



ANNUAL REPORT

2013

Massachusetts School Building Authority

MSBA MISSION

The Massachusetts Building Authority **partners with** Massachusetts communities to support the design and construction of **educationally-appropriate, flexible, sustainable,** and cost-effective public school facilities.

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ON THE COVER

First-grader Gianna DeMello of Joseph C. Chamberlain School in Taunton was the winner of the 2013 My Ideal School Contest. In her essay, Gianna said, “My school has the best teachers, great friends and gourmet food!” As the contest winner, Gianna received an award donated by Santander Bank, which sponsored the contest.



2013

Dear Friends,

I'm delighted to share the Massachusetts School Building Authority's 2013 Annual Report with you. I am honored to serve as Chair of the Board of Directors of the MSBA as it works with communities across the Commonwealth to develop educational facilities that enable our students to meet the demands of the 21st century economy.

In 2013, the MSBA made \$800 million in reimbursements for school construction projects, helping cities and towns repair, renovate and build facilities that serve the needs of Massachusetts students. Delivering on a commitment we made to the people of Springfield when disaster struck, we also began the reconstruction of the Elias Brookings K-8 Museum Magnet School and completed repairs to the Mary A. Dryden Veterans Memorial School, both of which were ravaged by the tornado in June 2011.

Working collaboratively with local partners, we have been successful in moving dozens of school projects from concept to reality. We completed work on six of the eight projects in our innovative \$72 million Science Lab Initiative, with bids for all eight projects coming in within their estimated budgets. Forty-seven projects in 26 districts moved forward in our Accelerated Repair Program, 32 of which were ready for funding approval at the January 2014 board meeting.

2013 marked the 10th anniversary of the MSBA's creation, and we are proud to have disbursed more than \$10 billion to Massachusetts schools during that time. We were thrilled to celebrate this important milestone with events at the Massachusetts State House and at schools throughout the Commonwealth. As we focus on the next decade, we look forward to continuing to support new and improved educational opportunities in cities and towns across Massachusetts.

Sincerely,



Steven Grossman
Treasurer and Receiver General
Chair of the Massachusetts School Building Authority

2013 BOARD OF DIRECTORS

Steven Grossman
*MSBA Chair
Massachusetts Treasurer
and Receiver General*

Richard Bertman
Founding Principal, CBT Architects

Rob Dolan
*Designee of the Secretary of
Administration and Finance
Director of Finance,
Executive Office for Administration
and Finance*

Mary Grassa O'Neill
*Senior Lecturer and Acting Director,
Programs in Professional Education,
Harvard University*

Terry Kwan
*Former Teacher and
Brookline School Committee Member*

Tom Moreau
Designee of the Commissioner of Education

Greg Sullivan
Former Massachusetts Inspector General



2013



Dear Fellow Citizens,

2013 marked the MSBA's 10th year in pursuit of our core mission, which is to partner with Massachusetts communities to support the design and construction of educationally appropriate, flexible, sustainable and cost-effective public school facilities. Our successful achievement of that goal has revitalized school facilities throughout the Commonwealth.

2013 was a highly productive year for the Authority, as we:

- Reached the milestone of \$10 billion in reimbursements to Massachusetts school districts
- Funded 30 Core Program and Science Lab Initiative projects with estimated construction costs of \$972.6 million
- Approved funding for 47 Accelerated Repair Program projects with combined construction budgets of over \$83.3 million
- Maintained an active capital pipeline of more than 300 projects
- Continued to keep project costs under control, with 23 of the 30 bids and Guaranteed Maximum Prices received coming in within their original estimates — a success rate of more than 75%

Looking back over our first decade of achievement, I am proud of the hard work and dedication of MSBA staff and of our continued efforts to partner with communities on school projects. A local school committee member recently put it best, at the presentation of designs for his city's upcoming middle school. "Once in a generation," he said, "a city gets a moment to define itself and say 'this is who we are.' This seems to be one of those moments." We at the MSBA are deeply privileged to have been part of that moment, and of similar occasions in communities throughout the state.

Sincerely,

A handwritten signature in white ink that reads "Jack McCarthy".

Jack McCarthy
Executive Director
of the Massachusetts School Building Authority



above: Franklin High School

OPM REVIEW PANEL

Francis X. Callahan

*President, Massachusetts Building Trades Council,
AFL-CIO*

Dominic D'Eramo

*P.E., American Council of Engineering Companies
of Massachusetts*

Bernard Feldstein

AIA Emeritus

Mary A. Gately

*Director of Market Services,
Associated General Contractors of Massachusetts*

Steven Joyce

*Political Director, New England Regional Council
of Carpenters*

Michael J. Lambert

*Director of Design and Construction Services,
DCAM Office of Planning, Design and Construction*

Jack McCarthy

Executive Director, MSBA

Michael McNally

President, Maverick Construction

Mary Pichetti

Director of Capital Planning, MSBA

John Robertson

*Director of Legislative Division,
Massachusetts Municipal Association*

Carl B. Sciple

P.E., CCM

Jeffrey Sullivan

Painters and Allied Trades District Council 35

The Honorable Michael Sullivan

*Marketing Director, Sullivan Insurance & Real Estate;
Former Mayor, City of Lawrence*

Michael Tranghese

Secretary/Treasurer, Massachusetts Laborers District Council

The Honorable Jack Yunits

*Director of Municipal Partnerships, The Liberty Square Group;
Former Mayor, City of Brockton*

DESIGNER SELECTION PANEL

Bernard Feldstein, Chair

AIA Emeritus

Michael L. McKimmey, Vice Chair

P.E.

Russell Bartash

Public Member

Karl Brown

AIA; Senior Architect, MSBA

Joseph Buckley

P.E.; Chief Engineer, MSBA

James H. Crissman

FAIA

Barbara Hansberry

Deputy Executive Director, MSBA

Maureen A. McCaffrey

*P.E.; LEED AP; Director, Real Estate,
MIT Investment Management Company*

Leo F. Peters

*P.E.; DEE; American Council
of Engineering Companies of Massachusetts*

Zaida Roshandel

LEED AP BD+C; Senior Project Manager, MSBA

Charles N. Tseckares

*FAIA; Principal, CBT/Childs Bertman Tseckares, Inc.;
Boston Society of Architects*

Ken Wexler

*Chairman, Elaine Construction Co., Inc.;
Associated General Contractors of Massachusetts*

Vacant

*Construction Industry Representative
(MA Building Trades Council Designee)*



SUPPORTING STUDENTS

STATEMENTS OF INTEREST

Submitting a Statement of Interest (SOI) is the critical first step in the MSBA's school construction grant program. The SOI allows a district to inform us about deficiencies that may exist in a school facility and how those deficiencies inhibit achievement of the district's educational goals.

The MSBA reviews the entire cohort of received SOIs before determining which proposals to move forward into the capital pipeline. The MSBA grant program is a non-entitlement, competitive program. Grants are distributed by the MSBA Board of Directors based on need and urgency, as expressed by the district and validated by the MSBA.



201 SOIs submitted

71 new filings

130 renewals

117 school districts submitted SOIs



above: Senior Study Site Visit, Northeast Metropolitan Regional Vocational High School (Left: MSBA Director of Program Management Diane Sullivan, Right: Northeast Metropolitan Regional Vocational School Superintendent Theodore Nickole.)

“

With this necessary final piece in place in 2011, we were off and running by tearing down our old temporary labs and erecting our wonderful temporary modular classrooms. Now, nearly 30 months later, we stand here ready to ceremoniously reopen our wonderful new facility.”

Leominster High School Principal Thomas Browne

MODELING EXCELLENCE

Since its 2008 launch, 18 school districts have participated in the Model School Program, taking advantage of proven, sustainable and flexible school designs. Franklin High School, Monomoy Regional High School and Somerset-Berkeley Regional High School are just three examples of the Model School Program's success.

BENEFITS OF MODEL SCHOOLS

- Proven designs meeting certain criteria contain many best practices that should be perpetuated in school design
- Adaptation of an existing design, versus development of a completely new design, simplifies the design process and results in reduced design fees
- The design and bid schedule is compressed
- Except for unforeseen site conditions, reuse of the design can limit construction change orders
- Tested designs enhance predictability of project cost and performance, resulting in improved quality control
- Districts have the opportunity to “touch and feel” spaces prior to selecting a model

SUPPORTING THE INNOVATION ECONOMY

In 2013, eight new schools joined the Science Lab Initiative, helping more Massachusetts students prepare for the demands of the 21st century economy. To date, more than \$72 million in science lab projects have been funded across the Commonwealth.

Students at Melrose High School are enjoying the improved learning environment in their new science labs. The 18,000 square-foot area features new computers, enhanced lighting, eye safety equipment, and flexible learning tools that allow instructors to accommodate a variety of science and technology lessons and projects.



above: Science Labs, Melrose High School



“

Every decision made about this complex is done with the kids in mind. It is rewarding to know as we watch all of this happening around us that for at least the next 50 years the students of Marshfield will have this first-rate educational facility in the community and will benefit from all it has to offer.”

Marshfield High School Principal Robert Keuther

A DECADE OF INVESTMENT

10 YEARS, \$10 BILLION

In the decade since its inception, the MSBA has invested more than \$10 billion in school buildings statewide. Partnering with local school districts and communities, we've supported the design and construction of educationally appropriate, flexible, sustainable and cost-effective public school facilities. We believe that our sustainable and innovative planning model will continue to serve the Commonwealth with quality school facilities that provide a strong foundation for education.

REACHING THE \$10 BILLION FINISH LINE

Our \$10 billion investment in school building statewide includes numerous projects. Here are three projects that moved MSBA across the \$10 billion finish line in 2013.

METHUEN HIGH SCHOOL

The school was renovated at a cost of nearly \$99 million, with a commitment of up to \$64.5 million in funding from the MSBA. The project entailed major renovations to existing portions of the school and the addition of approximately 47,800 square feet of new space.

JAMES MADISON MORTON MIDDLE SCHOOL, FALL RIVER

The new Morton Middle School replaced the previous Morton School, which was built in 1924, with a completely modernized 130,600 square-foot facility serving over 600 students. The MSBA has committed to paying up to \$36.9 million toward the Morton Middle School project.

LAKE VIEW SCHOOL, WORCESTER

The \$1,435,093 Lake View School project consists of repairs to windows, doors and roof in the 27,900 square-foot school. The project is being conducted as part of our Accelerated Repair Program, which focuses on energy-saving repairs to extend the working lives of schools that are otherwise structurally, functionally and educationally sound. The MSBA is contributing 80% of eligible expenses toward the project, for a total grant of up to \$1,119,530. In addition, the MSBA is working with Worcester on nine other school projects.



\$10.3 billion distributed to Massachusetts school districts

over **170** core program projects

962 final audits for new program projects, totaling over **\$15.9 billion**

Over **\$1.4 billion** in audit savings

600,000+ students benefit from improved learning facilities



“

Almost every community in the Commonwealth has benefited immensely from this \$10 billion investment. We've visited many of these communities and have seen firsthand how modern, state-of-the-art learning environments are better preparing students to compete and flourish in the Commonwealth's innovation economy.”

MSBA Treasurer Steven Grossman



clockwise: Methuen High School, Lake View School and Morton Middle School

“

I've received overwhelming support for this from neighbors, friends and constituents. I think it's going to be a great thing for the city.”

Peabody School Committee Member Jared Hochman

PROJECTS BY REGION



- 78 Core Programs
- 0 Waitlists
- 1 Green Repair
- 59 Accelerated Repairs
- 2 Science Lab Initiatives
- 48 Project Complete
- 83 Substantial Completions
- 83 Closeouts
- 39 Final Audit Approvals
- 310** Total Projects



59

71

53

41

41

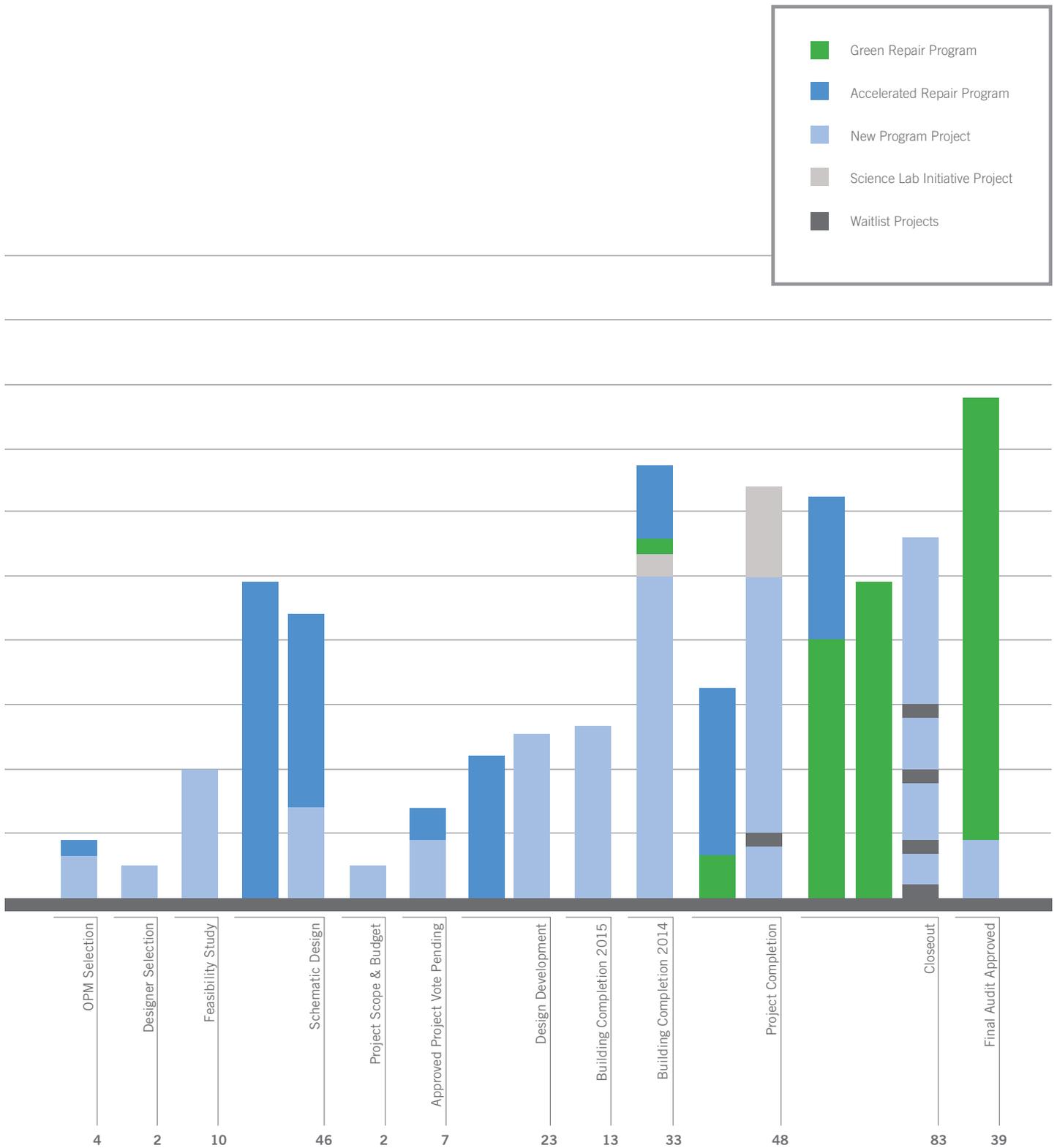
45

“

It feels unbelievably exciting. I'm very, very grateful to the community for supporting the project.”

Sherwood Middle School Principal Jane Lizotte

PROJECT STATUS



AN EXCEPTIONAL YEAR

A YEAR OF ACCOMPLISHMENTS

- \$800 million distributed to Massachusetts cities, towns and regional school districts
- 300+ projects maintained in capital pipeline
- 4,638 jobs created
- 248 project site visits
- 41 milestone events:
 - 19 groundbreakings
 - 5 topping-out ceremonies
 - 17 ribbon cuttings

WHAT'S HAPPENING NOW

At the end of 2013, MSBA is participating in 46 school capital improvement projects currently under construction. MSBA-funded projects currently affect over 11.2 billion square feet of school infrastructure. These projects include:

- 8 projects in accelerated programs
- 38 Core Program projects
 - 10 elementary schools
 - 8 Middle and Middle/High School
 - 20 High Schools



above: Ayer-Shirley Regional High School
below: LeRoy L. Wood Elementary School Elementary School, Fairhaven

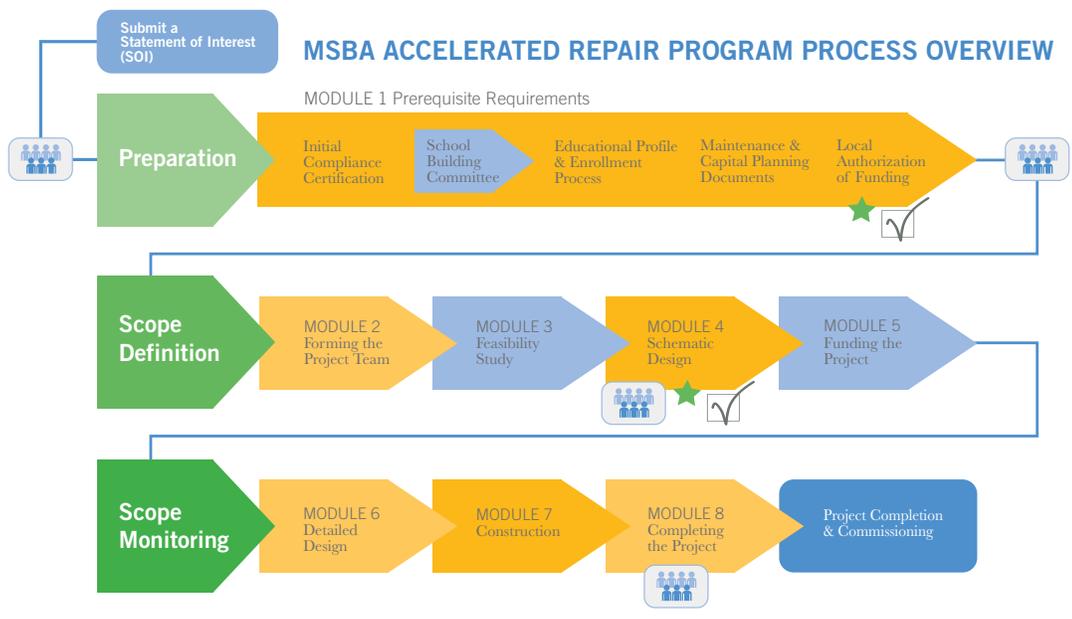
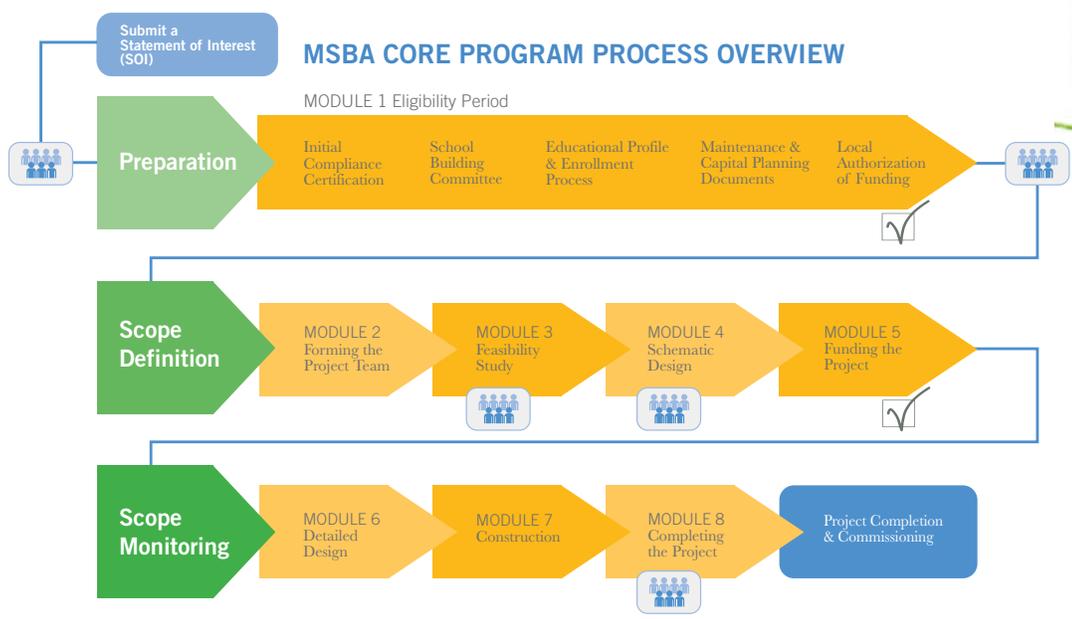
57,433

students will benefit from current MSBA-funded projects

“

The MSBA are really fiscally responsible. They work for the taxpayers so they're very aware of what is going on.”

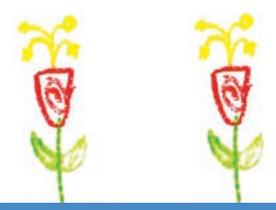
North Middlesex Regional School District Superintendent Joan Landers



MSBA Board Approval

District Vote

At the time of the Local Authorization of Funding, the District determines whether the appropriation is for a portion of or the total estimated project cost. If the appropriation is a portion, the District votes again at Schematic Design for the remaining amount.



“

This will be an outstanding place for kids to learn for decades to come. It's a great investment in our community and I couldn't be more proud or grateful.”

Shrewsbury Superintendent Joe Sawyer



FINANCIAL OVERVIEW

For fiscal year 2013, the Authority's primary funding sources are the portion of the Commonwealth's statewide sales tax revenue dedicated to the MSBA, interest and grant income.

The primary component of the Authority's expenditures for fiscal year 2013 was grant payments to cities, towns and regional school districts. On a cash basis, these grant payments totaled approximately \$1.0 billion. The other major component of the Authority's expenditures resulted from the \$393 million expended, on a cash basis, on debt service and related costs from debt obligations issued by the Authority. At the end of fiscal year 2004, according to data maintained under the former program and furnished to the Authority, the Commonwealth was reimbursing cities, towns and regional school districts for 728 previously approved projects, with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.1 billion. In addition, according to data compiled under the former program and furnished to the Authority, approximately 428 school projects were maintained on a waiting list for funding ("Waiting List projects"), with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.5 billion. The amounts the Authority will ultimately fund for approved eligible project costs will be determined through an audit of the completed project conducted by the Authority. These audits may increase or decrease the project cost estimates and will determine the actual amount to be reimbursed.

At the end of fiscal year 2013, the Authority's estimated remaining liabilities and commitments totaled approximately \$206 million for Waiting List projects, and approximately \$1.2 billion for Prior Grant projects. The Authority expects to fund its remaining share of approved eligible project costs for Waiting List projects over the next several years upon completion of an audit of each project. The Authority expects to fund its remaining share of approved eligible project costs for Prior Grant projects according to the schedule that was established by the Department of Education which continues through fiscal year 2023.

With the creation of the MSBA, new grant programs for school construction, renovation and repairs were established through which communities submit monthly requests for reimbursement in order to receive grants for approved projects. These "New Program" projects are funded via a progress payment method and a liability is generally recognized once a grantee requests reimbursement from the MSBA. Outstanding grants for projects that have approved funding agreements with the MSBA, but for which eligible project costs have not been submitted, are considered commitments of the MSBA. As of June 30, 2013, the MSBA had an outstanding liability of \$131.7 million, and \$1.4 billion commitments outstanding, for the New Program projects. The Commonwealth dedicates a 1% statewide sales tax (drawn from the existing statewide 6.25% sales tax), excluding sales tax revenues on meals and from certain additional statutorily exempted revenues from sales, to the School Modernization and Reconstruction Trust Fund (the "SMART Fund"), in support of these grant programs and for all other operations of the MSBA, including debt service.

** The information above was derived from the Authority's audited financial statements for the fiscal year ending June 30, 2013. This information is provided for general information purposes only and is not intended to be the basis of, and should not be relied upon in making, an investment in the Authority's Bonds. The information set forth above is dated as of a certain date and has not been updated since that date, and the Authority disclaims any duty to provide an update of any information contained in this section.

FINANCIALS 2013

REVENUES	DOLLARS IN THOUSANDS
Dedicated sales tax	735,450
Other income	8,041
Total Revenues	743,491
EXPENDITURES	
Grant payments to cities, towns and regional school districts *	639,049
Administration	14,390
Debt service, refunding and issuance related costs	256,063
Total Expenditures	909,502
Fund Balance	(166,011)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Cash and cash equivalents	130,764
Funds held by bond trustee	751,331
Sales tax due from the Commonwealth	113,172
Interest receivable	9,317
Grant receivable	3,426
Loan receivable	114,792
Other assets	117
Loss on bond refunding	161,371
Total Assets and Deferred Outflows **	1,284,290
LIABILITIES	
Accounts payable	1,374
Grants payable to cities, towns and regional school districts	1,519,768
Outstanding Authority debt and accrued interest	5,280,822
Bond premium	502,437
Other liabilities	15,524
Total Liabilities	7,319,925
Net Deficit	(6,035,635)
WAITING LIST AND PRIOR GRANTS PROJECT SUMMARY	
Value of outstanding estimated Waiting List grants as of July 1, 2012	(328,803)
Value of outstanding estimated Prior Grants as of July 1, 2012	(1,511,510)
Total Amount of Estimated Outstanding Waiting List and Prior Grants	(1,840,313)
Waiting List Grant Payments/Audit Adjustments	123,252
Prior Grants Payments/Audit Adjustments	298,012
Total Amount of Grant Payments/Audit Adjustments During FY 2013	421,264
Estimated Value of Remaining Waiting List Grants as of June 30, 2013	(205,551)
Estimated Value of Remaining Prior Grants as of June 30, 2013	(1,213,498)
Total Amount of Estimated Remaining Grant Payments	(1,419,049)

The MSBA utilizes the full accrual basis of accounting, which focuses on changes in total economic resources, in the preparation of government-wide financial statements. Under the full accrual basis of accounting, changes in long-term assets and liabilities are incorporated into the financial statements.

**On a full accrual basis these grant expenditures do not include approximately \$341 million of payments made during FY 2013 for Prior Grants and Wait List Projects.*

***Does not include \$1.8 million held in a separate irrevocable OPEB Trust.*

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Massachusetts School Building Authority

Funding Affordable, Sustainable, and Efficient Schools in Partnership with Local Communities

www.MassSchoolBuildings.org



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