cape Cod Regional Vocational Technical School District Poverty Factor| Vote



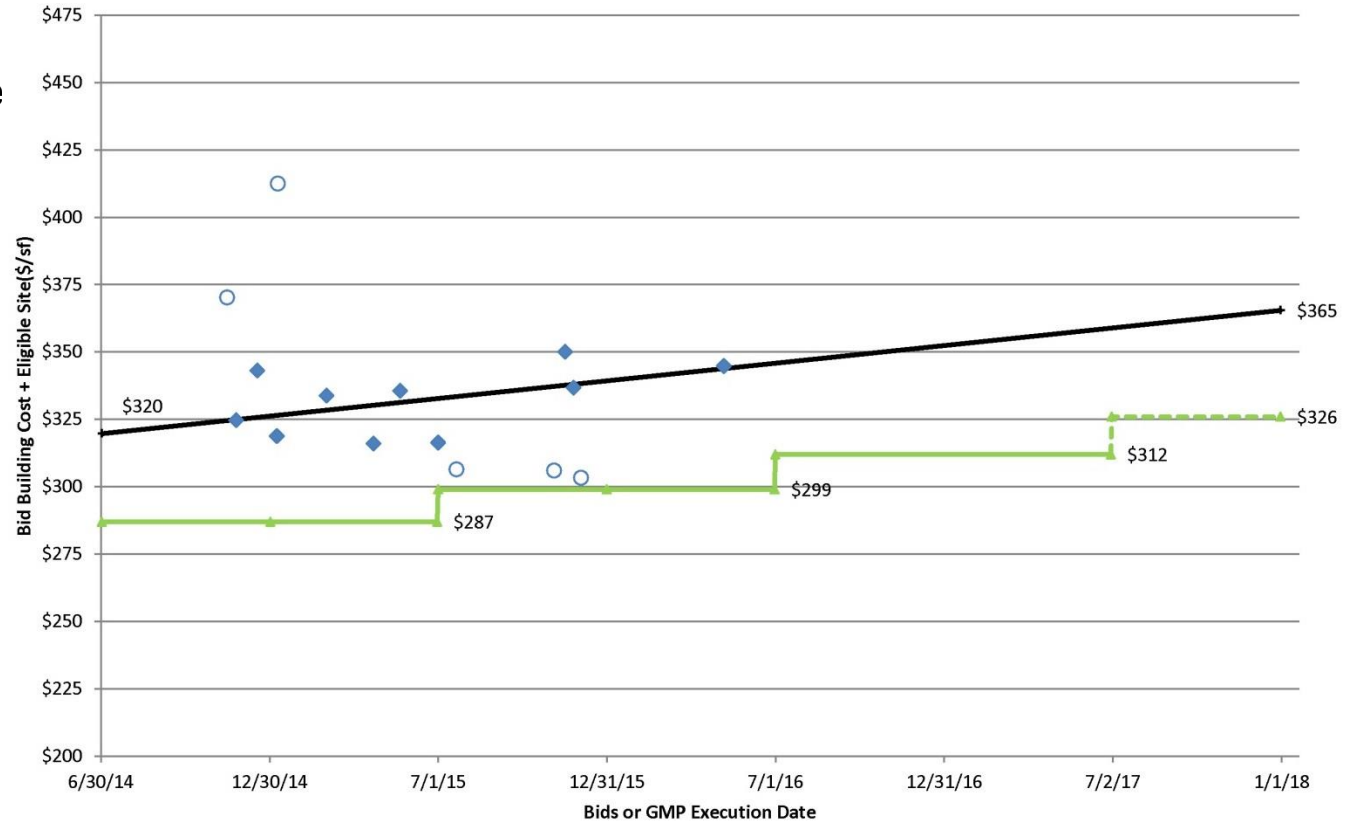
Background

- Early in 2009 set construction funding up to \$275/sf + eligible demolition and abatement
- August 2012 Procured Rider Levett Bucknall (“RLB”), evaluated construction cost data and reported in June 2013 that funding up to \$275/sf + eligible D&A continued to be appropriate
- Staff have reviewed construction cost trends and dedicated sales tax growth annually since 2013 resulting in four increases.
- Current construction funding is \$326/sf + eligible demolition and abatement.



Construction Cost Trends | New Bldg + Eligible Site Cost

- New construction cost trends presented at the June 28, 2017 Board Meeting
- Updated based on project bids and CMR GMP executions during FY15 and FY16
- Presented at the June 7, 2017 FAS Meeting

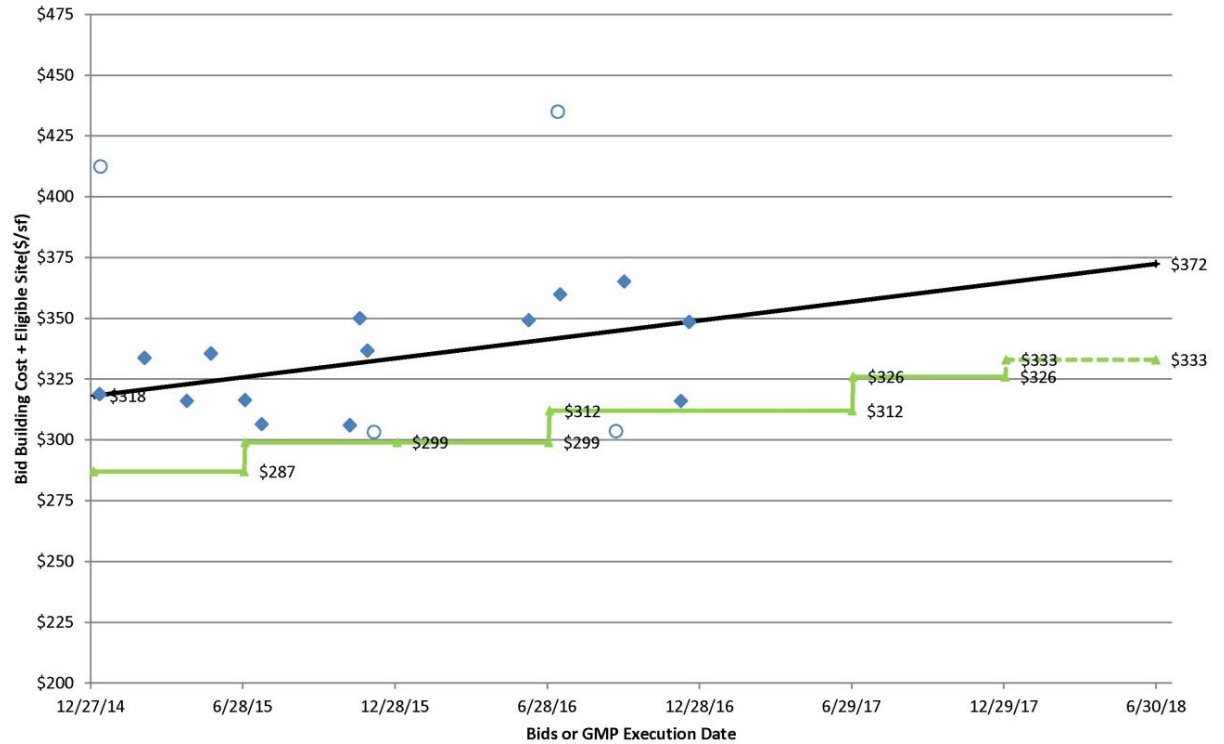


- ◆ Within 1 Standard Deviation
- Outside 1 Standard Deviation
- MSBA Construction Funding
- - Proposed MSBA Construction Funding
- Building + Eligible Site Costs Trend Line



Construction Cost Trends | New Bldg + Eligible Site Cost

- Updated based on project bids and CMR GMP executions during CY15 and CY16
- Presented at the November 29, 2017 FAS Meeting



- ◆ Within 1 Standard Deviation
- Outside 1 Standard Deviation
- MSBA Construction Funding
- - - Proposed MSBA Construction Funding
- Building + Eligible Site Costs Trend Line

- ◆ Within 1 Standard Deviation
- Outside 1 Standard Deviation
- MSBA Construction Funding
- - - Proposed MSBA Construction Funding
- Building + Eligible Site Costs Trend Line



Recommendations

- Adjust current policy of funding up to \$326/sf to \$333/sf based on Fiscal Year 17 sales tax growth of 2.28% in addition to eligible demolition and abatement.
- Make effective for districts receiving an approval of a proposed project scope and budget on or after January 1, 2018.
- Present next Construction Cost Policy Update on or about December 2018.



MSBA Updates

- Executive Director's Report
- Reconciliation of Project Obligations and Annual Cap | Vote
- **Project Status Updates**
 - Project Overview Report
 - Recommendations to Execute Master Service Agreements for Commissioning Consultants | Vote
 - Construction Cost Policy Update | Vote
 - **Discussion on Cape Cod Regional Vocational Technical School District Poverty Factor | Vote**



Finance Update

- **FY 17 Financial Statements**
- Sales Tax Collections | Update
- Grant Payments | Update
- Results of Defeasance, Results of Procurements, and Plan of Finance
- FY 18 Budget | Update



MSBA FY2017 Financial Statements

- As a result of the 2017 Audit, RSM 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
 - Testing disclosed no instances of non-compliance or other matters required to be reported under *Government Auditing Standards*.



MSBA FY2017 Financial Statements

RSM Areas of Emphasis, including a risk assessment approach

- Internal accounting and financial reporting controls
- Cash and investment disclosures
- Accounts, loans, and interest receivable
- Proper cut-off of accounts payable and accrued expenses
- Bonds payable and covenant compliance
- Grants payable and grant payments
- Sales tax revenue
- Proper net position classification
- Other – conformity with GASB* and industry practice, litigation and other contingencies

**Implementation of GASB 74 and OPEB valuation*



MSBA FY2017 Financial Statements

Auditors' Required Communications

Topic	Auditors' Response
Selection of accounting policies and procedures	<ul style="list-style-type: none">▪ No instance of alternative accounting treatment during FY17▪ GASB 74 Adopted – OPEB. GASB 77 - No impact
Significant or unusual transactions	<ul style="list-style-type: none">▪ None identified
Significant audit adjustments affecting the financial reporting process	<ul style="list-style-type: none">▪ No material misstatements. Minor unrecorded liabilities were noted and will be addressed in FY18
Disagreements with management	<ul style="list-style-type: none">▪ None
Consultations with other accountants	<ul style="list-style-type: none">▪ None
Significant issues or difficulties	<ul style="list-style-type: none">▪ None
Significant written communications	<ul style="list-style-type: none">▪ Management representation letter



Finance Update

- FY 17 Financial Statements
- **Sales Tax Collections | Update**
- Grant Payments | Update
- Results of Defeasance, Results of Procurements, and Plan of Finance
- FY 18 Budget | Update



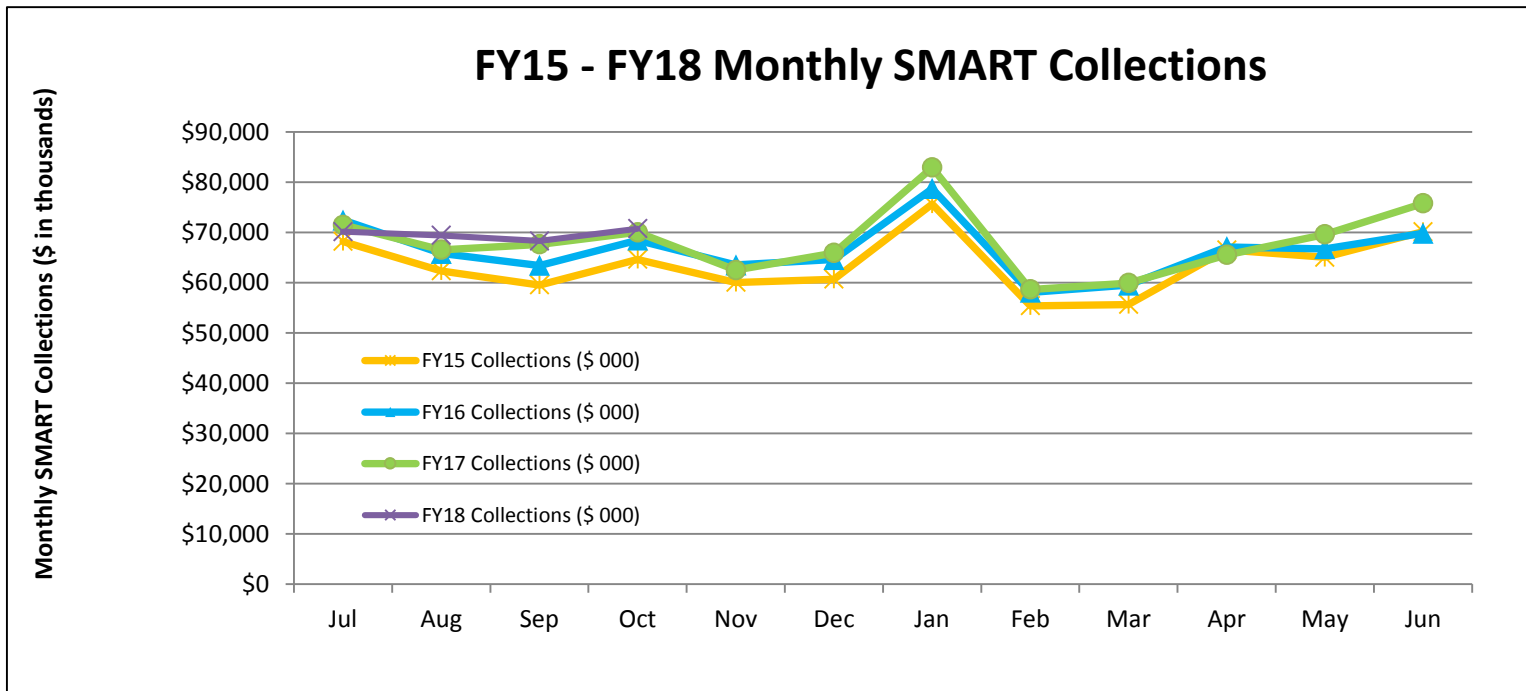
FY 2018 SMART Collections Update

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
FY15 (\$ 000)	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
FY16 (\$ 000)	72,473	65,832	63,453	68,475	63,558	64,618	78,727	58,102	59,541	67,146	66,751	69,856	798,531
FY17 (\$ 000)	71,513	66,555	67,659	70,041	62,532	65,937	82,948	58,672	59,943	65,555	69,626	75,810	816,790
Change (\$ 000)	(960)	723	4,206	1,565	(1,026)	1,319	4,221	570	402	(1,590)	2,875	5,954	18,259
% Change	-1.33%	1.10%	6.63%	2.29%	-1.61%	2.04%	5.36%	0.98%	0.68%	-2.37%	4.31%	8.5%	2.29%
FY18 (\$ 000)	70,162	69,429	68,315	70,763									278,670
Change (\$ 000)	(1,350)	2,875	656	723									2,903
% Change	-1.89%	4.32%	0.97%	1.03%									1.05%

- FY 18 Consensus Revenue Estimate of \$841 million would represent growth of 2.96% over the FY 17 unaudited amount.
- FY 18 collections through October 2017 are \$2.903 million (1.05%) higher than FY17 collections during the same period.

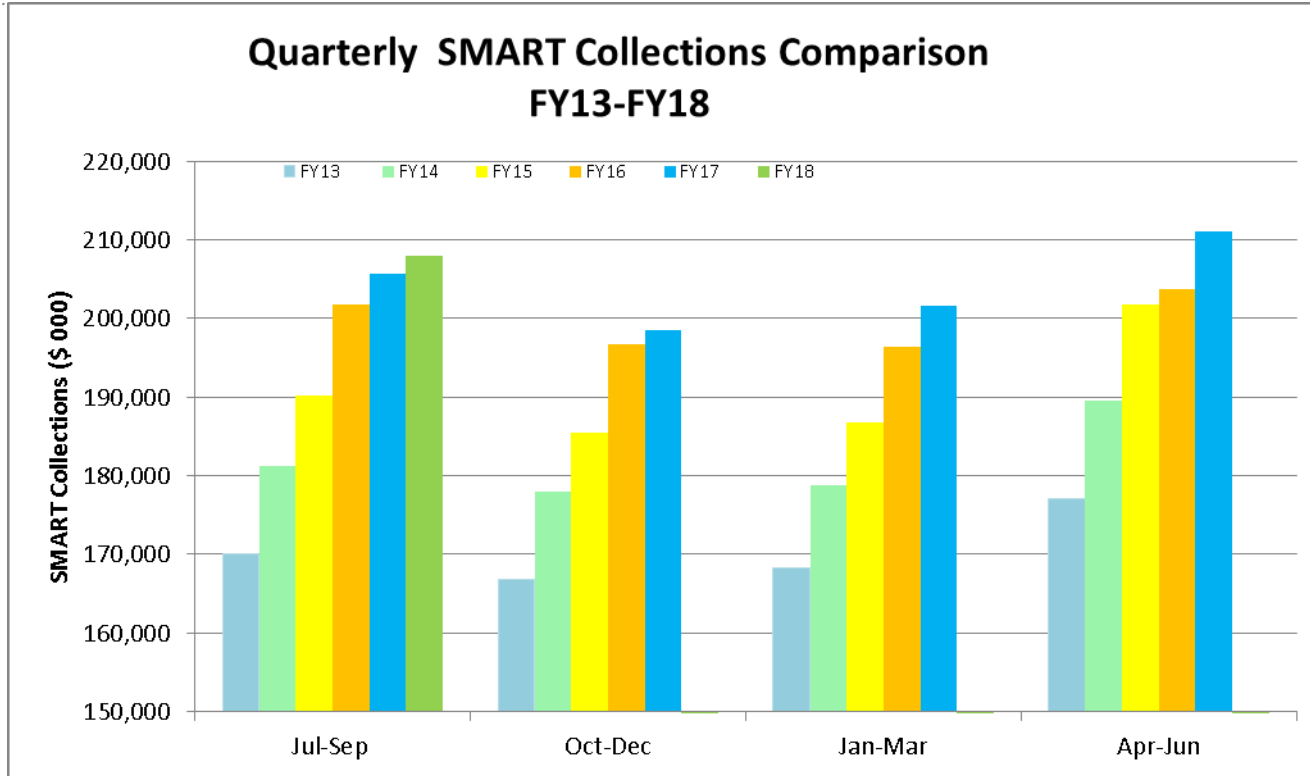


FY 2018 SMART Collections Update



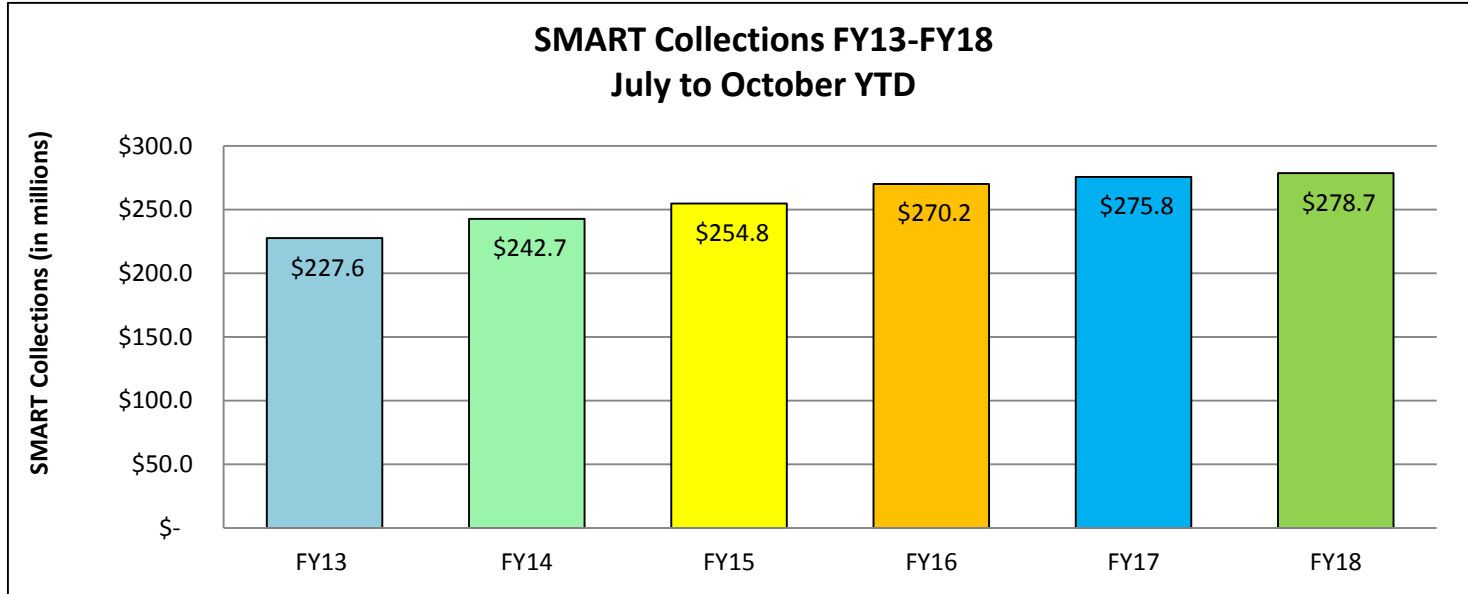


Quarterly SMART Collections





Smart Collections Year To Date





Finance Update

- FY 17 Financial Statements
- Sales Tax Collections | Update
- **Grant Payments | Update**
- Results of Defeasance, Results of Procurements, and Plan of Finance
- FY 18 Budget | Update



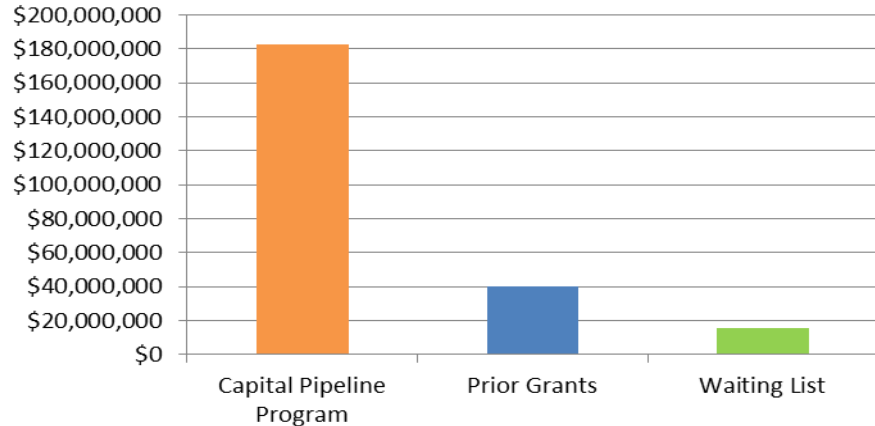
Grant Payments | FY2018 YTD Update

FY2018 YTD Grant Payments Summary*

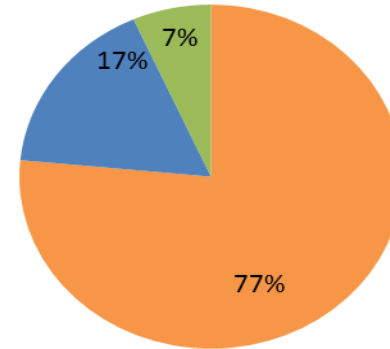
Program	Grant Payments	# Projects	# Districts	% of FY17 Payments
Capital Pipeline Program	\$ 182,588,050	155	105	77%
Prior Grants	\$ 40,186,395	52	43	17%
Waiting List	\$ 15,794,976	27	20	7%
Total	\$ 238,569,421	234	145	

*Reflects grant payment data as of November 22, 2017.

FY2018 Grant Payments - YTD by Program



FY2018 Grant Payments - YTD % by Program





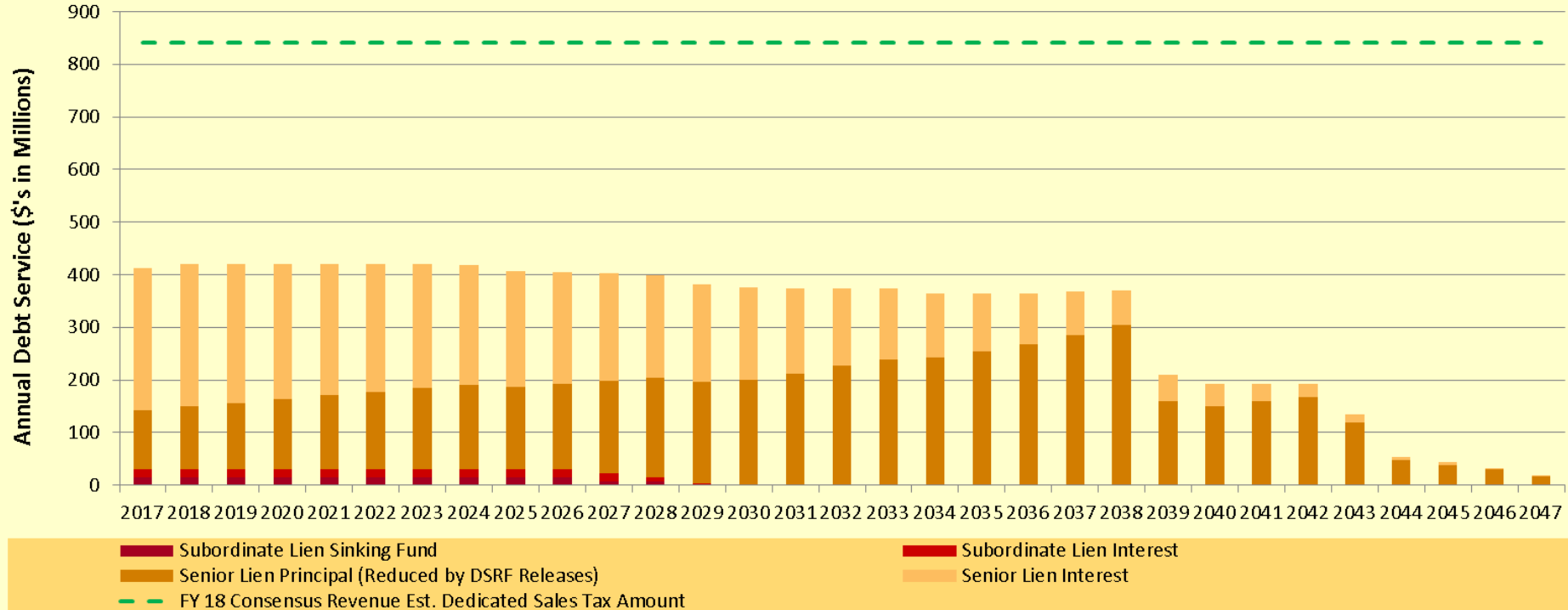
Finance Update

- FY 17 Financial Statements
- Sales Tax Collections | Update
- Grant Payments | Update
- **Results of Defeasance, Results of Procurements, and Plan of Finance**
- FY 18 Budget | Update



Outstanding Bonds - Before

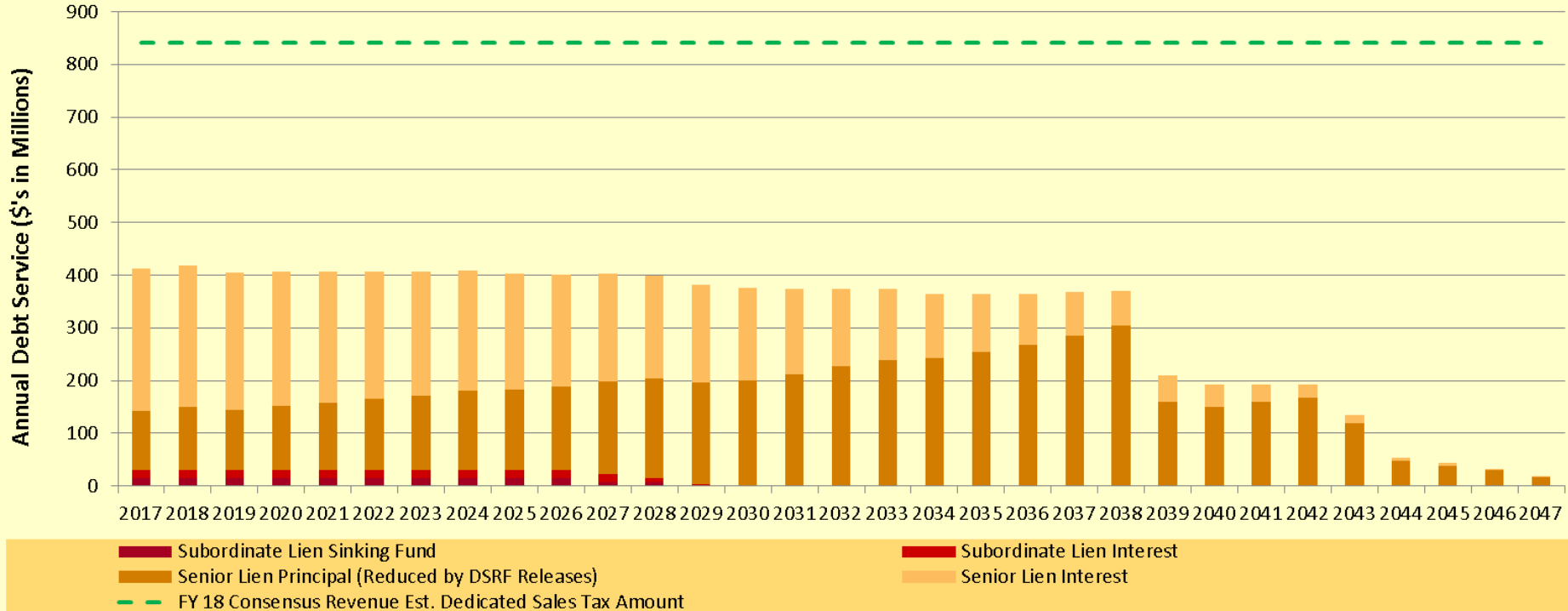
MSBA Debt Service on Bonds After May 2017 Defeasance





Outstanding Bonds - After

MSBA Debt Service on Bonds After Nov 2017 Defeasance





Finance Update

- FY 17 Financial Statements
- Sales Tax Collections | Update
- Grant Payments | Update
- Results of Defeasance, Results of Procurements, and Plan of Finance
- **FY 18 Budget | Update**



FY 18 YTD Budget Update

MSBA Administrative Operations and Grant Programs Budget - Attachment A

Expense Category	FY16 Expenditures 7/1-6/30	FY 17				FY 18			
		Revised FY17 Budget	FY17 Expenditures 7/1-6/30	Variance (FY17 Revised Budget)	% (FY17 Revised Budget)	FY 18 Budget*	FY18 YTD Expenditures 7/1-11/17	Variance to FY18 Budget	% FY18 Budget
Administrative Expense Budget									
Salaries & Benefits ^[1]	6,099,410	7,442,813	5,937,029	(1,505,784)	79.8%	7,426,770	2,395,194	(5,031,576)	32.3%
General & Administrative Office Expenses ^[2]	323,363	378,629	317,332	(61,297)	83.8%	383,001	149,587	(233,414)	39.1%
Occupancy & Utilities ^[3]	1,115,237	1,122,821	1,117,289	(5,532)	99.5%	1,160,707	468,915	(691,792)	40.4%
Consulting & Professional Support Services ^[4]	117,335	203,905	181,293	(22,612)	88.9%	227,500	75,270	(152,231)	33.1%
Information Technology ^[5]	111,183	205,399	203,235	(2,165)	98.9%	267,480	27,669	(239,811)	10.3%
Total Administrative Expense Budget^[6]	7,766,529	9,353,567	7,756,178	(1,597,389)	82.9%	9,465,458	3,116,636	(6,348,823)	32.9%
Other Post Employment Benefits (OPEB)^[7]	100,000	100,000	100,000	0	100.0%	500,000	500,000	0	100.0%
Capital Pipeline Professional Support Services & Issuance Related Costs									
Project Related Professional Support Services ^[8]	4,691,645	6,038,000	5,401,285	(636,715)	89.5%	5,020,000	1,245,586	(3,774,414)	24.8%
Cost of Issuance ^[9]	3,398,969	3,250,000	2,589,507	(660,493)	79.7%	3,250,000	794,938	(2,455,062)	24.5%
Total Capital Pipeline Program Professional Support Services	8,090,614	9,288,000	7,990,792	(1,297,208)	86.0%	8,270,000	2,040,525	(6,229,475)	24.7%
Arbitrage Rebate^[10]	11,842,422	2,000,000	950,122	(1,049,878)	47.5%	250,000	0	(250,000)	0.0%
Grant Program									
Prior Grants ^[11]	184,937,437	210,850,561	202,188,971	(8,661,590)	95.9%	171,154,798	40,186,395	(130,968,403)	23.5%
Waiting List ^[12]	25,740,346	34,403,354	21,435,992	(12,967,362)	62.3%	26,185,431	15,220,435	(10,964,996)	58.1%
Capital Pipeline Program Grants ^[13]	411,764,406	550,000,000	388,740,197	(161,259,803)	70.7%	506,126,869	174,887,553	(331,239,316)	34.6%
Total Grant Program	622,442,189	795,253,915	612,365,160	(182,888,755)	77.0%	703,467,098	230,294,383	(473,172,715)	32.7%
Loan Program Disbursements^[14]		10,000,000	0	(10,000,000)	0.0%	10,000,000	0	(10,000,000)	0.0%
Grand Total - Operating Budget	650,241,754	825,995,482	629,162,252	(196,833,230)	76.2%	731,952,556	235,951,543	(496,001,013)	32.2%

*\$400,000 has been reallocated from the Salary & Benefits line item to the OPEB Trust Line item. MSBA plans to deposit \$500,000 to the OPEB Trust on November 1st to maintain fully funded status. \$16,000 will be withdrawn on the same date to reimburse the MSBA for actual premiums paid for retiree benefits during FY 17.



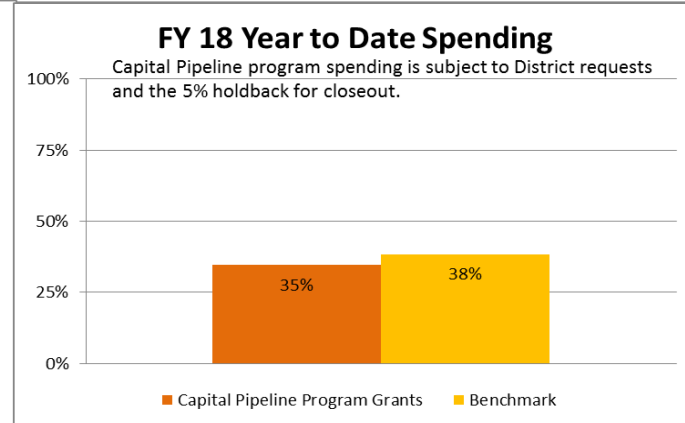
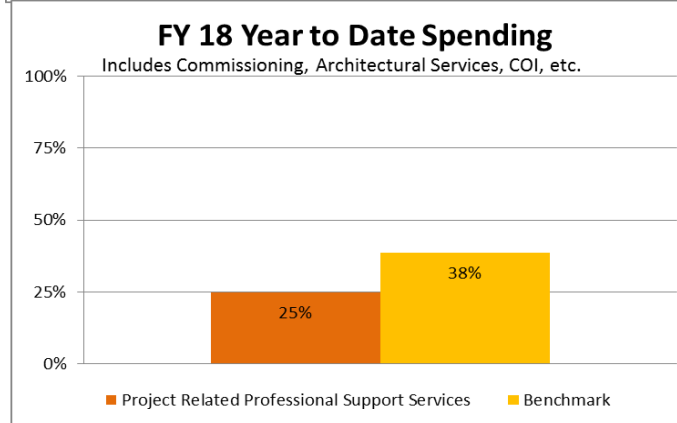
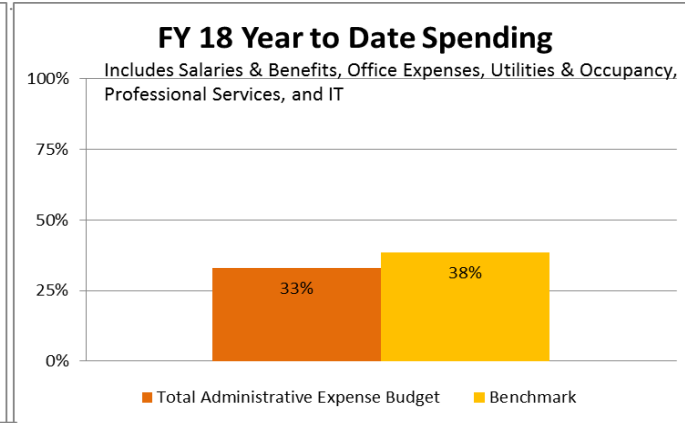
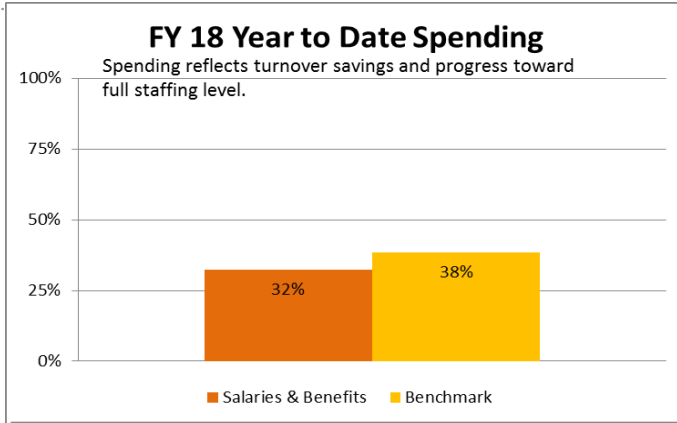
Capital Pipeline Professional Support Services Detail

Capital Pipeline Professional Support Services - Attachment B

	FY16 Expenditures	Revised FY17 Budget	FY17 Expenditures 7/1-6/30	Variance (FY17 Revised Budget)	% (FY17 Revised Budget)	FY 18 Budget	FY18 YTD Expenditures 7/1-11/17	Variance to FY18 Budget	% FY18 Budget
Commissioning Consultants ^[1]	3,071,291	2,300,000	2,614,790	314,790	113.7%	3,400,000	1,001,997	(2,398,003)	29.5%
Project Management Services ^[2]	1,028,765	650,000	492,938	(157,062)	75.8%	130,000	39,815	(90,185)	30.6%
Architectural Services ^[3]	460,201	813,000	483,525	(329,475)	59.5%	840,000	163,340	(676,660)	19.4%
Capital Program Information Systems ^[4]	3,388	75,000	0	(75,000)	0.0%	200,000	0	(200,000)	0.0%
School Survey ^[5]	128,000	2,000,000	1,810,032	(189,968)	90.5%	100,000	40,435	(59,565)	40.4%
Post Occupancy Survey ^[6]	0	200,000	0	(200,000)	0.0%	350,000	0	(350,000)	0.0%
Legal ^[7]	0	0	0	0	n/a	0	0	0	n/a
Capital Program Support Services	4,691,645	6,038,000	5,401,285	(636,715)	89.5%	5,020,000	1,245,586	(3,774,414)	24.8%



Fiscal Year 2018 Expenditure Charts





Debt Service Paid by Trustee or Issuing and Paying Agent and Sinking Fund Deposits - Attachment D

	FY 18 Initial Projected Payments	Impact of Defeasance	Impact of Refunding	Impact of New Money	Revised FY 18 Projected Payments	FY18 YTD Expenditures 7/1-11/17
Principal and Interest on Bonds[1]	405,955,767	(1,748,000)			404,207,767	260,950,943
Sinking Fund Deposits[2]	14,359,832				14,359,832	0
Interest on Commercial Paper[3]	4,500,000				4,500,000	1,347,341
Total	424,815,598	(1,748,000)	0	0	423,067,598	262,298,285