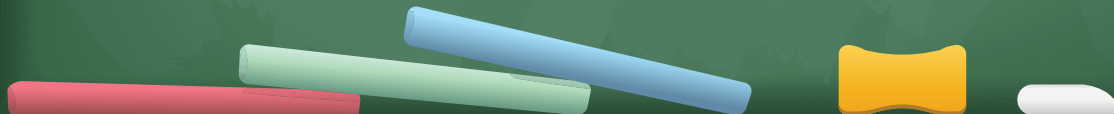




Massachusetts School
Building Authority



MSBA Mission

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

On the cover



First-grader Hana Hussain from Ayer's Page Hilltop Elementary was the 2011 winner of the MSBA's "My Ideal School" Contest. Hana imagines a greener school building complete with rooftop solar panels and lush natural surroundings. As the contest winner, Hana received a \$200 savings bond from Sovereign Bank and JP Morgan Chase & Co.

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Massachusetts-School-Building-Authority



@Mass_SBA



www.MassSchoolBuildings.org

From the Chair

2011 Board of Directors

STEVEN GROSSMAN
MSBA CHAIR
MASSACHUSETTS TREASURER
AND RECEIVER GENERAL

RICHARD BERTMAN
FOUNDING PRINCIPAL, CBT ARCHITECTS

MARY GRASSA O'NEILL
SECRETARY OF EDUCATION,
ARCHDIOCESE OF BOSTON

LISA TURNBAUGH
PROGRAM MANAGEMENT LEADER,
BANK OF AMERICA

CHRISTINE LYNCH
DESIGNEE OF THE COMMISSIONER
OF EDUCATION

MATTHEW J. GORZKOWICZ
DESIGNEE OF THE SECRETARY OF
ADMINISTRATION AND FINANCE

TERRY KWAN
FORMER TEACHER AND BROOKLINE
SCHOOL COMMITTEE MEMBER

Dear Friends,

It is my pleasure to share with you the Massachusetts School Building Authority's 2011 Annual Report. As Treasurer of the Commonwealth, I am honored to have the opportunity to serve as Chair of the Board of Directors of the MSBA and to have overseen an extensive array of school improvement projects this past year.

The MSBA is committed to working with communities to ensure that they have the financial tools they need to move forward on their school building goals. We pride ourselves on taking an approach that conserves taxpayer resources – both at the state and local levels – while helping to develop repair, renovation and reconstruction plans that best serve the needs of Massachusetts students. Importantly, the MSBA's timely payments to the districts that it serves have saved municipalities over \$2.9 billion in avoided local interest costs since the MSBA was created in 2004.

The MSBA has made \$8.4 billion in reimbursements for school construction projects, an investment that can be seen at school facilities in every corner of the Commonwealth. 2011 in particular was a year of key accomplishments for the MSBA, as we implemented an innovative program to enhance high school science laboratories, secured over \$1 billion in new capital through two bond issuances at record low interest rates for the Authority and started the process to fast track school repairs and reconstruction at Springfield schools ravaged by the tornado in June.

I am proud of the MSBA's accomplishments and I appreciate the dedication to excellence among the communities with which we work. I view our work with the 351 cities and towns across Massachusetts as a true partnership with a shared vision and I look forward to collaborating with even more school districts in the future to ensure that our students remain the best-prepared in the country.

Sincerely,



Steven Grossman

Treasurer and Receiver General

Chair of the Massachusetts School Building Authority

From the Executive Director



Dear Fellow Citizens,

The MSBA operates our school building grant program based upon our core mission: partnering with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable, and cost-effective public school facilities.

This past year was another busy one for the MSBA as we:

- Funded 20 projects that went out to bid with estimated combined construction costs of over \$688 million
- Brought to substantial completion 14 projects with combined construction costs of over \$460 million
- Made significant progress in the Green Repair Program, completing 78 projects and transforming the program into a permanent part of the MSBA grant process.
- Introduced new website features, streamlining project management for our constituents

During its seven years in operation, the MSBA has significantly improved the way school construction projects in Massachusetts are managed and funded. To hear our constituents recognize our efforts is particularly gratifying and I am proud to pass along some of their comments in this year's report.

2011 saw the end of an era at the MSBA, as the inspired tenure of Katherine Craven—our founding executive director—came to a close. I am humbly aware of the legacy she left behind and the high standards set by my predecessor. I look forward to putting my best efforts into guiding the MSBA into the next stages of its development.

Sincerely,

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

Jack McCarthy

Executive Director of the Massachusetts School Building Authority



Executive Director Jack McCarthy
and Treasurer Steven Grossman at
the Avery School in Dedham

**Memorial Elementary
School, Burlington**



**2011
Advisory Board**

Greg Beeman

President/CEO, Associated Builders and Contractors, Massachusetts Chapter

Bruce Bolling*

Executive Director, Massachusetts Alliance of Small Contractors

Edward Bouquillon

Superintendent-Director, Minuteman Regional Vocational Technical School District

The Honorable Suzanne M. Bump

Massachusetts State Auditor

Francis X. Callahan

President, Massachusetts Building Trades Council, AFL-CIO

James H. Crissman

FALA, Boston Society of Architects

Sean Cronin

Deputy Town Administrator, Brookline

Dominic D'Eramo

PE., American Council of Engineering Companies of Massachusetts

Philip Katz

Massachusetts Teachers Association and Massachusetts Federation of Teachers

Monica Lawton

Executive Director, Associated Subcontractors of Massachusetts

Maureen Marshall

Former Superintendent, North Middlesex Regional School District Superintendent, Quabbin Regional School District

Jack McCarthy

Executive Director, MSBA

The Honorable Michael McGlynn

Mayor, City of Medford

John Nunnari

Public Policy Director, Boston Society of Architects

Robert Petrucelli

President/CEO, Associated General Contractors of Massachusetts

The Honorable Gregory W. Sullivan

Former Massachusetts Inspector General

Michael Widmer

President, Massachusetts Taxpayers Foundation

OPM Review Panel

Francis X. Callahan

President, Massachusetts Building Trades Council, AFL-CIO

Dominic D'Eramo

PE., 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

PE., CCM

Jeffery Sullivan

Painters and Allied Trades District Council 35

The Honorable Michael Sullivan

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

Michael Tranghese

Secretary/Treasurer, Massachusetts Laborers District Council

The Honorable Jack Yunits

Senior Vice President, The Liberty Square Group; Former Mayor, City of Brockton

**Designer Selection
Panel**

Bernard Feldstein, Chair

AIA Emeritus

Michael L. McKimney, Vice Chair

PE.

Gordon Borek

PE.

Karl Brown

AIA; Senior Architect, MSBA

Joseph Buckley

PE.; Chief Engineer, MSBA

James H. Crissman

FALA

Leo J. Fahey

Business Manager, Massachusetts Building Trades Council, AFL-CIO

Jack McCarthy

Executive Director, MSBA

Holly McClanan

Associate General Counsel, MSBA

Leo F. Peters

PE.; DEE; American Council of Engineering Companies of Massachusetts

David Squire

Public Member

Charles N. Tseckares

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

Ken Wexler

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

Our process



SCAN THE CODE

Learn more about how the MSBA's process saves taxpayers money.

Or visit:

www.massschoolbuildings.org/building

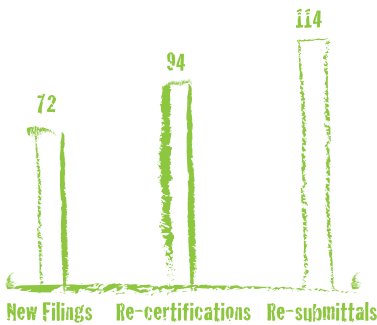


An improved method for engaging school districts

Massachusetts school districts are eager to find ways to better serve their communities. This means creating facilities that support the training and education of the Commonwealth's students for the decades ahead—in order to develop the kinds of skills that will be required of the workforce.

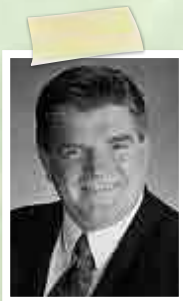
The MSBA continues to refine our process to create tools that allow for communities and districts to have access to any and all relevant information for the design, planning, financing and maintenance of top-notch school buildings.

Statements of Interest



Statements of Interest

In 2011, more than 120 school districts submitted 280 Statements of Interest (SOIs) regarding potential MSBA projects for the upcoming year. These submissions included first-time filings (72), re-certifications of FY 2011 SOIs (94) and re-submittals of SOIs that were filed in previous years (114).



Charles Lyons

Superintendent/Director, Shawsheen Valley Technical School District

"The support we've received from the MSBA is allowing us to meet the growing job demands for highly-skilled technical workers here in the Merrimac Valley and beyond. With the help of the MSBA, we were able to build a [facility] for educating students in the life sciences.

"The MSBA helps districts like ours save significant dollars in borrowing costs. We're able to cover more costs as we build, reducing the interest burden and making these projects palatable to our communities.

"This project has had a profound positive impact on our students, on the local contractors and on our entire region during a difficult economic cycle."



Better ways to learn & grow

Accessibility and community outreach are critical elements in the MSBA's ongoing partnership with Massachusetts communities. We strive to provide districts with complete and up-to-date information regarding our projects.

Taxpayers can find the latest information about our projects in their towns via two new tools located on our website under the "Your School" and the "GIS Project Map" sections.

Your School

What MSBA-supported projects are underway in your district? Learn the latest news, as well as helpful information about every public school in Massachusetts, through the "Your School" online database.

GIS Project Map

The Geographic Information System (GIS) is a comprehensive mapping tool used to view all of our projects across the Commonwealth. Through this system, you can view individual district project information, as well as listings of projects by type (for example: New Construction, Repair or Model School).

Improved outreach and visibility

In 2011, we revised our website, improving the design and flow of data and making it easier for the public to access MSBA information.

www.MassSchoolBuildings.org





Smarter facilities

Science Lab Initiative

In July, the MSBA presented a new set of guidelines for science labs in high school facilities. These guidelines were written by our Science Lab Task Force, which developed a prototype lab design that is curriculum-driven, flexibly accommodates all science disciplines and provides a safe learning environment for students.

In September, we launched the Science Lab Initiative, which leveraged funds from Qualified School Construction Bonds. Thirteen Statements of Interest were submitted by districts interested in upgrading their high school science lab facilities.

In a number of districts, otherwise-sound buildings lack the working infrastructure to accommodate modern science lab needs. The Science Lab Initiative was designed to assist these communities with upgrading labs and continuing the useful life of these school buildings.

Accelerated Repair Program

As a result of the lessons learned from the Green Repair Program (see page 9), we have instituted a new Accelerated Repair Program. This program focuses on the repair and replacement of roofs, windows and boilers. By performing energy-efficient and cost-saving upgrades, Accelerated Repair projects can preserve existing assets and generate operational savings for school districts.

Model School Program

By adopting best practices from successful school designs and leveraging proven elements from recently completed schools, significant time and cost savings can be realized. This is the core concept behind our Model School Program. Nearly 20 districts participated in the Model School Program during 2011.

Model Schools are efficient in design and easy to maintain. They contain optimal classroom and science lab space, can accommodate variations in enrollment and incorporate sustainable "green" design elements.



Ken Wertz

*President, Massachusetts Facility Administrators Association,
Director of Maintenance and Operations, Sharon Public Schools*

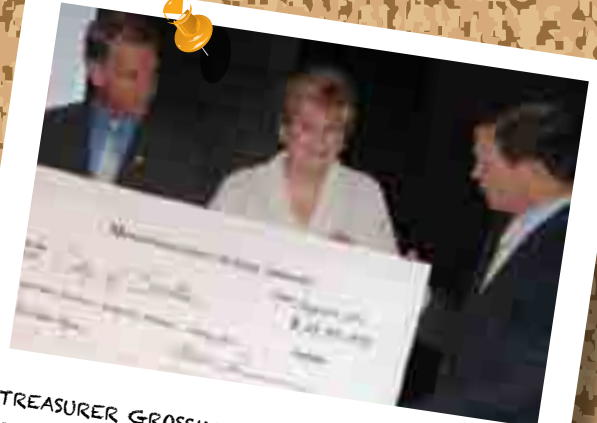
"The level of thoroughness and professionalism introduced into the building process by the MSBA is critical to creating smarter, modern facilities. It's a well thought-out process that truly reflects current 'best practices' in the construction and maintenance of educational facilities.

"For example, the proposal for our new building called for a comprehensive maintenance plan, to ensure that our community had a vested interest in keeping up the property.

"Another forward-thinking strategy is the MSBA's insistence on including commissioning agents on every project. This holds every builder and subcontractor to the full terms of the specification, down to every detail."



PETER NOYES ELEMENTARY SCHOOL, SUDBURY



TREASURER GROSSMAN PRESENTS A CHECK TO THE CITY OF BROCKTON FOR \$28,493,074, REPRESENTING THE MAXIMUM ALLOWABLE GRANT FOR 8 PROJECTS IN THE MSBA'S GREEN REPAIR PROGRAM.

(L TO R: BROCKTON CITY COUNCILOR AT-LARGE, TODD PETTI; BROCKTON MAYOR LINDA BALZOTTI; TREASURER GROSSMAN)



NORTH FALMOUTH ELEMENTARY SCHOOL



PAXTON CENTER SCHOOL

Green Repair Program

In 2011, the MSBA Board of Directors approved the final green repair project invitations, bringing the total number of projects in the Green Repair Program to 169. This program, which began in 2010 with the support of Qualified School Construction Bonds, has enabled districts to repair or replace roofs, windows and boilers in public school facilities that were otherwise structurally, functionally and educationally sound.

Of these 169 projects, over 150 are working with consultants selected from the MSBA's pre-approved pool of Owner's Project Mangers and Designers.

The success of the Green Repair Program inspired us to continue efforts in this area with the Accelerated Repair Program.



SCAN THE CODE
Learn more about the MSBA's innovative programs.

Or visit: www.massschoolbuildings.org/programs/green_repair

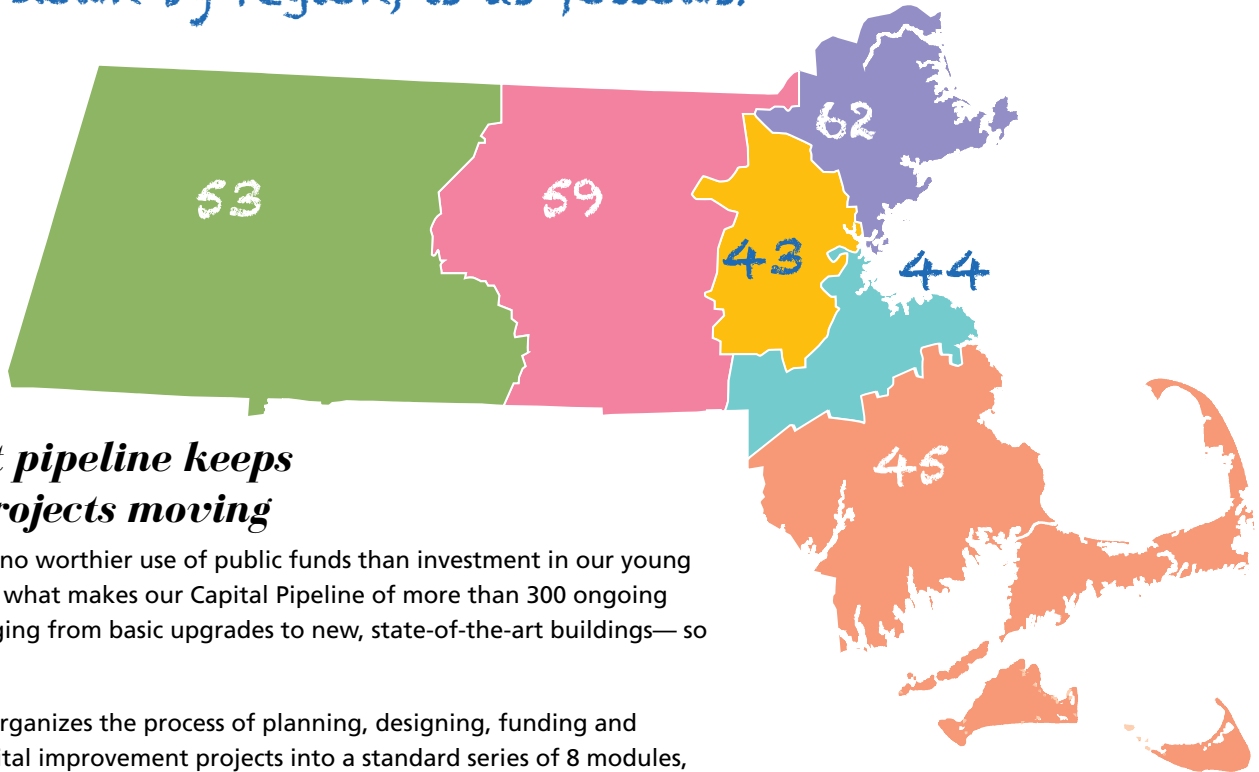


Keeping a close eye on all the details

In every school construction and repair project, there are vast numbers of details to resolve—each with the potential to impact costs, scheduling and long-term performance of a facility. Choosing the right professional to oversee that project can make all the difference between success and costly failure. Our Designer Selection Panel and OPM Review Panel ensure that every MSBA project operates under a highly-qualified, independent professional at every stage of design and construction.

We oversee scores of projects every year, monitoring project scopes, schedules and budgets to ensure that Massachusetts taxpayers receive the proper return on their investment in the repair, renovation and construction of public school facilities.

The number of 2011 MSBA projects, broken down by region, is as follows:



A robust pipeline keeps MSBA projects moving

There may be no worthier use of public funds than investment in our young people. That’s what makes our Capital Pipeline of more than 300 ongoing projects—ranging from basic upgrades to new, state-of-the-art buildings— so important.

The Pipeline organizes the process of planning, designing, funding and executing capital improvement projects into a standard series of 8 modules, beginning with Pre-Requisites and ending with Project Closeout.



Robert J. Dolan
Mayor, City of Melrose

“The City of Melrose has enjoyed outstanding experiences with the MSBA over the course of three building projects, including our first ‘green school’ building. By organizing the financing to include [progress] payments, based upon proven benchmarks, millions of dollars were saved and accountability was improved throughout the process.”

Project Status as of December 2011

New Program:	104
Waitlist:	4
Green Repair:	90
Project Complete/ Closeout:	100
Final Audit Approved:	8
Total Projects:	306



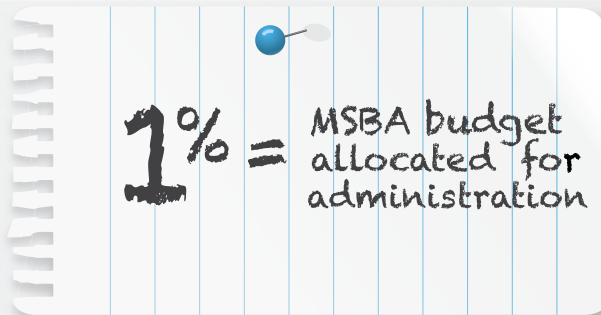
Complete

Getting the numbers right

The mission of the MSBA is deceptively simple. It's the execution of this mission that requires diligence and perseverance every day. To find inspiration in these areas, we never have to look further than the students and families we serve.



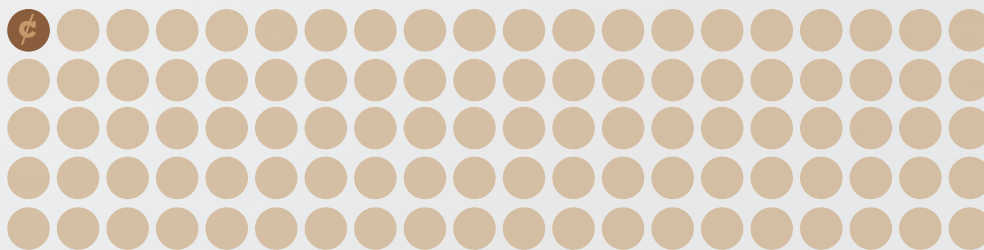
\$8.4 Billion distributed to Massachusetts school districts since 2004



600,000+ students have benefited from improved learning facilities since 2004



Projections: Our data-based enrollment projections have helped generate \$74.5 million in savings by building “right-sized” schools.



We receive a one percent statewide sales tax drawn from the existing 6.25% Massachusetts sales tax

Achievements

Our work to date:

- ✓ We created the Model School Program to effectively adapt and re-use the design of successful, recently-constructed elementary, middle and high schools.
- ✓ We have approved over 130 core program projects.
- ✓ We have contributed over \$2.4 billion in grants to projects with budgets totaling over \$4.8 billion.
- ✓ We have conducted over 450 site visits for more than 160 school districts as part of the MSBA's review and due diligence process.
- ✓ We have completed 777 out of the 788 audit backlog resulting in \$1.4 billion in audit savings since 2004.

This year's highlights:

- ✓ Finalized invitations to the Green Repair Program for the repair and replacement of roofs, windows and boilers.
- ✓ Developed the Accelerated Repair Program to capitalize on the successes of the Green Repair Program in the future.
- ✓ Created school infrastructure improvements that will benefit over 16,000 students in 2011.



Burgess Elementary School, Sturbridge

Pro-Pay

Our pay-as-you-build system—known as 'Pro-Pay,' for 'Progress Payment System'—significantly reduces the debt strain on school districts, while allowing for consistent, predictable cash flow for all parties involved.

As a result of Pro-Pay, districts are no longer forced to borrow the State's share of project costs. This, in turn, reduces districts' total amount of debt and enables them to receive the full amount of the MSBA's share of project costs during construction and closeout audit.

In 2011, we enhanced Pro-Pay's budget functionality, allowing districts to submit budget revision requests throughout the duration of the project. You can find more information on our website at www.massschoolbuildings.org/building/funding/reimbursements.

SCAN THE CODE
for more details about ProPay.

Or visit:

www.massschoolbuildings.org/building/funding/reimbursements



Matt Brown

Student/Fundraiser, Norwood High School

"After my injury, in the old building I had to have my dad drop me off around back and go in through a special door. Now I go in through the front door like everybody else. It has really changed the way every single day starts, seeing my friends and being right there with everyone else. The elevator actually fits me. The gym is an amazing place to watch a game. And in the new classrooms, it's much easier to work in groups comfortably. I no longer stick out in this wheelchair."

Financial Overview 2011

For fiscal year 2011, the MSBA's primary funding sources are the portion of the Commonwealth's state-wide sales tax revenue dedicated to the MSBA, interest and grant income.

The primary component of the MSBA's expenditures for fiscal year 2011 was grant payments to cities, towns and regional school districts. On a cash basis, these grant payments totaled approximately \$754 million. The other major component of the MSBA's expenditures resulted from the \$315 million expended, on a cash basis, on debt service and related costs from debt obligations issued by the MSBA.

At the end of fiscal year 2004, according to data maintained under the former program and furnished to the MSBA, the Commonwealth was reimbursing cities, towns and regional school districts for 728 previously approved projects ("Prior Grant 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 MSBA, 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 MSBA will ultimately fund for approved eligible project costs will be determined through an audit of the completed project conducted by the MSBA. These audits may increase or decrease the project cost estimates and will determine the actual amount to be reimbursed.

In fiscal year 2008, the MSBA began approving grants under the New Program for school construction and renovation projects. The MSBA's grant program for school building construction and renovation projects is a non-entitlement competitive program. The MSBA's Board of Directors approves grants based on need and urgency as expressed by the City, Town, Regional School District or independent agricultural and technical school and validated by the MSBA. Once the MSBA's Board of Directors invites a District to participate in the MSBA's grant program, the District and the MSBA work together in a collaborative process. Grants approved by the MSBA for projects may range from 31% to 80% of approved eligible project costs.

At the end of fiscal year 2011, the value of the outstanding Waiting List projects totaled approximately \$448 million, and the value of the outstanding Prior Grants projects totaled approximately \$1.9 billion. The MSBA expects to fund its remaining share of approved eligible project costs for Waiting List projects over the next several years. The MSBA 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. As of June 30, 2011, the MSBA had \$1.1 billion of commitments related to the New Program.

The information above, and on the following page, was derived from the MSBA's audited financial statements for the fiscal year ending June 30, 2011. 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 MSBA's Bonds. The information set forth above is dated as of a certain date and has not been updated since that date, and the MSBA disclaims any duty to provide an update of any information contained in this section.

Financials 2011

REVENUES

Dedicated Sales Tax	654,643
Other Income	25,669
Total Revenues	680,312

EXPENDITURES

Grant payments to Cities, Towns, and Regional School Districts*	365,127
Administration	10,839
Debt Service	206,519
Total Expenditures	582,485
Fund Balance	97,827

ASSETS

Cash and Cash Equivalents	383,914
Funds held by Bond Trustee	596,606
Sales Tax due from the Commonwealth	55,923
Interest Receivable	8,821
Grant Receivable	3,702
Loan Receivable	121,180
Other Assets	30,652
Total Assets	1,200,798

LIABILITIES

Accounts Payable	1,287
Grants Payable to Cities, Towns and Regional School Districts	2,324,917
Outstanding Authority Debt and Accrued Interest	4,473,615
Bond Premium	195,522
Other Liabilities	18,678
Total Liabilities	7,014,019
Net Deficit	(5,813,221)

WAITING LIST AND PRIOR GRANTS PROJECT SUMMARY

Value of Outstanding Estimated Waiting List Grants as of July 1, 2010	(635,200)
Value of Outstanding Estimated Prior Grants as of July 1, 2010	(2,325,336)
Total Amount of Grants	(2,960,536)

Waiting List Grants Paid	187,231
Prior Grants Paid	392,480
Total Amount of Grant Payments/Audit Adjustments During FY 2011	579,711

Estimated Remaining Waiting List Grants as of June 30, 2011	(447,969)
Estimated Remaining Prior Grants as of June 30, 2011	(1,932,856)
Total Amount of Estimated Remaining Grant Payments	(2,380,825)

* On a full accrual basis these grant expenditures do not include approximately \$389 million of payments made during FY 2011 for Prior Grants and Waiting List projects.

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.



SCAN THE CODE
for more detailed financials.

Or visit:
www.massschoolbuildings.org/about/finance



Massachusetts School Building Authority

The Massachusetts School 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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www.MassSchoolBuildings.org



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