

**Massachusetts School Building Authority
Board Meeting Minutes of April 10, 2018**

A meeting of the Massachusetts School Building Authority (the “Authority” or “MSBA”) was held on April 10, 2018 at 40 Broad Street, Boston, Massachusetts.

Members Present: Deborah Goldberg, State Treasurer and Chairman; 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; Jennifer Gonzalez; Diane Sullivan; Tamia Buckingham; Ken Wissman; Gianpiero Tirella; Julie Leonard; Mary Pichetti; John Jumpe; Mike McGurl; Christine Nolan; Brian Kelley; Colleen Smith; Siobhan Tolman; Katie DeCristofaro; Katie Loeffler; Matt Donovan; Maria Puopolo; Autumn Waldron; Sarah Andrews; 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.

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: remove one project from the MSBA Capital Pipeline; invite two districts into Feasibility Study; and authorize the MSBA to enter into Project Funding Agreements for 12 Accelerated Repair projects in six districts with a combined Estimated Maximum Total Facilities Grant of \$24.6 million. The Board will also be voting to: authorize three proposed projects to proceed into Preferred Schematic Design with a combined estimated \$204.9 million in total construction costs; invite three districts to enter into Project Scope and Budget Agreements with a combined Estimated Maximum Total Facilities Grant of approximately \$74.2 million; and approve eleven final audits from eight districts with a combined Final Total Facilities Grant amount of \$79.9 million. Finally, the Board will be voting on a reimbursement rate update for the Town of Rockland; reconciliation of Project Obligations and Annual Cap; and a request for Defeasance Authorization.

Acceptance of the February 14, 2018 Minutes

The Chairman asked for a motion to accept the minutes of the February 14, 2018 Board Meeting. The following motion was made by Mr. Sullivan and seconded by Mr. Deninger:

Approval of the Minutes of the February 14, 2018 Board Meeting

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Minutes of the February 14, 2018 Board meeting.

VOTE: *There being no further questions or comments, the Board approved the Motion to approve the Minutes of the February 14, 2018 Board Meeting by majority – 6 in favor, 0 abstaining.*

Project

Project Removal from Capital Pipeline

Capital Program Manager Katie Loeffler explained that the Board is being asked to vote to remove the Statement of Interest for the Abner Gibbs Elementary School in the City of Westfield from the MSBA Capital Pipeline. She explained that the City of Westfield submitted an SOI for the Abner Gibbs Elementary School and was invited into Feasibility Study in September 2009. The City was then authorized by the Board in October 2011 to utilize an adaptation of the Williamstown Elementary School to replace the Abner Gibbs Elementary School with a new facility, which consolidated three of its elementary schools and housed approximately 600 students serving grades K-5. Construction was scheduled to commence in August 2012 with an estimated building completion in March 2014.

One month into construction, litigation regarding Article 97 land on a portion of the project site was filed by a Westfield resident, and after a series of decisions and appeals in the lower courts, the Supreme Judicial Court of Massachusetts ruled in September 2017 that a portion of the site was Article 97 land, and that the City could not build on the Article 97 land. The City contacted the MSBA to understand if the MSBA would consider allowing the City to stay within the pipeline and refresh its project. The City and MSBA staff worked together to understand how the scope of a potential project might change since the approved grant in 2011, and noted changes to the approved project's scope, grade configuration, agreed upon enrollment, and potentially the site.

On March 12, 2018, the City sent a letter to the MSBA requesting removal of the SOI for the Abner Gibbs School from the MSBA's pipeline given the time delays, some redistricting that had taken place since 2012, and updates in the City's enrollment numbers. The District has submitted its Declaration of Removal indicating agreement with removing this SOI from the Capital Pipeline.

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

Vote on Removing the City of Westfield's Statement of Interest from the MSBA Capital Pipeline

VOTED: That, whereas, on September 30, 2009, the Board voted to invite the City of Westfield to collaborate with the MSBA to conduct a Feasibility Study for the Abner Gibbs Elementary School; and, whereas, on September 28, 2011, the Board voted to approve a Proposed Project for the construction of a new elementary school in the City of Westfield, under the MSBA Model School Program, and authorize the Executive Director to execute a Project Scope and Budget Agreement and Project Funding Agreement with the City of Westfield for the Proposed Project; and, whereas, as described in the materials attached hereto, the City of Westfield has notified the MSBA that it has decided not to further pursue its Statement of Interest, Feasibility Study invitation, or approval of a Proposed Project for the Abner Gibbs Elementary School, the Board hereby removes the City of Westfield's Statement of Interest for the Abner Gibbs Elementary School from the MSBA's Capital Pipeline and authorizes the Executive Director to do all acts necessary and execute and deliver any and all documents and agreements in connection with such removal.

The April 10, 2018 Board Meeting minutes were approved by the MSBA's Board of Directors on May 22, 2018.

VOTE: *There being no questions or comments, the Board approved the Motion to Remove the City of Westfield's Statement of Interest from the MSBA Capital Pipeline by majority – 6 in favor, 0 abstaining.*

Invitation to Feasibility Study

MSBA Capital Program Managers Katie DeCristofaro and Katie Loeffler explained that staff is recommending that the Board vote to invite the following districts to collaborate with the MSBA to conduct a Feasibility Study: the City of Fitchburg for the Crocker Elementary School and the City of Springfield for the William N. DeBerry School. They provided a brief summary of the deficiencies stated by the districts in their SOIs.

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

Vote on Inviting Communities to Collaborate with the MSBA to Conduct a Feasibility Study

VOTED: That the Executive Director is hereby authorized to invite certain communities to collaborate with the MSBA to conduct and/or review a Feasibility Study, as described in 963 CMR 2.00 *et seq.*, and subject to any conditions set forth in Exhibit A, for each of the schools listed in Exhibit A attached hereto.

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 and/or reviewing a Feasibility Study for each of the schools listed in Exhibit A.

Fitchburg Superintendent Andre Ravenelle thanked the Board and MSBA staff for their support.

A staff member from State Representative Stephen Hay's office spoke on behalf of the Representative noting that the Representative supports the project at the Crocker Elementary School in Fitchburg.

Fitchburg Assistant Superintendent of Finance and Operations Robert Jokela thanked the Board and MSBA staff for their support, specifically Jess Deleconio and Diane Sullivan through the process.

Springfield Director of Capital Asset Construction Peter Garvey thanked the Board and MSBA staff and commented that he looks forward to working with the MSBA.

Springfield Chief Information Officer Paul Foster thanked the Board and MSBA staff on behalf of the Superintendent and commented that he looks forward to working together.

VOTE: *There being no further questions or comments, the Board approved the Motion to invite several communities to collaborate with the MSBA to conduct a Feasibility Study by majority – 6 in favor, 0 abstaining.*

Accelerated Repair Program Project Funding Agreement Authorization

MSBA Senior Project Manager Mike McGurl explained that MSBA staff has received a Schematic Design submission from six districts for Accelerated Repair projects at twelve schools. The proposed projects combined include three roof replacements, six window and door replacements, and five boiler replacements. The districts have provided a combined Total Project Budget of \$36,102,535 which includes a total combined construction estimate of \$28,491,427. The combined Estimated Maximum Total Facilities Grant for these twelve projects is \$24,632,703. Including potentially eligible project contingencies, the combined Maximum Facilities Grant is \$25,785,573.

On June 28, 2017, the City of Boston was invited into the Accelerated Repair Program for a total of seven potential projects including one roof replacement, one window and door replacement, and six boiler replacements. At the February 14, 2018 Board of Directors Meeting, the boiler replacement at the James P. Timilty Middle School was removed after the District's consultants determined that the boilers did not meet the required thirty years of service. At today's Board Meeting, staff is presenting the one roof replacement project and the remaining four boilers projects. At the June 27, 2018 Board of Directors Meeting, staff will present the potential window and door replacement project at the John Marshall Elementary School.

On May 10, 2017, the City of Lawrence was invited into the Accelerated Repair Program for a total of two potential projects including two roof replacements and one boiler replacement. At today's Board Meeting, staff is presenting the roof and boiler replacement project at the Community Day Arlington Elementary School. At the June 27, 2018 Board of Directors Meeting, staff will present the potential roof replacement project at the School for Exceptional Studies.

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

**Vote to Authorize the Executive Director to Execute Project Funding Agreements
for Several Proposed Accelerated Repair Projects**

VOTED: That the Board of Directors hereby approves the Proposed Accelerated Repair Projects, as set forth below and as further described in the materials presented to the Board and attached hereto, and as such Proposed Projects shall be further defined in the Project Funding Agreements, and authorizes the Executive Director to take all steps necessary to execute and deliver Project Funding Agreements with the Districts set forth below, in such forms as he may determine to be acceptable, and expend funds in accordance with such Project Funding Agreements, in accordance with the following:

District	School	Scope	Total Project Budget	Estimated Maximum Total Facilities Grant	Maximum Total Facilities Grant
Boston	Charles Sumner Elementary School	Boiler	\$1,370,381	\$827,485	\$863,996
	East Boston High School	Boiler	\$2,865,980	\$1,721,961	\$1,802,835
	Hugh R. O'Donnell Elementary School	Boiler	\$1,256,744	\$760,129	\$792,952

	Maurice J. Tobin K-8 School	Boiler	\$1,907,146	\$1,148,011	\$1,200,705
	William E. Russell Elementary School	Roof	\$2,086,260	\$1,160,124	\$1,213,296
Holyoke	Dr. Marcella R. Kelly Community School	Window/Door	\$6,422,623	\$4,715,737	\$4,944,887
	Lt. Clayre Sullivan School	Window/Door	\$4,943,669	\$3,621,775	\$3,802,404
	William G. Morgan Community School	Partial Window/Door	\$2,431,288	\$1,779,566	\$1,864,509
Lawrence	Community Day Arlington Elementary School	Roof, Boiler	\$3,173,856	\$2,369,552	\$2,476,517
Lynn	Hood Elementary School	Roof, Window/Door	\$5,882,193	\$4,239,718	\$4,434,038
Seekonk	Mildred H. Aitken School	Partial Window/Door	\$1,370,902	\$620,027	\$646,884
Springfield	South End Middle School	Window/Door	\$2,391,493	\$1,668,618	\$1,742,550
Totals			\$36,102,535	\$24,632,703	\$25,785,573

Mr. Cronin asked when the projects begin construction, inquiring specifically about the City of Lynn.

Mr. McGurl explained that construction for some of the Accelerated Repair projects will begin this summer and some will begin next summer. Typically, roof and boiler work occur in the first summer while windows, due to their lead time, occur in the second summer. Districts with multiple project scopes will usually have all of the work done in the same summer. The construction for the project in the City of Lynn will likely begin next summer because of the window component. The Executive Director noted that he would provide Mr. Cronin with specific information regarding the Lynn project.

Mr. Sullivan asked the Executive Director to explain the age requirement for systems to qualify for the Accelerated Repair Program. The Executive Director explained that the MSBA changed the age requirement of systems to 30 years in 2017 in order to target districts that need the repairs the most.

Boston Public Facilities Department Chief of Staff Brian McLaughlin commented that on behalf of the Mayor and Superintendent he wanted to thank the Board and MSBA staff for their collaboration with the City. He noted that he looks forward to moving forward in the process and working on the projects in the City.

Boston Public Facilities Department Assistant Director Carleton Jones commented that he recently transitioned to the City's Public Facilities Department.

Boston Public Schools Director of Implementation Sue McCann commented that she is excited to work with the MSBA and continue the collaboration with the City.

The April 10, 2018 Board Meeting minutes were approved by the MSBA's Board of Directors on May 22, 2018.

The Chairman read a letter on behalf of State Representative Adrian Madaro which offered his support for the projects at the Hugh R. O'Donnell Elementary School and the East Boston High School in Boston.

Mr. Cronin commented that the project at the Community Day Arlington Elementary School in Lawrence is funded in the City's capital plan.

The Chairman read a letter on behalf of State Representative Daniel Cahill which offered his support for the project at the Hood Elementary School in Lynn.

A staff member from State Senator Paul Feeney's office spoke on behalf of the Senator noting that the Senator supports the project at the Mildred H. Aitken School in Seekonk.

Springfield Director of Capital Asset Construction Peter Garvey thanked the Board and MSBA staff and commented that he appreciates the support.

A staff member from State Representative Carlos Gonzalez' office spoke on behalf of the Representative noting that the Representative supports the project at the South End Middle School in Springfield.

***VOTE:** There being no further questions or comments, the Board approved the Motion to execute Project Funding Agreements for several Accelerated Repair Projects by majority – 6 in favor, 0 abstaining. Mr. Cronin abstained from voting on the ARP project in the City of Lynn only but voted in favor of the other projects.*

Recommendation for Preferred Schematic

The MSBA's Director of Project Management John Jumpe explained that the Board is being asked to approve the preferred schematic designs for the Maple Street Elementary School located in the City of Easthampton, the Memorial Elementary School located in the Manchester Essex Regional School District, and the Brightwood Elementary School located in the City of Springfield.

The City of Easthampton is proposing to replace the existing Maple Elementary School, Center Elementary School, Pepin Elementary School, and the existing White Brook Middle School, with a new grades PK-8 facility at the existing White Brook Middle School site. This proposed project will serve an agreed upon enrollment of 1,010 students in grades K-8 District-wide consolidation of the student population of the Maple, Pepin, and Center Elementary Schools, and the White Brook Middle School. The proposed project has an estimated construction cost of \$90,234,964.

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

Vote on Moving the City of Easthampton 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 Easthampton with, in concept, the development of schematic designs to replace the existing Maple Elementary School, Center Elementary School, Pepin Elementary

School, and White Brook Middle School with a new grades PK-8 facility at the existing White Brook Middle 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.

Curtis Edgin, President of design firm Caolo & Bieniek Associates, commented that he is excited to move forward in the process and he appreciates the efforts of the MSBA staff. He noted that the City is voting to approve a debt exclusion and he is hoping for a favorable vote.

VOTE: *There being no further questions or comments, the Board approved the Motion to move the City of Easthampton to Schematic Design by majority – 6 in favor, 0 abstaining.*

The Manchester Essex Regional School District is proposing to replace the existing Manchester Memorial Elementary School with a new PK-5 facility on the existing site. This proposed project will serve an agreed upon enrollment of 335 students in grades K-5, for a project that will serve grades PK-5. The proposed project has an estimated construction cost of \$44,505,251.

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

Vote on Moving the Manchester Essex Regional School District 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 Manchester Essex Regional School District with, in concept, the development of schematic designs to replace the existing Manchester Memorial Elementary School with a new PK-5 facility 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 asked when the debt exclusion vote is scheduled for the Manchester Essex Regional School District.

Manchester Essex Regional School District Superintendent Pam Beaudoin commented that the debt exclusion vote is scheduled for November, adding that the debt exclusion needs to be approved by both Towns. She thanked the Board and MSBA staff and commented that the District has a wonderful project team and they are excited to move to the next phase in the process.

VOTE: *There being no further questions or comments, the Board approved the Motion to move the Manchester Essex Regional School District to Schematic Design by majority – 6 in favor, 0 abstaining.*

The City of Springfield is proposing to consolidate the existing Brightwood Elementary School and the existing Lincoln Elementary School into a new facility serving grades PK-5 on a new Plainfield Street site. This proposed project will serve an agreed upon enrollment of 800 students in grades K-5, for a project that will serve grades PK-5. The proposed project has an estimated construction cost of \$70,166,775.

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

Vote on Moving the City of Springfield 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 Springfield with, in concept, the development of schematic designs to consolidate the existing Brightwood Elementary School and the existing Lincoln Elementary School into a new facility serving grades PK-5 on a new Plainfield Street 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.

Mr. Cronin asked if the City will need a debt exclusion to fund the project.

Springfield Director of Capital Asset Construction Peter Garvey commented that the bond authorization had been approved by the City Council and the City would not need a debt exclusion. He thanked the project team and commented that he appreciates the help and collaboration from the MSBA.

VOTE: There being no further questions or comments, the Board approved the Motion to move the City of Springfield to Schematic Design by majority – 6 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 Hildreth Elementary School located in the Town of Harvard. He presented a PowerPoint and provided a brief summary of the proposed project. He explained that the proposed project is to replace the existing Hildreth Elementary School with a new facility serving grades PK-5 on the existing site.

The District submitted a total project budget of \$53,597,807. As shown in the PowerPoint presentation, the basis of the MSBA grant would be \$36,171,193, and the proposed Estimated Maximum Total Facilities Grant would be \$18,327,080 with the District's 50.68% reimbursement rate.

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

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

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project to replace the existing Hildreth Elementary School with a new facility serving grades PK-5 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 Harvard, in such forms as he may determine to be acceptable, for the Hildreth Elementary School project at a reimbursement rate of fifty and sixty-eight hundredths percent (50.68%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$18,327,080, 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 \$18,762,918, 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.

There was a brief discussion regarding the construction cost chart provided to Board members.

Harvard Superintendent Dr. Linda Dwight thanked the Board and MSBA staff for their partnership. She commented that there is a Town vote and ballot question scheduled for May, adding that she is hoping for a favorable vote from the community.

Harvard School Committee Chair Mary Traphagen commented that she appreciates the work on the educational plan for the Hildreth Elementary School project as it is the driving force behind the building. She noted that questions from the Board helped to keep the project team on course.

Harvard School Business Manager Peter Rowe thanked the Board and MSBA staff, commenting that a new elementary school would be great for the community.

***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 Harvard by majority – 6 in favor, 0 abstaining.*

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 Winthrop Elementary School located in the Town of Ipswich. He presented a PowerPoint and provided a brief summary of the proposed project. He explained that the proposed project is to replace the existing Winthrop and Doyon Elementary Schools with a new facility on the Doyon Elementary School site.

The District submitted a total project budget of \$69,406,719. As shown in the PowerPoint presentation, the basis of the MSBA grant would be \$52,837,300, and the proposed Estimated Maximum Total Facilities Grant would be \$26,636,209 with the District's 50.52% reimbursement rate.

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

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

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project to replace the existing Winthrop and Doyon Elementary Schools with a new facility on the Doyon Elementary School 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 Ipswich, in such forms as he may determine to be acceptable, for the new Elementary School project at a reimbursement rate of fifty and fifty-two hundredths percent (50.52%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$26,636,209, 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 \$27,132,165, 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.

Ipswich Superintendent Dr. Brian Blake thanked the Board and MSBA staff and commented that he is excited to be here today. He noted that is he looking forward to favorable votes from the community, adding that a Town vote and ballot question are scheduled for May.

***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 Ipswich by majority – 6 in favor, 0 abstaining.*

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 Richer Elementary School located in the City of Marlborough. He presented a PowerPoint and provided a brief summary of the proposed project. He explained that the proposed project is to construct a new elementary school facility on the existing athletic fields of the Marlborough High School site, as part of the Model School Program.

The District submitted a total project budget of \$56,418,338. As shown in the PowerPoint presentation, the basis of the MSBA grant would be \$43,224,738, and the proposed Estimated Maximum Total Facilities Grant would be \$29,267,470 with the District's 67.71% reimbursement rate.

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

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

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project to construct a new elementary school facility on the existing athletic fields of the Marlborough High School site, as part of the Model School Program, 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 City of Marlborough, in such forms as he may determine to be acceptable, for the new Elementary School project at a reimbursement rate of sixty-seven and seventy-one hundredths percent (67.71%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$29,267,470, 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 \$29,887,774, 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. Sullivan asked why the cost per square foot for the project at the Richer Elementary School is less than the cost per square foot compared to the other projects. The Executive Director explained that the Richer Elementary School project is a Model School project.

Marlborough Mayor Arthur Vigeant thanked the Board and MSBA staff for this opportunity, adding that he is excited to be invited into the Model School Program. He commented that he looks forward to starting the project and having an appropriate learning space for the students in the City.

Marlborough Superintendent Maureen Greulich commented that the City is fiscally prudent and thanked the Board and MSBA staff on behalf of the administration, staff, and students for this opportunity.

Mr. Sullivan commented that the Model School Program has been updated with newer schools under the leadership of the Treasurer. He noted that he wanted to commend the City of Marlborough for a smart and less expensive project.

State Representative Danielle Gregoire, who represents Marlborough, commented that she wants to commend the project team on their fiscal prudence. She noted that the City is in desperate need of a project and she is excited to have a new facility for the City. She commented that State Representative Carmine Gentile had to leave the meeting but offered her support for the project at the Richer Elementary School.

***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 City of Marlborough by majority – 6 in favor, 0 abstaining.*

Audit

The April 10, 2018 Board Meeting minutes were approved by the MSBA's Board of Directors on May 22, 2018.

Tamia Buckingham, MSBA Director of Audit, began her audit update by explaining that the MSBA has approved 788 former program audits and there are 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 435 Capital Pipeline Program projects plus 11 projects that are being presented for final approval to the Board today, all together representing approximately \$4.75 billion in submitted and audited costs.

She continued, explaining that the MSBA has also audited approximately \$2.7 billion in submitted costs for the 230 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 \$1.75 billion in additional costs will be submitted for audit for these projects.

The Director of Audit then explained that monthly submitted costs have averaged \$67.8 million over the 12 months preceding this Board meeting, and the total amount submitted and audited in this 12 month period equals approximately \$813 million.

Approval of Audits, New Program

The Director of Audit explained that the Board is being asked to approve eleven Capital Pipeline Program audits listed on the Audit Exhibit. She explained that the total combined grant amount for these eleven projects is \$79,962,246.

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

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 Exhibit B and authorizes the Executive Director to make payments consistent with this vote.

Mr. Cronin asked if the City of Lynn had fully designed the Pickering Middle School. Mr. Jumpe explained that the City made it through the Schematic Design phase and then was unable to secure funding for the project at the local level.

VOTE: There being no additional questions or comments, the Board approved the Motion by majority – 6 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. He noted that since the February 14, 2018 Board meeting, the MSBA has visited 17 projects and seven districts have voted affirmatively to appropriate full project funds or

feasibility study funds as of April 5, 2018. He explained that the MSBA anticipates making 16 project visits in April, May and June and presented a list of the upcoming district visits 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 have attended several meetings where they have participated as presenters and as stakeholders.

Then, the Executive Director explained that there has been a discussion about the possibility for districts to keep utility rebates, adding that the MSBA wants districts to be energy efficient. He explained that with the help of the State Auditor, it has been determined that the money will not be treated as third party funding and districts can keep the rebates.

Next, the Executive Director welcomed new employee Hamed Babrak as an Assistant Project Manager in Capital Planning.

Project Overview Report

Next, the Director of Capital Planning presented a PowerPoint, including a summary of bid data. She summarized available data for anticipated bids for the 2018 and 2019 calendar years noting that this information is preliminary. She reported that eleven Core Program projects received a bid in 2018 and the one reported 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, 31 of the 42 reported projects came in within the estimated budget. She explained that the remaining six projects have been bid; however, the final results of the costs per school are pending.

Educational Profile Questionnaire Update

Capital Program Manager Katie Loeffler explained that the MSBA introduced the Educational Profile Questionnaire in January 2014 as a means of learning early in the grant process how a district's Statement of Interest school is currently organized, and how a potential project might be organized. In the work completed last year examining Eligibility Period, the MSBA reported at the June 2017 Board the questionnaires' effectiveness including the benefits to the MSBA and to districts. At that time the MSBA explained its next effort which was to examine the questionnaire's format and content.

She presented a PowerPoint summarizing the revised questionnaire.

She explained that some of the sections have been largely retained, in that the MSBA is asking for the same type of information in that section. The questionnaire has been formatted and pared down so the sections are easier for districts to complete and more relevant to MSBA and Board member use. The MSBA has reduced the number of overall questions in the Educational Profile Questionnaire noting that some questions were better served if addressed elsewhere in our program.

One key addition to the Educational Profile Questionnaire is a section on Community Engagement. This section serves two purposes: one) to better understand what conversations have taken place locally regarding the potential project, especially if the district is considering a grade reconfiguration or consolidation; and, two) as a prompt for districts that may not yet have had public conversations regarding the potential project. The questionnaire is still timed to be received with the district's

enrollment information, so MSBA staff will have the opportunity to discuss this section with the district in person when they are here for their enrollment meeting.

Mr. Sullivan inquired about the changes to Section 5: Safety and Security. Ms. Loeffler explained that the section was not removed but was relocated. The information is now requested earlier in the process and the district is required to provide more information.

Mr. Cronin asked if the costs are reimbursable and the Executive Director confirmed that security costs are eligible for reimbursement.

Rockland Poverty Factor

MSBA Chief Financial Officer Jennifer Gonzalez explained that when determining the grant percentage for the fiscal year 2018 approved school projects, recent legislation requires that the MSBA calculate the community poverty factor by examining the proportion of economically disadvantaged students from calendar year 2015 to the present and assigning whichever year's factor is the highest as determined by the department of elementary and secondary education. She explained that staff are recommending the use of the Poverty Factor Points that were allocated to the Town of Rockland for calendar year 2015 to calculate the Estimated Total Facilities Grant and the Maximum Total Facilities Grant for the proposed Jefferson Elementary School Project.

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

Vote on using the Poverty Factor Points that were allocated to the Town of Rockland for Calendar Year 2015 to calculate the Estimated Total Facilities Grant and the Maximum Total Facilities Grant for the proposed Jefferson Elementary School Project

VOTED: That the Board of Directors hereby authorizes the Executive Director to use the Poverty Factor Points that were allocated to the Town of Rockland for Calendar Year 2015 to calculate the Estimated Total Facilities Grant and the Maximum Total Facilities Grant for the proposed Jefferson Elementary School Project, as further described in the materials presented to the Board and attached hereto, and to do all acts and things necessary or desirable in connection with this Authorization.

VOTE: There being no additional questions or comments, the Board approved the Motion by majority – 6 in favor, 0 abstaining.

Reconciliation of Project Obligations and Annual Cap

MSBA Director of Capital Planning, Mary Pichetti, next spoke about a project that MSBA staff undertook to further the MSBA's objective of maximizing the availability of funding for the MSBA's grant program. She explained that at prior Board meetings, the Board approved the reconciliation of pre-project estimated grant amounts included in Feasibility Study Agreements and/or Project Funding Agreements for FY 2008 through 2016 with the actual Final Grant Values for those Projects approved by the Board after Final Audit and directed that any identified unused Grant Cap Space from that reconciliation ("unused cap space") be allocated to fund Grants for other projects, which are subject to approved and executed Project Funding Agreements. The Board further authorized the reallocation of any FY 17 unused cap space, which arose out of a District's failure to

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fulfill its local funding and appropriation obligations. Staff now recommends that the Board approve a Plenary Grant Funding Cap Space Reconciliation Vote under which the reallocation of any existing unused Grant Funding Cap Space will occur without further action of the Board whenever the Board approves a Final Audit or the Removal of a Project from the Capital Pipeline.

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

Authorization to Identify and Reallocate Unused Grant Funding Cap Space after Board Approval of a Final Audit and/or Board Approval of the Removal of a Project from the Capital Pipeline

VOTED: That the Board approves the following:

- 1) Upon any past or future approval by the Board of a Final Audit, all Unused Grant Funding Cap Space which is identified through any such Final Audit may be reallocated by the MSBA to support the funding of any current or future Approved Projects without any further action of the Board; and
- 2) Upon any past or future approval by the Board of the Removal of a Project from the MSBA Capital Pipeline, all Unused Grant Funding Cap Space which becomes available from any such Removal may be reallocated by the MSBA to support the funding of any current or future Approved Projects without any further action of the Board, provided that upon any such reallocation the Executive Director will estimate the amount, if any, that will be required to close out the existing grant for the Removed Project and that estimated amount will not be available for reallocation until the completion and approval of a final audit.

The Chairman noted that this is an important policy issue. There was a discussion among Board members and staff regarding the utilization of Funding Cap Space.

The Executive Director noted that this policy recommendation is related to cap space not funding.

The General Counsel added that the MSBA must schedule district invitations into the MSBA Capital Pipeline based upon estimates of existing and future cap space.

The Chief Executive Officer explained that the audited amounts for completed projects will be reported to the Board so there will be no mystery.

The General Counsel explained that, if the vote passes, whenever the Board votes to approve a final audit or to remove a project from the Capital Pipeline, the MSBA will have the ability to reallocate the unused cap space to other projects.

Mr. Cronin inquired as to when the cap space is allocated and the Director of Capital Planning explained that it happens at Project Scope and Budget/Project Funding Agreement.

Mr. Cronin asked if this vote today would free up cap space for the 2017 SOIs and the 2018 SOIs and the Director of Capital Planning explained that it would not. She explained that without additional cap space, the MSBA will need to work with districts to adjust the timing of approval and/or the breadth of project scope.

There was a discussion about how the MSBA estimates cap space for Board approved projects. The Director of Capital Planning explained that initial estimates are done based upon the proposed scope of a project but that scope may increase due to factors like a district proposed grade reconfiguration. She noted that the MSBA wants each district to pursue the best option but sometimes this increases the estimate, which is used to allocate cap space. There are many other variables, such as district timing going through the MSBA process, that affect the estimated cap space amount.

The Executive Director explained that the MSBA has been really proactive in working with districts up front in the Eligibility Period to identify consolidation plans as early as possible. He added that one thing that the MSBA cannot control is how fast districts move through MSBA process.

The Director of Capital Planning spoke about the impact of district schedules and the variability of reimbursement rates as well as some unanticipated rate increases such as for Cape Cod and Rockland.

The General Counsel advised that harmonizing project approval within the cap is a dynamic exercise and that Capital Planning does a phenomenal job managing cap space. He explained that, under the enabling statute, each "Total Facilities Grant" is a product of the applicable Grant Rate multiplied by all Final Approved Audited Costs. As a consequence, the MSBA is taking steps to capture any unused cap space.

Mr. Sullivan asked what would happen if the value of the projects scheduled for approval in a fiscal year exceeded the then existing available cap space. The Director of Capital Planning explained that the MSBA can currently approve projects at the close of a fiscal year to be funded using cap space from the following fiscal year.

The Chairman then raised the issue of sales tax funding noting that it would also be helpful if the MSBA's funding could be increased. She added that the percentage that the MSBA receives has not been adjusted in 15 years.

Mr. Sullivan spoke about internet sales tax and its impact on sales tax in Massachusetts.

The Chairman then spoke about the MSBA's mission and the fact that the MSBA is turning away potential projects.

The Executive Director spoke about the need for more cap space and explained that the MSBA is working with bond counsel to explore some possible options to increase available cap space.

***VOTE:** There being no additional questions or comments, the Board approved the Motion by majority – 6 in favor, 0 abstaining.*

Finance

Sales Tax Collection Update

MSBA Financial Administration Manager Julie Leonard presented a PowerPoint and provided a SMART Fund updated FY 18 Consensus Revenue Estimate of \$846.6 million which represents growth of 3.65% over the FY 17 amount. FY 18 collections through February 2018 are \$19.225

million (3.52%) higher than FY17 collections during the same period. FY 19 Consensus Revenue Estimate of \$858.9 million would represent growth of 1.45% over the FY 18 estimated amount.

She presented a slide with a graphical depiction of FY 15 - FY 18 monthly SMART fund collections, and then quarterly SMART collections from FY 13 - FY 18, followed by year-to-date SMART collections by year from FY 13 - FY 18.

Grant Payments Update

MSBA Treasurer Gianpiero Tirella provided an update regarding MSBA grant payments for projects, noting that the MSBA has made \$413,152,724 in grant payments to date in Fiscal Year 2018. This is for 320 Capital Pipeline Program, Prior Grant, and Waiting List projects in 176 districts.

Request for Defeasance Authorization

The MSBA's Chief Financial Adviser, Ken Wissman explained that the Board is being asked to authorize the cash defeasance of outstanding bonds of the Authority. He explained that one factor used by rating agencies in evaluating the MSBA credit is the Debt Service Coverage Ratio (DSCR) on debt outstanding. A high DSCR can lead to a high credit rating. This defeasance is being requested to help maintain the MSBA's credit ratings and provide a significant improvement in MSBA's DSCR. As noted in the memo given to Board members, the senior DSCR would be improved from approximately 2.42 to 2.51. The overall DSCR would be improved from approximately 2.15 to 2.17. The defeasance would lower annual debt service for FY 2018 through 2038 in the aggregate by \$159.3 million. The estimated cost of the securities for the defeasance escrow to pay the debt service at maturity or the call date, if applicable, is approximately \$126.4 million. Mr. Wissman explained that the defeasance is planned to be completed before the MSBA's next meetings with the rating agencies expected in June.

The Chairman spoke about the new federal tax bill and the impact it will have on the use of certain financing tools, such as the use of advance refundings. She spoke about the importance of having the option to defease debt as a tool and noted that it is critical for flexibility.

The Chief Financial Officer noted that the defeasance will have a large positive impact on the MSBA's coverage ratios and keep optionality in the MSBA's portfolio. The MSBA's Chief Financial Adviser noted that this defeasance is a defensive move by the MSBA to keep our debt service ratio low.

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

Authorization to Provide for the Cash Defeasance of Outstanding Bonds of the Authority

VOTED: To authorize the Executive Director to apply available moneys of the Authority to the cash defeasance of a portion of the Authority's outstanding 2012 Series A, 2013 Series A, 2015 Series B, and 2016 Series B Bonds in a principal amount not to exceed \$113,000,000, and in furtherance thereof the Executive Director, with respect to the cash defeasance, is hereby delegated all powers of the Authority under Section 3B of Chapter 70B of the Massachusetts General Laws.

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VOTED: To authorize the Executive Director and such other officers of the Authority as the Executive Director may designate, acting singly, upon the advice of the Authority's bond counsel, to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable in connection with the cash defeasance of a portion of the 2012 Series A, 2013 Series A, 2015 Series B, and 2016 Series B Bonds, including without limitation one or more defeasance escrow agreements, and one or more agreements providing for the investment of moneys made available for cash defeasance.

VOTE: There being no additional questions or comments, the Board approved the Motion by majority – 6 in favor, 0 abstaining.

FY 18 Budget Update

MSBA Financial Administration Manager Julie Leonard provided the Board with a FY 18 year-to-date budget update. She presented a PowerPoint and provided a summary of the Administrative, Operations and Grant Programs Budgets and the Capital Pipeline Professional Support Services Budget for FY 18 with a summary of expenditures to date. Then MSBA Chief Financial Officer Jennifer Gonzalez presented a chart with information regarding debt service paid and sinking fund deposits.

The meeting was adjourned at 12:05 p.m.

List of documents and exhibits used at the meeting:

- PowerPoint Presentation
- February 14, 2018 Board Meeting Minutes
- Capital Pipeline Project Removal
- Invitation to Feasibility Study
- Project Funding Agreement Recommendations for the Accelerated Repair Program
- Preferred Schematic Design Recommendations
- Project Scope and Budget Phase Recommendations
- Audit Status Report
- Recommendation for Approval of Final Audits, Capital Pipeline Program
- Executive Director Report
- Project Overview Report
- Educational Profile Questionnaire Update
- Recommendation on the Town of Rockland Poverty Factor
- Reconciliation of Project Obligations and Annual Cap
- Sales Tax Collection Update
- Grant Payments Update
- Authorization for Defeasance
- FY18 Budget Update