

**Massachusetts School Building Authority
Board Meeting Minutes of June 28, 2017**

A meeting of the Massachusetts School Building Authority (the “Authority” or “MSBA”) was held on June 28, 2017 at 40 Broad Street, Boston, Massachusetts.

Members Present: Deborah Goldberg, State Treasurer and Chairman; Terry Kwan, appointed member; Anne Brockelman, appointed member; Sean Cronin, Designee of the Secretary of Administration and Finance; Matt Deninger, Designee of the Commissioner of Education; Greg Sullivan, appointed member; and Sheila Vanderhoef, appointed member.

Others Present: James MacDonald, First Deputy Treasurer and Chief Executive Officer; Jack McCarthy, Executive Director/Deputy Chief Executive Officer; Dennis Ryan; Barbara Hansberry; Jennifer Gonzalez; Tamia Buckingham; Mary Pichetti; Michael McGurl; John Jumpe; Diane Sullivan; Karl Brown; Christine Nolan; Colleen Smith; Ken Wissman; Kathryn DeCristofaro; Katie Loeffler; Matt Donovan; Maria Puopolo; Paul Fowkes; Chris Alles; members of the press; municipal representatives; legislative representatives; local elected officials; and other members of the public. A sign-in sheet is on file at the MSBA.

Call to Order

The Chairman called the meeting to order at 10:05 a.m. and asked if anyone is recording the meeting. No one announced that they were recording the meeting.

The Chairman spoke about Mitchell Chester, Commissioner of Education, who recently passed away. She noted that Commissioner Chester was a good friend and colleague. The Chairman spoke about the impact the Commissioner had on everything from the MCAS to financial literacy. She commented that his death has left a hole that cannot be filled. She then asked for everyone to join in a moment of silence in honor of Commissioner Mitchell Chester.

Mr. Deninger, who was appointed to the MSBA Board of Directors as Commissioner Chester’s designee, spoke about the Commissioner, commenting how he was fortunate to have had weekly meetings with the Commissioner. He explained that, for Commissioner Chester, it was all about the kids. He spoke about the Achievement Gap Act and how the Commissioner thought about what is best for the kids even if his actions were unpopular to some. Mr. Deninger added that the Commissioner felt a moral imperative to help the Commonwealth’s children and school districts. Every Friday, the Commissioner visited schools across the Commonwealth and when he appointed Mr. Deninger to the Board, he explained to Mr. Deninger that he is most concerned about equity and told Mr. Deninger to fight for equity for the students.

Next, Chairman Goldberg explained that she will be fulfilling some administrative duties. First she introduced new Board member Anne Brockelman. The Chairman swore in Ms. Brockelman and welcomed her to the Board. The Chairman noted that she looks forward to working with Ms. Brockelman.

Next, the Chairman spoke about Jim MacDonald, whom she had named Interim Chief Executive Officer in January 2017. She explained that over the past six months, Jim has worked diligently with the MSBA Executive Team and staff and he will now be taking up a more permanent role at the MSBA as the Chief Executive Officer. She congratulated Mr. MacDonald.

Next, the Chairman provided a brief overview of the items on the agenda for the meeting. She explained that the Board will be voting to: invite seventeen projects from seven districts into Accelerated Repair; invite two projects to proceed into Schematic Design with an estimated \$255.7 million in Total Construction Costs; and authorize the MSBA to enter into a Project Scope and Budget Agreement for three Core projects, one new school, and two addition/renovation projects with a total Estimated Maximum Total Facilities Grant amount of \$120.2 million. The Board will also be voting on whether to approve eleven final audits from eleven school districts with Total Facilities Grants of over \$220 million. Additionally, the Board will be voting to: approve the updated Model School Program recommendations; approve the updated Construction Cost Policy; and approve the updated Sustainable Design Incentive Point Policy. Finally, the Board will be voting on the proposed reconciliation of Project Obligations with the Annual Cap for FY17, to authorize the Eligibility Process Recommendations, and to authorize the Executive Director to Execute a Master Services Agreement for external auditing services.

Acceptance of the May 12, 2017 Minutes

The Chairman asked for a motion to accept the minutes of the May 12, 2017 Board Meeting. The following motion was made by Mr. Deninger and seconded by Ms. Kwan:

Approval of the Minutes of the May 12, 2017 Board Meeting

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Minutes of the May 12, 2017 Board meeting.

VOTE: There being no questions or comments, the Board approved the Motion to approve the Minutes of the May 12, 2017 Board Meeting by majority – 7 in favor, 0 abstaining.

Project

Invitation to Accelerated Repair

MSBA Project Manager Mike McGurl explained that, following the receipt of 73 Statements of Interest (“SOIs”) for the 2017 Accelerated Repair Program (“ARP”), the MSBA reviewed the information provided by the districts and found that 69 of the 73 schools qualify for consideration for participation in the ARP. He noted that the number of invitations authorized by the Board each year varies and in certain years, the MSBA may need to limit the number of invitations due to its annual statutory budget cap. Historically, the MSBA has invited approximately 45 to 50 SOIs into the ARP annually. He explained that, compared to the number of qualifying SOIs that received site visits in previous years, the 69 qualifying schools for 2017 represent a significant increase. He added that compared to previous years, a higher percentage of the 69 2017 SOIs include more than one system for replacement.

He then explained that at the April 24, 2017 Facilities Assessment Subcommittee Meeting and the May 12, 2017 Board of Directors Meeting, MSBA staff recommended that the MSBA only consider systems of 30 years or more for invitation to the 2017 ARP. The Board agreed with this recommendation.

When staff looked at the SOIs for systems of 30 years or more in age, this resulted in the consideration of 36 of the 69 qualifying schools for which SOIs were received. Of those 36 schools, the MSBA conducted site visits at 19 schools from March 21, 2017 to March 30, 2017. At the May 12, 2017 Board meeting, the 19 schools received invitations to the 2017 ARP program. The MSBA then conducted site visits for the remaining 17 schools from May 2, 2017 to May 4, 2017. Upon collecting and reviewing additional information during and after these site visits, MSBA staff is now recommending the 17 schools for invitation to the 2017 ARP.

The Chairman asked for a motion, and the following motion was made by Mr. Sullivan and seconded by Mr. Deninger:

Vote on Inviting Communities into the Accelerated Repair Program

VOTED: That the Executive Director is hereby authorized to invite certain communities into the Accelerated Repair Program to collaborate with the MSBA to conduct a Feasibility Study, as described in 963 CMR 2.00 et seq., for each of the schools listed in the “June 28, 2017 Accelerated Repair Invitation Exhibit” attached hereto, the purpose of which Study shall be to better understand the problems identified in the Statement of Interest submitted to the MSBA and explore options to repair said problems.

VOTED: That the Executive Director is hereby authorized to do all acts, to execute and deliver any and all documents and agreements, and to expend all funds necessary or desirable in connection with conducting said Feasibility Study for each of the schools listed in the “June 28, 2017 Accelerated Repair Invitation Exhibit.”

The Chairman recognized several state and local officials that were present at the meeting to represent the seven districts invited into the Accelerated Repair Program. She then opened the floor to Board member comments and discussion.

Ms. Kwan noted that this is the first time that the number of projects being invited into the ARP has been limited from the pool of qualifying applicants in a given year.

Boston Superintendent Dr. Tommy Chang spoke on behalf of Mayor Marty Walsh thanking the MSBA for the collaborative effort on Boston’s projects. He introduced other Boston officials who were present at the meeting.

State Representative Michelle DuBois, who represents East Bridgewater, offered her support for the project at the Central Elementary School. She introduced others from East Bridgewater who were there to support the proposed project, including a staffer from State Representative Geoff Diehl’s office.

East Bridgewater Facilities Manager Brian Kiely commented that he appreciates the MSBA’s support.

A staff member from State Representative Jim O’Day’s office, who represents Worcester, was at the meeting to support the proposed project. Also, Worcester DPW Assistant Commissioner of Engineering Russ Adams thanked Jack McCarthy and MSBA staff, and commented that they could not do the Worcester projects without MSBA support.

East Longmeadow Superintendent Gordon Smith thanked MSBA staff and stated he looks forward to the partnership with the MSBA.

VOTE: *There being no further questions or comments, the Board approved the Motion to invite communities into the Accelerated Repair Program by majority – 7 in favor, 0 abstaining.*

Recommendation for Preferred Schematic

MSBA Director of Project Management John Junpe explained that the Board is now being asked to approve the preferred schematic designs for the Boston Arts Academy located in the City of Boston and the South High Community School located in the City of Worcester.

The City of Boston is proposing to replace the existing high school facility with a new facility on the existing site. This proposed project will serve an agreed upon enrollment of 500 students in grades 9-12. The proposed project has an estimated construction cost of \$96,569,894.

The Chairman asked for a motion, and the following motion was made by Ms. Kwan and seconded by Mr. Deninger:

Vote on Moving the City of Boston to Schematic Design

VOTED: That the Board of Directors hereby authorizes the Executive Director to do all acts necessary, execute and deliver any and all documents and agreements, and expend funds as deemed appropriate by the Executive Director to assist the City of Boston with, in concept, the development of schematic designs to replace the existing Boston Arts Academy on the existing site, as further described in the materials presented to the Board and attached hereto, in accordance with G.L. c. 70B and 963 CMR 2.00 *et seq.* and all other guidelines and policies of the Authority.

The Chairman recognized numerous City of Boston officials and staff members. Then Boston Superintendent Dr. Tommy Chang spoke, first thanking the MSBA for the ARP vote, then commenting that the Boston Arts Academy has a fantastic program and it is a good prototype for 21st century learning, along with a good building design.

Boston Arts Academy Headmaster Anne Clark spoke next thanking the MSBA for the longstanding support and commented that she is grateful for the opportunity to work with the MSBA.

The Treasurer commented that it was very exciting to see Dr. Chang at the Board meeting with his enthusiasm for the project. She discussed the location of the school and noted that the school offers many career paths for students, including college preparation.

Ms. Kwan noted that this project has been a long time coming and that she is pleased to vote for the project today

Mr. Sullivan commended Executive Director Jack McCarthy on his great effort and all of the work he did for the project to find a solution.

Ms. Kwan then spoke about the City's 10-year Master Plan, noting that it is well-thought-out. She suggested meeting with Dr. Chang in the future to talk about the City's educational program. She

noted that the “vacant seats” that have been identified in the Master Plan are not necessarily habitable seats.

The Chairman then informed the Board that while working in Los Angeles, Dr. Chang had all 49 pilot schools under his supervision. She commented that Los Angeles has 1013 schools city-wide.

VOTE: *There being no further questions or comments, the Board approved the Motion to move the City of Boston to Schematic Design by majority – 7 in favor, 0 abstaining.*

The Director of Project Management explained that the City of Worcester is proposing to replace the existing high school facility with a new facility on the existing site. This proposed project will serve an agreed upon enrollment of 1,420 students in grades 9-12. The estimated construction cost is \$159,180,725.

The Chairman asked for a motion, and the following motion was made by Mr. Deninger and seconded by Mr. Sullivan:

Vote on Moving the City of Worcester to Schematic Design

VOTED: That the Board of Directors hereby authorizes the Executive Director to do all acts necessary, execute and deliver any and all documents and agreements, and expend funds as deemed appropriate by the Executive Director to assist the City of Worcester with, in concept, the development of schematic designs to replace the existing South High Community School facility with a new building on the existing South High Community School site, as further described in the materials presented to the Board and attached hereto, in accordance with G.L. c. 70B and 963 CMR 2.00 *et seq.* and all other guidelines and policies of the Authority.

Worcester DPW Assistant Commissioner of Engineering Russ Adams introduced other local representatives who were present at the meeting. He then thanked MSBA staff and commented that he is happy to be at the Board Meeting and appreciates working with the MSBA.

VOTE: *There being no further questions or comments, the Board approved the Motion to move the City of Worcester to Schematic Design by majority – 7 in favor, 0 abstaining.*

Approval of Project Scope and Budget Agreement and Authorization for Project Funding Agreement

MSBA Director of Project Management John Junpe explained that the Board is now being asked to approve a Project Scope and Budget Agreement and to authorize the MSBA to enter into a Project Funding Agreement for a project at the East Middle School located in the Town of Braintree. He presented a PowerPoint and provided a brief summary of the proposed project. He explained that the proposed project is an addition renovation project at the existing East Middle School.

The District submitted a total project budget of \$83,472,211. As shown in the PowerPoint presentation, the basis of the MSBA grant would be \$69,371,501, and the proposed Estimated Maximum Total Facilities Grant would be \$40,214,436 with the District’s 57.98% reimbursement rate.

The Chairman asked for a motion, and the following motion was made by Mr. Deninger and seconded by Mr. Sullivan:

Vote to Authorize the Executive Director to Execute a Project Scope and Budget Agreement and Project Funding Agreement with the Town of Braintree

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project for an addition and renovation project at the East Middle School, as further described in the materials presented to the Board and attached hereto and as such Proposed Project shall be further defined in the Project Scope and Budget Agreement, and authorizes the Executive Director to take all steps necessary to execute and deliver a Project Scope and Budget Agreement and Project Funding Agreement with the Town of Braintree, in such forms as he may determine to be acceptable, for the East Middle School project at a reimbursement rate of fifty-seven and ninety-eight hundredths percent (57.98%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$40,214,436, which shall not include any funds for owner's or construction contingency expenditures; that the Board of Directors hereby further authorizes the Executive Director to increase the Estimated Maximum Total Facilities Grant up to a Maximum Total Facilities Grant of \$41,286,868, in the event that the MSBA determines, in its sole discretion, that any owner's and/or construction contingency expenditures are eligible for reimbursement pursuant to MSBA regulations, guidelines, or policies; that the Board of Directors hereby further authorizes the Executive Director to expend funds in accordance with such Project Funding Agreement.

State Senator John Keenan, who represents Braintree, thanked the MSBA for their work and commented on the difference the project will make for the district. The Senator also passed on congratulatory regards from Senator Walter Timilty and Representative Mark Cusack, who also represent Braintree but could not attend the meeting.

Braintree Mayor Joseph Sullivan commented that he looks forward to working with the MSBA and that the project could not have been done without the MSBA. The Mayor thanked the MSBA for their effort and invited the Treasurer to come for the ribbon cutting.

The Braintree Public Schools Superintendent Frank Hackett then spoke echoing the Mayor's comments.

VOTE: *There being no further questions or comments, the Board approved the Motion to Execute a Project Scope and Budget Agreement and Project Funding Agreement with the Town of Braintree by majority – 7 in favor, 0 abstaining.*

Next, MSBA Director of Project Management John Jumpe explained that the Board is now being asked to approve a Project Scope and Budget Agreement and to authorize the MSBA to enter into a Project Funding Agreement for a project at Saugus High School. He presented a PowerPoint and provided a brief summary of the proposed project. He explained that the proposed project is to replace the existing Saugus High School with a new high school on the existing site.

The District submitted a total project budget of \$160,720,553. As shown in the PowerPoint presentation, the basis of the MSBA grant would be \$113,546,524, and the proposed Estimated

Maximum Total Facilities Grant would be \$63,798,385 with the District's 57.72% reimbursement rate.

The Chairman asked for a motion, and the following motion was made by Mr. Sullivan and seconded by Ms. Kwan:

Vote to Authorize the Executive Director to Execute a Project Scope and Budget Agreement and Project Funding Agreement with the Town of Saugus

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project to replace the existing Saugus High School with a new grades 6-12 middle/high school on the existing site, as further described in the materials presented to the Board and attached hereto and as such Proposed Project shall be further defined in the Project Scope and Budget Agreement, and authorizes the Executive Director to take all steps necessary to execute and deliver a Project Scope and Budget Agreement and Project Funding Agreement with the Town of Saugus, in such forms as he may determine to be acceptable, for the Saugus High School project at a reimbursement rate of fifty-seven and seventy-two hundredths percent (57.72%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$63,798,385, which shall not include any funds for owner's or construction contingency expenditures; that the Board of Directors hereby further authorizes the Executive Director to increase the Estimated Maximum Total Facilities Grant up to a Maximum Total Facilities Grant of \$65,094,250, in the event that the MSBA determines, in its sole discretion, that any owner's and/or construction contingency expenditures are eligible for reimbursement pursuant to MSBA regulations, guidelines, or policies; that the Board of Directors hereby further authorizes the Executive Director to expend funds in accordance with such Project Funding Agreement.

Numerous local official and staff members were present at the meeting and were introduced to the Board. Then State Representative Donald Wong, who represents Saugus, spoke commenting that it is an honor to be at the Board meeting and thanked the MSBA for their past, present, and future work.

Saugus Town Manager Scott Crabtree thanked the MSBA for their partnership and shared that a record number of people came out for the Town's special election.

Saugus Superintendent David DeRuosi commented that he is thrilled to partner with the MSBA.

Ms. Kwan spoke about how the MSBA first came into contact with Saugus High School about ten years ago and saw that it needed a major project. She commented it is gratifying to see the project reach this point and for there to be community support.

The Treasurer noted that it is good to hear the Town Manager from a district speak about the importance of the educational plan, as Saugus Town Manager Scott Crabtree did at this meeting.

VOTE: *There being no further questions or comments, the Board approved the Motion to Execute a Project Scope and Budget Agreement and Project Funding Agreement with the Town of Saugus by majority – 7 in favor, 0 abstaining.*

Then, MSBA Director of Project Management John Jumpe explained that the Board is now being asked to approve a Project Scope and Budget Agreement and to authorize the MSBA to enter into a Project Funding Agreement for a project at the Pine Grove School in the Triton Regional School District. He presented a PowerPoint and provided a brief summary of the proposed project. He explained that the proposed project is for a limited renovation and repair project at the existing Pine Grove School.

The District submitted a total project budget of \$38,992,086. As shown in the PowerPoint presentation, the basis of the MSBA grant would be \$32,231,778, and the proposed Estimated Maximum Total Facilities Grant would be 16,264,155 with the District's 50.46% reimbursement rate.

The Chairman asked for a motion, and the following motion was made by Ms. Vanderhoef and seconded by Mr. Sullivan:

Vote to Authorize the Executive Director to Execute a Project Scope and Budget Agreement and Project Funding Agreement with the Triton Regional School District

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project for a limited renovation and repair project at the Pine Grove Elementary School, as further described in the materials presented to the Board and attached hereto and as such Proposed Project shall be further defined in the Project Scope and Budget Agreement, and authorizes the Executive Director to take all steps necessary to execute and deliver a Project Scope and Budget Agreement and Project Funding Agreement with the Triton Regional School District, in such forms as he may determine to be acceptable, for the Pine Grove Elementary School project at a reimbursement rate of fifty and forty-six hundredths percent (50.46%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$16,264,155, which shall not include any funds for owner's or construction contingency expenditures; that the Board of Directors hereby further authorizes the Executive Director to increase the Estimated Maximum Total Facilities Grant up to a Maximum Total Facilities Grant of \$16,940,084, in the event that the MSBA determines, in its sole discretion, that any owner's and/or construction contingency expenditures are eligible for reimbursement pursuant to MSBA regulations, guidelines, or policies; that the Board of Directors hereby further authorizes the Executive Director to expend funds in accordance with such Project Funding Agreement.

Mr. Deninger commented that he had spoken on the phone with the Triton Regional School District and he thanked them for their thoughtful discussion. He explained that he looks forward to continuing to work with the District.

Triton Superintendent Brian Forget thanked the MSBA for the opportunity to move forward with the project. He thanked the MSBA for its partnership.

VOTE: *There being no further questions or comments, the Board approved the Motion to Execute a Project Scope and Budget Agreement and Project Funding Agreement with the Triton Regional School District by majority – 7 in favor, 0 abstaining.*

Audit

Tamia Buckingham, MSBA Director of Audit, began her audit update by explaining that the last of the former program audits were approved at the November 2015 Board meeting, with two remaining grant conversion projects to close out. To date, the MSBA has audited \$15.7 billion in costs for Waiting List and prior grant projects.

The Director of Audit then explained that the MSBA has completed final audits for 389 Capital Pipeline Program projects plus 11 projects that are being presented for final approval to the Board today, all together representing approximately \$3.8 billion in submitted and audited costs.

She continued, explaining that the MSBA has also audited approximately \$3.1 billion in submitted costs for the 243 projects currently submitting monthly requests for reimbursement. Based on the Total Project Budget information and submitted costs to date of approved projects, the MSBA estimates that approximately \$1.7 billion in additional costs will be submitted for audit for these projects. Monthly submitted costs have averaged \$64 million over the 12 months preceding this Board meeting, and the total amount submitted and audited in this 12 month period equals approximately \$774 million.

Approval of Audits, New Program

The Director of Audit explained that the Board is being asked to approve 11 Capital Pipeline Program audits listed on the Audit Exhibit. She explained that the total combined grant amount for these 11 projects is \$220,180,102.

The Chairman asked for a motion, and the following motion was made by Ms. Vanderhoef and seconded by Mr. Sullivan:

Approval of Audit Costs for Several Projects

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the final audited approved grant amounts for each of the projects listed in the spreadsheet attached hereto as “June 28, 2017 Audit Exhibit” and authorizes the Executive Director to make payments consistent with this vote.

State Representative Donald Wong, who represents Wakefield, thanked the MSBA for all it has done and commented that he appreciates the Board’s work.

Wakefield Town Administrator Steve Maio thanked the Board, specifically Terry Kwan, for making the Galvin Middle School a better project.

Essex Agricultural and Technical OPM Kevin Nigro thanked MSBA staff for their support, especially Jack McCarthy, Mary Pichetti, and Chris Alles.

The Treasurer read a letter on behalf of the Mayor of North Adams which thanked MSBA staff, specifically Rich Hudson, for the work on the Colgrove Park Elementary School.

VOTE: *There being no additional questions or comments, the Board approved the Motion by majority – 7 in favor, 0 abstaining.*

MSBA Updates

Executive Director's Report

The Executive Director began his report by thanking the MSBA staff members for their hard work in preparing for the Board meeting. He noted that since the May 12, 2017 Board meeting, the MSBA has visited 17 projects and five districts have voted affirmatively to appropriate full project funds or feasibility study funds. He explained that the MSBA anticipates making 15 project visits in July and August. He presented a list of the upcoming district visits along with photos of recent MSBA events as part of his PowerPoint presentation. He explained that since the last Board meeting, MSBA staff have engaged in outreach with multiple school districts and legislators, and have attended several meetings where they have participated as presenters and as stakeholders, including the OPM/Designer Roundtable, a Build BPS Presentation, the My Ideal School Awards Ceremony, OCPF Training, and a MAVA meeting.

Next, the Executive Director and Chairman spoke about the My Ideal School Contest. The Chairman spoke about the winner of the contest and commented that this is a wonderful event and a great way to engage the children.

Next, the Executive Director welcomed the following new employees to the MSBA: Ashley Smith, as a Project Manager and Emma Howe as a Women in Finance Fellow.

There was a brief discussion about the Women in Finance Program. The Chairman explained that the program was created for women interested in pursuing careers in for math and finance jobs to combine education with experience across the Treasury.

Mr. Cronin reminded the group that municipal finance is a good option for those pursuing a career in finance.

Ms. Kwan noted that she hope that wage negotiation is a part of the training program.

Project Overview Report

The Director of Capital Planning presented a PowerPoint, including a summary of bid data. She summarized available data for anticipated bids for the 2017 and 2018 calendar years noting that this information is preliminary. She reported that one out of 11 Core Program projects received a bid in 2017 and the one bid came in within the estimated budget. As part of her presentation, the Director of Capital Planning presented a chart on bid data for the projects in the MSBA Capital Pipeline. She then provided bid data for the MSBA's Accelerated Repair Program. She explained that for the 2016 Accelerated Repair Program, 10 of the 15 reported projects came in within the estimated budget. She explained that 13 of the remaining 33 projects will be bid by the end of July 2017.

Model School Recommendations

The Director of Capital Planning next spoke about the MSBA's Model School Program (the "Program") and presented a PowerPoint and overview of staff recommendations for two new model school designs to be added to the pool of available designs through the Program.

Since the Program seeks to adapt and re-use the designs of successful, recently constructed schools to meet the requirements of a school district that has been invited by the MSBA's Board of Directors to construct a new school, the Director of Capital Planning spoke about the MSBA's efforts to make available current but time-tested designs. She explained that the MSBA issued a Request for Qualifications in December 2016 requesting project designs for consideration to be included in the Model School Program. As part of the PowerPoint presentation, she outlined the minimum requirements for a school design to be considered for the Program and she presented information about the schedule that the MSBA undertook to review the submissions.

The Director of Capital Planning then presented the two designs that are being recommended for Board approval to be used as part of the Program, the Thurgood Marshall Middle School in the City of Lynn and the West Bridgewater Middle-High School design. She outlined the assets and challenges of the two designs in connection with the MSBA staff recommendation to add these two designs to the group of designs that are part of the Model School Program.

Next she spoke about the MSBA's timeline for its next procurement of additional model school designs and recommended that the next selection process begin in 2018 to broaden the pool of eligible recently completed designs that will have been in service long enough to qualify for the Program's service requirements.

The Chairman asked for a motion, and the following motion was made by Mr. Deninger and seconded by Ms. Kwan:

Approval of the Model School Program Recommendations

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the schools listed below to be included in the Authority's Model School Program, as further described in the memorandum attached hereto and incorporated by reference herein and authorizes the Executive Director to do all acts necessary, execute and deliver any and all documents and agreements, and expend funds as deemed appropriate by the Executive Director to implement and administer the Model School Program.

School	Location
Thurgood Marshall Middle School	Lynn
West Bridgewater Middle/Senior High School	West Bridgewater

There was a discussion among Board members and MSBA staff about the Model School Program process and the timing of when a district should express interest in participating.

Also, there was a brief discussion about the timing proposed for the next procurement of Model School designs. The Executive Director explained that he feels comfortable waiting until 2018 to begin the next procurement because the MSBA has current designs available through the Program that are good options for districts.

VOTE: *There being no further questions or comments, the Board approved the Motion by majority – 7 in favor, 0 abstaining.*

Construction Cost Funding Limit

MSBA Director of Project Management John Jumpe explained that, in accordance with established practices, staff has completed its annual review of construction cost data. He provided background information as part of his PowerPoint presentation, noting that early in 2009, the MSBA set construction funding up to \$275/sf plus eligible demolition and abatement (“D&A”). Then, in August 2012, the MSBA hired Rider Levett Bucknall to evaluate construction cost data. The MSBA continued funding up to \$275/sf plus eligible D&A. The MSBA continued to conduct annual construction cost reviews focused on funding levels with no review or changes regarding eligible D&A. In June 2013, the MSBA continued funding up to \$275/sf based on construction costs and in June 2014 adjusted funding up to \$287/sf based on statutory limit of 4.5% of dedicated sales tax growth. Then in June 2015, the MSBA adjusted funding up to \$299/sf based on 4.1% of estimated dedicated sales tax growth and in June 2016, the MSBA adjusted funding up to \$312/sf based on statutory limit of 4.5% of dedicated sales tax growth.

Mr. Jumpe explained that in this year’s review, the MSBA has found that total construction costs for MSBA funded projects continue to exceed the current limit, and these increased costs are supported by economic indicators. Mr. Jumpe explained that based on these findings, staff recommends that the MSBA adjust the current policy of funding up to \$312/sf plus eligible demolition and abatement, a policy of funding up to \$326/sf plus eligible demolition and abatement, based on the statutory limit of 4.5%. He presented data to support this recommendation in his PowerPoint presentation.

The Chairman asked for a motion, and the following motion was made by Mr. Deninger and seconded by Ms. Kwan:

Approval of Massachusetts School Building Authority’s Construction Cost Policy

VOTED: That the Board approves the MSBA staff recommendation to adjust the MSBA’s current Construction Cost Policy by increasing the level of funding from \$312 per square foot to a funding level of \$326 per square foot, which adjustment would be in effect for districts receiving an approval of a proposed project on or after July 1, 2017, as further described in the materials presented to the Board and attached hereto.

Mr. Cronin spoke noting that he is in favor of this change in policy, adding that some of the projects that the MSBA is approving have much higher costs than can be supported by any revenue stream.

Mr. MacDonald, MSBA Chief Executive Officer, added that the vote ties the change to an effective date of July 1, 2017.

VOTE: *There being no further questions or comments, the Board approved the Motion by majority – 7 in favor, 0 abstaining*

Sustainable Design Incentive Points

The MSBA Director of Project Management John Jumpe explained that the MSBA presented an updated Sustainable Design Policy at the February 15, 2017 Board meeting and, at that time, noted that staff would make further recommendations if necessary. He explained that there are no changes from the information presented in February 2017. He then spoke about the policy and outlined the requirements for a district to receive the Energy Efficiency incentive points.

The Chairman asked for a motion, and the following motion was made by Mr. Deninger and seconded by Ms. Kwan:

Approval of Massachusetts School Building Authority’s Sustainable Design Policy

VOTED: That the Board hereby approves the amendments to the MSBA Sustainable Building Guidelines and Policy as outlined in the June 21, 2017 Memorandum, Sustainable Building Design Guidelines Incentive Points Recommendations, and authorizes the Executive Director to do all acts and things necessary to comply with this Policy and to establish any additional policies and procedures for the management of the Authority’s Sustainable Building Guidelines and Policy as he may deem appropriate or necessary.

VOTE: There being no questions or comments, the Board approved the Motion by majority – 7 in favor, 0 abstaining

Reconciliation of Project Obligations and Annual Cap

The MSBA Director of Project Management John Jumpe explained that, as presented at the May 10, 2017 Board meeting, staff has prepared a reconciliation that compares the total grants for projects approved by the Board with the calculated annual program funding cap for fiscal year 2017 (“FY 17”) and provides the total remaining funds for which the total grants for approved projects is less than the FY 17 annual cap. MSBA staff is recommending that the Board pre-approve these remaining FY 17 funds that could be applied to either one or more projects that are anticipated for approval in fiscal year 2018 (“FY 18”).

The Chairman asked for a motion, and the following motion was made by Ms. Kwan and seconded by Mr. Sullivan:

Approval of Project Funding up to an Amount that is Equal to, but not in Excess of, the Annual Funding Cap for FY 17

VOTED: That the Board approves an amount for Project Funding that is equal to the difference between the Annual Funding Cap for FY 17 and the amount that has been previously approved by the Board for FY 17 project obligations plus any portion of the amount that has been previously approved by the Board for those FY 17 project obligations that is subsequently cancelled because a District fails to fulfill its local funding and appropriation obligations.

VOTE: There being no questions or comments, the Board approved the Motion by majority – 7 in favor, 0 abstaining

Eligibility Period Review

Next, Director of Program Management Diane Sullivan spoke about the MSBA Eligibility Period and the review of the process that staff recently undertook. At the September and November 2011 Board of Directors meetings, the MSBA formalized and streamlined the beginning of its grant process with the establishment of the Eligibility Period in January 2012. The Eligibility Period includes a definitive schedule with which the district can identify needs for planning and budgeting

and the MSBA can more efficiently manage its financial resources by identifying early in the process whether a district is ready to manage and fund a capital project.

Ms. Sullivan explained that MSBA staff reviewed the performance of districts between January 2012 and March 2015 in completing the requirements within the 270-day timeframe established for the Eligibility Period. She noted that, as part of this analysis, staff reviewed the Eligibility Period process for the 52 districts that received an invitation into Eligibility Period between January 18, 2012 and March 25, 2015, with 46 district Statements of Interest active in the grant program.

She summarized the findings of the staff review and noted that the establishment of the Eligibility Period has been successful and has accomplished the objectives set forth in January 2012 to provide a roadmap for districts to understand the planning and budgeting needs necessary to proceed and to provide a tool which enables the MSBA to manage financial resources by promptly identifying each district's readiness to proceed.

She explained that a very limited number of districts struggled to complete all the requirements within 270 days because of late enrollment changes and/or delayed local funding authorizations. As part of its review, staff are recommending an administrative process for the Executive Director to extend Eligibility Period up to an additional 30 days to accommodate such circumstances.

Ms. Sullivan provided an overview of the changes and adjustments that have been made to the Eligibility Period since its inception, including a sequential approach to enrollment, the introduction of the Educational Profile Questionnaire, the prompt to develop a Feasibility Study Agreement as the final Eligibility Period requirement, and a staged invitation process which is based upon in-depth discussions with the districts regarding their local timeline to secure funds.

Ms. Sullivan then outlined MSBA staff recommendations for the Eligibility Period. Staff recommends that the overall duration for Eligibility Period remain at 270 days and that the quantity of the deliverables and the targeted timelines remain required within the 270 days and that staff will continue to work with districts to balance requests for additional time to complete deliverables within the overall 270-day duration. She explained that staff will update the outline of deliverables and targeted timelines to reflect the current practices including the sequential approach to enrollment; the prompt to develop a Feasibility Study Agreement will continue as a requirement occurring within the 270-day period of time, with the issuance of the document, its return, and finalization, possibly occurring beyond the 270-day period; and the continuation of a staged invitation process. She noted that MSBA staff will develop an administrative process that allows the Executive Director to extend Eligibility Period up to an additional 30 days, to accommodate confirmation between the MSBA and the district of the agreed upon enrollment due to changes in local discussions, or for finalizing the feasibility study/schematic design funding authorization. To be eligible for an extension, the district must have completed all other required deliverables.

The Chairman asked for a motion, and the following motion was made by Ms. Brockelman and seconded by Mr. Deninger:

Approval of the Eligibility Period Process Recommendations

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Eligibility Period Process Recommendations as set forth in the attached Memorandum, Review and Recommendations for Eligibility Period.

There was a brief discussion regarding timing for the feasibility study and local authorization of funding.

Mr. Sullivan commented that these recommendations are a good idea because there needs to be a balance and this give some flexibility to the districts.

VOTE: *There being no further questions or comments, the Board approved the Motion by majority – 7 in favor, 0 abstaining*

2017 Core Program Statement of Interest

Next, Director of Program Management Diane Sullivan provided an overview of the 2017 Core Program Statement of Interest (“SOI”) process. She explained that 83 SOIs were received for the 2017 Core Program and, based on the information provided, the MSBA is further considering 44 SOIs. She explained that the MSBA is continuing to perform its due diligence in reviewing the submissions and conducting Senior Study site visits. She explained that the MSBA will continue to keep the Board informed as the process progresses.

Mr. Cronin asked if it is possible at this time to tell if the MSBA might be able to do additional projects based on the breakdown of the number of elementary schools, middle schools, and high schools and the costs associated with these various project types.

Ms. Sullivan explained that it is early to tell at this point but it doesn’t look like it will be a year in which the MSBA will be able to do additional projects beyond what is typical.

Executive Director Jack McCarthy offered to have staff members meet with Board members to walk them through the SOI review process.

Mr. Sullivan explained that staff walked him through the process last year and he left thinking that the process is fair and reasonable. He noted that the process is supported by the rules and regulations of the Commonwealth.

Mr. McCarthy explained that the MSBA would be presenting additional information to the Board as the staff SOI review process continues.

Mr. Sullivan again commented on the process, noting it's a good process and that it is uniformly applied.

Ms. Kwan added that all Board members are invited to the Senior Study site visits. She suggested perhaps making a presentation to the Legislature regarding what the MSBA observes on these visits. She suggested providing them with a broader picture of what school facility issues the MSBA is facing.

The Chairman left the meeting and Jim MacDonald presided over the remainder of the Board meeting.

Finance

Recommendation to Execute Master Services Agreement for External Auditing Services

The Chief Financial Officer spoke about the procurement that the MSBA conducted seeking responses from firms qualified to provide external audit services to the MSBA. The procurement followed a Best Value Protocol which includes a balanced review of qualifications, experience, capacity, approach, cost, and diversity. Ms. Gonzalez explained that four firms submitted responses to the request: Blum Shapiro, CliftonLarsonAllen LLP (“CLA”), KPMG, and RSM US LLP (“RSM”). The MSBA reviewed the responses, and after completing an evaluation of the responses, the selection committee invited CLA, KPMG, and RSM for in-person interviews. RSM was the Highest Ranked Candidate by the MSBA selection committee. She noted that today, staff is recommending that the Board authorize the MSBA to contract for external auditing services with RSM US LLP, and the aggregate cost of the services may exceed \$250,000.00.

The Chairman asked for a motion, and the following motion was made by Mr. Deninger and seconded by Mr. Cronin:

Vote Authorizing Executive Director to Enter into Contracts for External Auditing Services

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby authorizes the Executive Director to execute and deliver one or more master services agreements and engagement letters with RSM US LLP for external auditing services, the aggregate cost of which may exceed \$250,000.00, containing such provisions as he shall deem advisable, the definitive form of such master services agreements to be evidenced conclusively by his execution thereof.

There was a discussion among Board members and MSBA staff about the importance of periodically changing the firms that provide external auditing services to the MSBA.

VOTE: There being no further questions or comments, the Board approved the Motion by majority – 7 in favor, 0 abstaining

Sales Tax Collections Update

MSBA Chief Financial Officer Jennifer Gonzalez presented a PowerPoint and provided a SMART Fund update explaining that the Fiscal Year 2017 SMART fund revised estimate is \$813.208 million, noting that this amount would produce growth of 1.84% over the FY16 amount. Collections through May 2017 are 12,305 million (1.69%) greater than FY16 collections during the same period. Preliminary May 2017 collections estimates reflect an increase of approximately 4.31% compared to May 2016.

There was a brief discussion among Board members and staff about the sales tax estimates and about the possibility of a sales tax holiday.

Grant Payments Update

MSBA Chief Financial Officer Jennifer Gonzalez provided an update regarding grant payments for projects, noting that the MSBA has made \$594,838,826 in grant payments to date in Fiscal Year 2017. This is for 423 Capital Pipeline Program, Prior Grant, and Waiting List projects in 196 districts.

Defeasance Results

MSBA's Chief Financial Adviser, Ken Wissman provided an update regarding the results of the MSBA's recent defeasance that the Board authorized at the May 12, 2017 Board meeting. The primary purpose of defeasing bonds was to improve the MSBA Debt Service Coverage Ratio ("DSCR") in order to maintain a coverage ratio of having revenues greater than 2 times debt service. He explained that on May 25, 2017, the MSBA completed the defeasance of \$45.185 million of MSBA bonds. The bonds defeased were \$36.605 million of the 2015 Series B and \$8.580 million of the 2015 Series C. Bonds defeased mature in every fiscal year from 2018 through 2024. The defeasance reduced MSBA debt service by \$54.563 million, at a cost of \$51.114 million, with the savings spread over the next seven years. He noted that this has the beneficial result of lowering the MSBA senior lien Maximum Annual Debt Service ("MADS") from \$398.722 million to \$391.761 million, and the senior lien and subordinate lien combined MADS from \$428.294 million to \$421.333 million. The reduction in MADS improves the MSBA DSCR by approximately .04. This defeasance will assist the MSBA in maintaining a DSCR of over 2 times as it issues debt in the future.

There was a brief discussion among Board members and staff about whether the Commonwealth's bond rating impacted the MSBA's bond rating. Staff confirmed that there was likely no impact.

FY 17 Budget Update

MSBA Chief Financial Officer Jennifer Gonzalez provided the Board with a brief budget update. She presented a PowerPoint and provided a summary of the Administrative, Operations and Grant Programs Budgets for FY2017 with a summary of expenditures to date.

Jim MacDonald the MSBA's newly named Chief Executive Officer thanked the Chairman for her confidence in naming him to this post. He explained that he has been at the MSBA for six months and has a greater respect for and understanding of the MSBA. He noted that the MSBA is a team and that the staff work hard to help the Commonwealth's communities. He commented that he is thrilled to be a part of the premier authority in state government.

The meeting was adjourned at 12:25 p.m.

List of documents and exhibits used at the meeting:

- PowerPoint Presentation
- May 12, 2017 Board Meeting Minutes
- Invitations to the Accelerated Repair Program
- Preferred Schematic Design Recommendations
- Project Scope and Budget Phase Recommendations

The June 28, 2017 Board meeting minutes were approved by the MSBA Board of Directors on August 23, 2017.

- Audit Status Report
- Recommendation for Approval of Final Audits, Capital Pipeline Program
- Executive Director Report
- Project Overview Report
- Model School Recommendations
- Construction Cost Policy Recommendation
- Sustainable Design Policy Recommendation
- Reconciliation of Project Obligations and Annual Cap Recommendation
- Eligibility Period Process Recommendation
- Recommendation to Execute Master Services Agreement for External Auditing Services
- Sales Tax Update
- Grant Payments Update
- Defeasance Results
- FY2017 Budget Update