

The August 28, 2024 Board meeting minutes were approved by the MSBA's Board of Directors at the October 30, 2024 meeting.

**Massachusetts School Building Authority
Board Meeting Minutes of August 28, 2024**

A meeting of the Massachusetts School Building Authority (the “Authority” or “MSBA”) was held on August 28, 2024. The meeting was held remotely via Zoom.

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

Others Present: James MacDonald, Chief Executive Officer; Mary Pichetti, Executive Director/Deputy Chief Executive Officer; Mike McGurl; Laura Guadagno; Christine Nolan; Matt Donovan; Brian Kelley; Kathleen Andrade; August Knuth; Siobhan Tolman; Annie Hudson; Barbara Hansberry; Karl Brown; John Jumpe; Katie DeCristofaro; Gianpiero Tirella, Julie Leonard; Miriam Vazquez; Vlad Nivorozhkin; municipal representatives; legislative representatives; local elected officials; and other members of the MSBA and the public.

Call to Order

The Chair called the meeting to order at 10:00 am and asked if anyone is recording the meeting. No one announced that they were recording the meeting.

She then explained that the meeting is being held in accordance with Chapter 30A of the Massachusetts General Laws and 940 CMR 29.03, but subject to Chapter 2 of the Acts of 2023, which permits remote participation by all Board members and allows the MSBA to use adequate alternative means, such as a conference call line, to ensure public access to the deliberations of the Board.

Next, the Chair provided a brief overview of the items on the agenda for the meeting. She explained that the Board will be voting to: approve minutes from the June 26, 2024 Board of Directors meeting; remove one project from the MSBA Capital Pipeline; authorize one proposed project to proceed into Preferred Schematic Design, with an estimated \$117.2 million in total construction costs; invite two districts to enter into a Project Scope and Budget Agreement, with an Estimated Maximum Total Facilities Grant of approximately \$103.7 million, and to approve three final audits from three districts with a Final Total Facilities Grant amount of approximately \$74.4 million. The Board will also be voting to approve staff recommendations for revisions to the MSBA Project Funding Limit policy and on the new MSBA Lease. Finally, the Board will receive updates from the Executive Director, Capital Planning, and Finance staff.

Approval of the June 26, 2024 Minutes

The Chair asked for a motion to accept the minutes of the June 26, 2024 Board meeting. A motion was made by Ms. Kwan and seconded by Mr. Deninger:

Approval of the Minutes of the June 26, 2024 Board Meeting

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Minutes of the June 26, 2024 Board meeting.

There being no Board discussion, the Chair asked for a roll call vote of the Board.

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Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

Project Removal from Capital Pipeline

Next, the MSBA's Director of Project Management, Chris Alles, explained that staff are recommending the Board vote to remove the Town of Belchertown from the MSBA Capital Pipeline. Belchertown submitted a Statement of Interest for the Jabish Brook Middle School and was invited into the Eligibility Period on April 14, 2021. The Board approved the District's Preferred Schematic at the December 13, 2023 Board meeting which proposed to replace the existing Jabish Brook Middle School with a new facility serving grades 6 through 8 on the site of the existing school.

Following the unfavorable results of the Town vote on June 17, 2024, the District's School Building Committee concluded that the project's overall cost and the current economic climate were the primary reasons for the failed vote. In a written communication to the MSBA after the vote, the District confirmed that the vote had failed locally. Subsequently, the School Building Committee voted not to proceed with the project and submitted its Declaration of Removal for the Jabish Brook Middle School.

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

Vote on Removing the Town of Belchertown's Statement of Interest from the MSBA Capital Pipeline

VOTED: That, whereas, on April 14, 2021, the Board voted to invite the Town of Belchertown to collaborate with the MSBA; and whereas, on April 27, 2022, the Board voted to invite the Town of Belchertown to conduct a Feasibility Study for the Jabish Brook Middle School; and, whereas, as described in the materials attached hereto as Exhibit A, the Town of Belchertown has notified the MSBA that it has decided not to further pursue its Statement of Interest, or Feasibility Study invitation, for the Jabish Brook Middle School, the Board hereby removes the Town of Belchertown's Statement of Interest for the Jabish Brook Middle 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.

There being no discussion, the Chair asked for a roll call vote of the Board.

Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes

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Sean Cronin – Yes

Matt Deninger – Yes

Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

Recommendation for Preferred Schematic Design

Next, the MSBA's Director of Project Management explained that the Board is being asked to approve the Preferred Schematic Design for the Cutler Elementary School in the Hamilton-Wenham Regional School District. The Hamilton-Wenham Regional School District is proposing to consolidate the student population of the existing Cutler Elementary School and Winthrop Elementary School and construct a new facility on the site of the existing Cutler Elementary School.

The proposed school is designed for 740 students in grades 1 through 5 and includes an estimated total project budget of approximately \$151.8 million dollars, and an estimated total construction budget of approximately \$117.2 million dollars.

The Director of Project Management noted that the proposed site development associated with the District's Preferred Schematic requires an extension of their lease agreement. Should the District be approved by the Board to proceed into Schematic Design for this proposed project and later considered by the Board for approval of a Project Scope and Budget Agreement and a Project Funding Agreement, the District must comply with the MSBA's land use requirements.

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

Vote on Moving the Hamilton-Wenham 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 Hamilton-Wenham Regional School District, in concept, the development of schematic designs to consolidate the student population of the existing Cutler Elementary School and Winthrop Elementary School and construct a new facility serving grades 1-5 on the site of the existing Cutler Elementary School, 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.

It was noted that the MSBA received a letter of support for the project from Massachusetts State Senator Bruce Tarr.

Ms. Kwan stated that Hamilton-Wenham Regional School District submitted a beautiful educational plan. Additionally, she urged other districts to begin professional development for the faculty as soon as possible in order to give them time to acclimate to the new facility.

State Representative Kristin Kassner thanked the MSBA for the opportunity to speak. She commented that the Hamilton-Wenham Regional School District is in need of a new elementary school, and the community is highly supportive of the project.

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Hamilton-Wenham Superintendent Eric Tracy expressed gratitude to MSBA staff, including MSBA Project Coordinator Nina Pappacostas, as well as state representatives and senators. He remarked that the project has been progressing smoothly, with MSBA staff providing excellent guidance throughout the process. He added that the District is looking forward to continuing its strong relationship with the MSBA.

There being no more discussion, the Chair asked for a roll call vote of the Board.

Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

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

Next, the MSBA's Design Director, Karl Brown, explained that the Board is now being asked to authorize the Executive Director to execute a Project Scope and Budget Agreement and a Project Funding Agreement with the Town of Burlington for a potential project at the Fox Hill Elementary School. The recommendation is for the construction of a new two-story, 91,000-square-foot facility on the site of the existing Fox Hill Elementary School in the Town of Burlington.

The proposed project has a design enrollment of 325 students, spanning kindergarten through grade 5.

The District provided a Total Project Budget of approximately \$100.5 million, which includes a total construction budget of approximately \$80.3 million.

Additionally, the District's proposed project may be subject to review by the Massachusetts Environmental Policy Act Office ("MEPA Review"). Therefore, the MSBA Board's authorization to enter a Project Scope and Budget Agreement and a Project Funding Agreement will be conditioned upon the District fulfilling the applicable requirements associated with the MEPA Review.

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

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

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project to replace the existing Fox Hill Elementary School with a new facility designed for 325 students in kindergarten through grade 5 on the existing Fox Hill Elementary School site, as further described in the materials presented to the Board and attached hereto and as such Proposed Project shall be

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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 Burlington in such forms as she may determine to be acceptable, for the Fox Hill Elementary School project at a reimbursement rate of forty-seven and forty-one hundredths percent (47.41%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$30,919,834, 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 \$31,490,671, 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.

Burlington Superintendent Eric Conti thanked the Board and the Executive Director. He commented that the town is excited to add Fox Hill Elementary School to its list of new schools. Superintendent Conti explained that these schools have a direct positive impact on the children of Burlington, and this success would not be possible without the support and guidance of the MSBA.

There being no more discussion, the Chair asked for a roll call vote of the Board.

Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

Next, the MSBA's Design Director explained that the Board is now being asked to authorize the Executive Director to execute a Project Scope and Budget Agreement and a Project Funding Agreement with the Town of Canton for a potential project at the William H. Galvin Middle School. The recommendation is to construct a new three-story, 218,350-square-foot facility on the site of the existing William H. Galvin Middle School in the Town of Canton.

The proposed project has a design enrollment of 1,020 students in grades 5 through 8, with the District's Preferred Schematic relocating grade 5 students from the elementary schools to the proposed new middle school.

The District provided a Total Project Budget of approximately \$241.8 million, which includes a total construction budget of approximately \$195.3 million.

Additionally, the District's proposed project may be subject to review by the Massachusetts Environmental Policy Act Office ("MEPA Review"). Therefore, the MSBA Board's authorization to

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enter into a Project Scope and Budget Agreement and a Project Funding Agreement will be conditioned upon the District fulfilling the applicable requirements associated with the MEPA Review.

The Chair asked for a motion, and the following motion was made by Ms. McKenzie 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 Canton

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Potential Project to replace the existing William H. Galvin Middle School with a new facility designed for 1,020 students in grades 5 through 8 on the site of the existing school, as further described in the materials presented to the Board and attached hereto and as such Proposed Project shall be further defined in the Project Scope and Budget Agreement, and authorizes the Executive Director to take all steps necessary to execute and deliver a Project Scope and Budget Agreement and Project Funding Agreement with the Town of Canton in such forms as she may determine to be acceptable, for the William H. Galvin Middle School project at a reimbursement rate of fifty-two and eighty-eight hundredths percent (52.88%) of approved, eligible costs, up to an Estimated Maximum Total Facilities Grant of \$72,808,198, 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 \$74,357,676, 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.

It was noted that the MSBA received letters of support for the William H. Galvin Middle School Project from State Senator Paul Feeny and State Representative William F. Galvin.

Bill Titus, aide to State Senator Walter Timilty, spoke on his behalf, expressing the Senator's strong support for the project, and thanking the School Committee, members of the public, and the MSBA.

Canton Superintendent Derek Folan thanked the MSBA and the Board. He commented that Canton has put their heart and soul into this project, describing it as a wonderful experience. Superintendent Folan explained that Canton's educational vision is what drove their design, stating that the building will be transformational for the community. He thanked Town Officials, State Representative Galvin, State Senator Feeny, State Senator Timilty, the School Building Committee, and the School Committee.

There being no more discussion, the Chair asked for a roll call vote of the Board.

Roll Call Vote:

Anne Brockelman – Yes

Terry Kwan - Yes

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Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

Approval of Audits, Capital Pipeline Program

The MSBA's Director of Audit, Miriam Vazquez, explained that the Board is being asked to approve three Capital Pipeline Program audits listed on Exhibit B. She explained that the total combined grant amount for these three projects is \$74,441,148.

The Chair 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 the projects listed in the spreadsheet attached hereto as Exhibit B and authorizes the Executive Director to make payments consistent with this vote.

There being no discussion, the Chair asked for a roll call vote of the Board.

Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

MSBA Updates

Executive Director's Report

Next, the MSBA's Executive Director, Mary Pichetti, shared a lookahead for the next six months, covering items related to SOI 2024 ARP, SOI 2024 Core Program, the MSBA Office Lease, the Heat Pump Conversion Study, and the School Survey.

Thereafter, the Executive Director presented a PowerPoint displaying outreach events that MSBA staff had participated in over the past few weeks. She attended the 30th Annual Paul J. Andrews Executive Institute in July, where she shared MSBA updates with participating Superintendents, including Policy and Legislative changes, Statements of Interest, the Green Schools Program, Model Schools, and the Post-Occupancy Evaluation Program, as well as the upcoming "Building a Logo" design contest.

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Next, MSBA Director of External Affairs, Maria Puopolo, provided the Board with an update to the MSBA "Building a Logo" Contest, which opens September 16, 2024, for public school students in grades 10, 11, and 12. She explained that the contest aims to connect students with a deeper understanding of the work accomplished at the MSBA and invites the MSBA's most important clients, the students, to assist the MSBA in reimagining a new authority logo. By participating in this competition, young artists will have the opportunity to expand their artistic horizons and gain recognition for their creativity and skill.

The Executive Director thanked Maria and all the committee members who worked on putting this contest together.

Ms. Kwan suggested that the Logo Committee work with the Department of Elementary and Secondary Education ("DESE") to obtain a list of graphic arts instructors to encourage their students to participate in the contest.

The Treasurer commented that this contest is going to be very fun, and that she looks forward to seeing the submissions.

Thereafter, the Executive Director shared photos from ribbon-cutting ceremonies at Waltham High School, Somerset Middle School, and the Elizabeth Lyons Elementary School in Randolph.

Next, the Executive Director then shared staff updates, congratulating MSBA staff on various promotions. She congratulated Lexi Winston for her promotion to Assistant Project Manager, Christina Forde and Becca Whidden for being promoted to Senior Project Managers, and Veatriki Dagkalakou for her promotion to Project Manager 3. Additionally, she congratulated Katie DeCristofaro and Elena Seiti on their promotions to Senior Capital Program Managers, and Jennifer Flynn, Sarah Przybylowicz, and Allison Sullivan on being promoted to Program Managers. She also congratulated Yona Baer for his promotion to Senior Project Manager and Vlad Nivorozhkin for being promoted to Project Manager 2.

Continuing with staff updates, the Executive Director congratulated Vlad Nivorozhkin on completing his Master's Degree in Applied Data Science, and extended her congratulations to Evan Levesque and his wife on the birth of their twin daughters in June.

The Executive Director thanked the Chair and the Board for their continued support and assistance. She also thanked MSBA CEO Jim MacDonald for his guidance and thanked all MSBA staff for their perseverance and hard work.

Project Status

Accelerated Repair Program Consultant Procurement 2024-2025

Next, the MSBA's Director of Capital Planning, Mike McGurl, provided an update on the Accelerated Repair Program ("ARP") Consultant Procurement for 2024-2025. He explained that staff had completed a review of responses to the ARP Designer Consultant Request for Responses ("RFR") issued on March 28, 2024.

Historically, the MSBA issues an RFR every three years to procure designers for the ARP. For the 2024 ARP Program, the eligible project scope is limited to the replacement of windows and doors, as well as the replacement or restoration of roofs that have reached minimum years of service. The MSBA plans to conduct a separate procurement for heat pump designers in 2025.

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The MSBA received twenty-four responses to the Designer RFR. MSBA staff conducted a comprehensive review and evaluation of each response in accordance with the criteria outlined in the RFR. These evaluations were presented at the July 23, 2024, Designer Selection Panel meeting for the Panel's input and evaluation. The Designer Selection Panel voted in agreement with the selection committee's recommendations, determining that the twenty-one firms listed submitted the strongest applications and best met the requirements for providing services in the Accelerated Repair Program.

MSBA staff have also completed a review of responses to the Accelerated Repair Program Owner's Project Manager ("OPM") Consultant RFR issued on April 4, 2024. Similar to Designers, MSBA has historically issued an RFR every three years to procure OPMs for the ARP. While the MSBA will conduct a separate procurement for heat pump designers in 2025, it is anticipated that the OPMs selected from this procurement will also be assigned heat pump projects.

The MSBA received twenty-one responses to the OPM RFR. MSBA staff completed a comprehensive review and evaluation of each response in accordance with the nine criteria outlined in the RFR. An overview of the Accelerated Repair Program and the procurement was given at the August 5, 2024, Owner's Project Manager Review Panel meeting for informational purposes only. The recommendations of the review committee were presented to the MSBA's Executive Director, who agreed with the selection committee's recommendations that the eighteen firms listed submitted the strongest responses and best met the requirements for providing services in the Accelerated Repair Program.

Recommendation to Revise MSBA Project Funding Limits Policy

Next, the Executive Director explained that the Board is now being asked to approve a recommendation for construction funding limits. Upcoming presentations related to the recommendations resulting from the Statement of Interest process for the ARP and Core program are anticipated at the October and December Board Meetings. All three of these presentations have considered the possible implications of new legislation as FY24 concludes with an overall negative sales tax growth.

She explained that the MSBA Director of Project Data, John Jumpe, will present on the construction funding limits, which were last adjusted in October 2023 for grants approved on or after October 1, 2023. This year, the sales tax growth has been negative, with FY24 estimated to be approximately 1.6% less than actual collections in FY23.

The legislation approved in August 2023 allowed the Annual Cap for the Core program to increase in line with sales tax growth, up to a maximum of 6.5%, which is 2% higher than previously established. While the MSBA is considering a recommendation to increase the construction funding limit, the negative sales tax growth will impact the Annual Cap.

The Executive Director explained that today, staff will recommend utilizing the flexibility created by the approved legislation to propose the maximum funding possible for districts in the MSBA program, while also minimizing any impact on invitations to the Core Program.

Information will be presented regarding potential increases to the construction funding limits. This is especially important following the significant progress made in 2022, with a 20% increase in the funding limit, and in 2023, which saw a 40% increase. Project teams have been reporting a stabilization in construction pricing, with annual escalation returning to historical norms. This recommended increase provides the opportunity to stay aligned with anticipated escalation moving forward. More information will be presented as to what this could look like.

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For this year, staff believe that this recommendation can be absorbed with minimal impact on the number of new invitations for the Core Program, knowing the legislative increase in the Annual Cap took effect in FY 23.

While studying this recommendation, staff have considered the anticipated invitations for both the ARP and Core programs. This marks the first year that the MSBA can plan its invitations with the ARP grants applied outside the Annual Cap. In October 2023, when staff proposed the re-launch of the Accelerated Repair Program, staff estimated based on past invitations that the budget should be doubled from \$75 million to \$150 million, which would enable us to double the average number of project invitations from approximately 35-40 to about 70 Statements of Interest.

However, this year's Statements of Interest include 58 roof projects, resulting in nearly 6.5 times the amount of square footage compared to the past five years. Additionally, staff have observed a dramatic increase in square foot pricing for roofs over recent years. With the legislation, ARP is outside the Annual Cap, therefore, staff are conducting due diligence site visits on all eligible Statements of Interest. If these site visits confirm that all remain eligible, staff would recommend at the October Board meeting an increase to the MSBA budget to support this year's invitations that could potentially double the originally estimated budget.

Staff believes that inviting a higher number of Statements of Interest for the ARP in 2024 is appropriate for several reasons. Firstly, this budget will not apply against the Annual Cap and, therefore, will not affect the number of invitations that can be eligible for the Core Program. Staff review does indicate that there is a sufficient amount of unrestricted cash to support this increased invitation level.

Secondly, following a one-year pause in the program, staff finds that inviting in a larger number of Statements of Interest is likely more manageable than in previous years. Lastly, as the MSBA plans to launch a heat pump conversion grant program in early 2025, enhancing school buildings with improvements to their envelope, such as new windows and roofs, will be a vital step toward reducing reliance on fossil fuels and being more ready for a possible heat pump conversion.

While the staff supports this approach for the current year, they are not recommending it as a standard practice for future years. Future recommendations will include a review of all the factors, including sales tax growth and the new processes for the 2025 Statements of Interest, which will include the first biannual opening for roof and window projects as well as the findings and corresponding budget from the heat pump conversion study.

Continuing with the recommendation for project funding limits, the Director of Project Data, John Jumpe, emphasized that the MSBA's overall goal is to identify an appropriate construction cost funding limit moving forward and to determine the number of Statements of Interest that the MSBA can invite into the Capital Pipeline later this year.

Today's recommendation, which reflects the possibilities of the new legislation in a year where there is a negative sales tax growth, is for a potential increase that would be effective for projects receiving project scope and budget approval on or after January 1, 2025.

The MSBA's construction cost funding limit, implemented in early 2009, has been increased five times based on growth to the annual cap. In June 2021, the funding level was raised by 8% due to final audit savings and increase to the annual cap resulting from the Student Opportunity Act. This was followed by a 20% funding increase in December of 2022, coinciding with the temporary pause

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of the Accelerated Repair Program, and an additional 40% increase in October 2023 to maximize the impact of added cap space included in the FY24 State Budget.

Currently, the MSBA reimburses Districts up to \$550/sf for eligible Building Area, \$55 per eligible sf for otherwise eligible site costs, for a total of \$605/sf plus Eligible Demolition and Abatement towards construction costs, along with professional services, and FF&E. However, challenges remain to persist, and construction costs continue to vary widely and outpace MSBA's current increased funding levels.

Next, the Director of Project Data displayed a slide illustrating the growth rate of the dedicated sales tax over the last twenty years, noting that for three of those twenty years, the growth in the dedicated sales tax exceeded 6.5%. The dedicated sales tax revenue for FY24 was about 1.6% lower than that for FY23.

Thereafter, he explained that as part of this year's review, staff performed a preliminary analysis of site costs to determine whether an adjustment to MSBA's current funding policy of up to 10% of the MSBA's building cost funding limit was necessary. Staff noted an increase in overall site cost, but when viewed as a percentage of building cost, site costs have remained relatively steady. This suggests that increases in site cost are more likely correlated to overall increases in construction cost. Therefore, staff are not recommending any changes to the MSBA's current policy of funding site costs at 10% of MSBA's building cost funding limit.

This year's review was similar to the approach taken previously, where staff compared estimated grant values to projected Annual Cap space to determine what could be applied to future projects.

To estimate future project invitations, staff assumed that a typical project would involve a Feasibility Study grant of \$600,000, with an enrollment of 757, an eligible building area of 160,000, and a reimbursement rate of 63.18%.

For both Building Cost Funding Limits and Annual Cap, staff assumed a long-term increase of 6.5% annually, which is the new upper limit established by the recent legislation. To align with the FY24 dedicated sales tax revenue, staff assumed a 1% reduction for FY25 annual cap (the estimate when the modeling was done). Additionally, staff assumed that funding level changes would go into effect on January 1, 2025.

Similar to last year, staff evaluated three options and estimated the number of projects that could be supported by the Annual Cap. The first option considered maintaining the current building cost funding limit of \$550 per square foot and the site cost limit of \$55 per square foot. Under this scenario, it is estimated that the MSBA could invite approximately 18 projects over the next couple of years, followed by about 17 projects per year. The second option proposed increasing the building cost funding limit by approximately 3.5% to \$569/sf, alongside an increase in the site cost limit to \$57/sf. Under this scenario, it is estimated that the MSBA could invite between 16 and 17 projects per year, generally alternating each year. Lastly, the third option involved increasing the building cost funding limit by approximately 6.5% to \$586/sf, with the site cost limit increasing to \$59/sf. This scenario indicates that the MSBA could invite about 16 projects per year. This option is also expected to require that future grant space be allocated to current project approvals for about 10 years.

Based on continued increases in school construction cost, the financial challenges that are being faced by districts, and the options presented annually to readjust or pull back on the planned level of invitations by a project or two in the future if lower tax revenues continue, staff recommends a 6.5%

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increase to \$586/sf for eligible building plus \$59/eligible sf for eligible site costs effective for projects approved on or after January 1, 2025.

This recommended increase aligns with the newly established annual limitation, and while it may seem a bit optimistic given last year's SMART Fund collections, it aligns with the MSBA's goal and practice of efficiently distributing all available annual cap space. The MSBA has the administrative procedures in place that enable flexibility in moving cap space between fiscal years to support districts and adapt to their changing project schedules. Additionally, the MSBA has experienced a few projects that failed to secure local authorization and funding. This recommendation aims to sustain recent progress and prevent further lag in keeping up with the increases in construction costs. Staff believe that for this year, this recommendation can be absorbed with minimal impact on the number of new invitations for the Core Program.

The Director of Project Data thanked MSBA Project Manager Yona Baer for his help with this presentation.

The Chair asked for a motion, and the following motion was made by Ms. Vanderhoef and seconded by Ms. Kwan:

Approval of Massachusetts School Building Authority's Project Funding Limits Policy

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the following recommended changes to the Authority's funding policy, effective for districts receiving Project Scope and Budget approval on or after January 1, 2025, as further described in the materials presented to the Board and attached hereto, and hereby authorizes the Executive Director to do all acts and things necessary to implement the following recommended changes to the funding policy:

- Adjust the current policy of funding from up to \$550/sf for building costs, plus eligible demolition and abatement (exclusive of eligible sitework costs), to \$586/sf for building costs, plus eligible demolition and abatement (exclusive of eligible sitework costs);
- Apply MSBA's sitework cost allowance guidelines to include up to \$59/sf in addition to the proposed building cost increase of \$586/sf, for a total construction cost funding limit of \$645/sf, plus eligible demolition and abatement; and
- Make the policy effective for districts receiving Board approval of a Project Scope and Budget on or after January 1, 2025.

Mr. Deninger asked if it was effective to absorb the growth seen in sales tax for this year and then to see what happens next year. He also asked if there were any concerns about future sustainability if there were to be a period of continued negative growth.

The Director of Project Data answered that the MSBA does get some money back from final audit savings; however, staff does not want to see project failures and allocated cap space become available to other projects. He added that staff does see that borrowing from future cap space may have to be done for a small amount of time, but both seem to be stabilizing. He explained that next year, there might just be a project or two less, but that staff are confident that this will not become a long-term problem.

Mr. Cronin commented that the presentation was very thorough, clear, and much appreciated.

The August 28, 2024 Board meeting minutes were approved by the MSBA's Board of Directors at the October 30, 2024 meeting.

There being no more discussion, the Chair asked for a roll call vote of the Board.

Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

Supplemental Grant Update

Next, the Director of Capital Planning provided an update on the status of projects that were approved for adjustments to their Maximum Total Facilities Grants at the October 25, 2023, Board of Directors meeting.

On October 25, 2023, the Board approved increased funding limits for thirty projects that fit the timeline outlined in the legislation enacted within the FY24 Commonwealth Budget, as well as nine additional projects approved by the Board for Project Scope and Budget between October 1, 2022, and October 1, 2023.

Throughout FY24, multiple staff members have been committed to processing these amendments and payments on a priority basis. Their work has included calculating the increased project grants, amending existing funding agreements, and processing supplemental grant payments. This effort will continue into FY25.

For the nine projects approved by the MSBA for additional funding in Category 2, each district has received an amendment from the MSBA that increases its funding limits, and all nine amendments have been fully executed. Since each of these districts is still in the design development phase or the early stages of construction, no retroactive payments were required.

The Director of Capital Planning further reported that for the 30 projects approved for increased funding limits associated with the legislative supplemental grants, MSBA staff have completed the following: (1) all 30 amendments to Project Funding Agreements in Category 1 have been issued and executed. These 30 amendments represent approximately \$278 million, compared to the original estimate of \$270 million in supplemental grants; (2) as revised Project Budgets have been reviewed and amendments processed, staff have simultaneously been reviewing reimbursement requests from the districts to determine whether the projects have incurred and submitted sufficient costs to support payments associated with the increased funding limits of the supplemental grant; and (3) in February, the MSBA processed its first reimbursement requests. This required developing new processing procedures, multiple conversations with the districts, and additional tracking steps beyond our standard payment process. As of today, all 30 projects have received payments totaling \$188 million in reimbursement, with approximately \$91 million applied to the \$100 million provided by the Commonwealth and the remaining \$97 million provided by the MSBA.

The MSBA has confirmed with the Executive Office of Education (the “EOE”) that remaining amendments and payments can be completed beyond June 30, 2024. The MSBA has received the full \$100 million from the Commonwealth.

The August 28, 2024 Board meeting minutes were approved by the MSBA's Board of Directors at the October 30, 2024 meeting.

Lastly, he noted that the August Board Memo will serve as the final Status Update for the supplemental grants now that all associated Project Funding Agreement Amendments have been completed. MSBA staff will continue to give periodic informational updates to the Board at future Board meetings. In the meantime, staff will continue to work with each district to assist in the identification and development of reimbursement requests.

The Chair complimented MSBA staff for their work on this effort. She added that she has received positive feedback regarding the smooth rollout of this process, and that districts have expressed that they are extremely grateful for the continued support. The Chair then thanked the Executive Director and everyone who was involved in this effort.

Project Overview Report

Next, the Director of Capital Planning provided an update on the Town of Stoughton's Project Scope and Budget Approval. The South Elementary School Project was approved at the MSBA Board of Director's meeting on April 24, 2024. The 120-day deadline for the District to secure local authorization was August 22, 2024.

The District has reported that the required Town Meeting vote, held on May 6, 2024, passed locally; however, the associated debt exclusion vote, held on June 11, 2024, failed. The Town has since requested an extension to re-evaluate its selected construction delivery method and undertake additional local actions to authorize funding for the proposed project.

MSBA staff supports an extension of time through April 3, 2025, to allow the District to conduct a vote affirming support at a Special Town Meeting in the Fall of 2024, and then hold a subsequent debt exclusion ballot vote for the proposed project on April 1, 2025.

Next, the Director of Capital Planning provided an update for substantially completed projects. For projects scheduled for 2024, twelve (12) projects are scheduled to achieve substantial completion. Westwood opened its new Elementary School following the February vacation week. Staff are currently tracking the remaining eleven (11) projects, which are scheduled to open for the start of the school year. Stoneham is reporting an approximate one-week delay to their originally scheduled start date. Staff will continue to monitor these projects and provide an additional update at the October Board meeting.

Thereafter, MSBA Project Manager, Vlad Nivorozhkin, shared the upcoming bid maps. The MSBA is currently tracking twenty-three (23) projects for filed sub-bidding through 2026. This includes all projects that have been approved for Preferred Schematic Design prior to today's meeting. The twenty-three projects have a combined total estimated construction budget of approximately \$3.1 billion.

For 2024, the six projects have received filed sub-bids, and the MSBA is tracking an additional two projects for the year. Those two projects have an estimated construction budget of approximately \$282 million. 2024 bidding continues with East Longmeadow and Lynn upcoming.

In 2025, the MSBA is tracking seventeen projects with an estimated construction budget of approximately \$1.95 billion. Dedham was recently added following its Preferred Schematic approval at the June Board Meeting. Among the first to bid in 2025 will be Maynard and Newton.

For 2026, four projects with a combined estimated construction budget of about \$904 million are currently being tracked. The project count will continue to increase following today's meeting with the addition of Hamilton-Wenham.

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Next, the Director of Capital Planning explained that in the three-month lookahead, there are no sub-bids scheduled for September or October. However, Lynn is anticipating sub-bids in November.

For Design Bid Build Bids and Guaranteed Maximum Prices in the month of September, Greater Fall River is anticipating its Guaranteed Maximum Price while Amherst is anticipating general contractor bids. There are no bids scheduled for October or November.

Since the June Board meeting, Wakefield has reported its Guaranteed Maximum Price at \$221 million, or \$850/sf, compared to \$863/sf at PFA.

Each of the four projects reporting in 2024 has been below budget, with the average for the four projects being \$633/sf versus \$672/sf at PFA. The average for the remaining four projects scheduled for 2024 is \$723/sf, while the average at, the average for all eight projects was approximately \$700/sf (\$698/sf).

Finally, the Director of Capital Planning provided an update on the Accelerated Repair Program. For the 2021 program, twenty-one (21) of the twenty-six (26) reported projects were bid within the estimated budget. For the 2022 program, eighteen (18) of the nineteen (19) reported projects were bid within the estimated budget, while eight of the twenty-seven (27) remain pending.

Finance

The Executive Director shared that Laura Guadagno, the MSBA's Chief Financial Officer, has decided to retire. She expressed that it has been a pleasure working with Laura over the past six years, while highlighting Laura's dedication to her role and the MSBA's mission. She added that Laura was known for her high level of consideration for her team along with her gracious and kind approach. The Executive Director noted that while Laura is retiring, she has agreed to stay on part-time to help guide the finance team and the MSBA through this transition.

The Chair thanked the Executive Director for her update and expressed her deep appreciation for Laura's incredible six years of service. The Chair noted that Laura's work has been invaluable and that she was pleased to hear that Laura will not be disappearing entirely, but instead will be supporting the MSBA through this transition. The Chair then wished Laura good luck in her future endeavors.

The CFO thanked both the Executive Director and Chair for their kind words. She then thanked the members of the Board and MSBA staff for their support and guidance over the years. She stated that the MSBA has been the most successful entity in the public sector that she has worked with; and shared that the success of the MSBA is due to its staff and leadership. She added that it has been a privilege to serve as the MSBA's CFO through various projects and initiatives. Lastly, she noted that she looks forward to continuing her work with the MSBA in a part-time capacity to ensure a smooth transition and that she is very thankful for the opportunity she has had to serve the Commonwealth.

Jim MacDonald, the MSBA's CEO, also thanked Laura for her work and leadership during her tenure as the MSBA's CFO.

Sales Tax Collections Update

Next, MSBA Treasurer, Gianpiero Tirella, presented a PowerPoint and provided an FY2024 SMART Collections update. The full-year FY24 collections were \$20.2 million (1.60%) lower than FY23. July (FY25) collections of \$110.9 million were \$5.9 million (5.58%) higher than July of FY24.

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He then presented a slide with a graphical depiction of FY2020 – FY2024 monthly SMART collections, and then year-to-date SMART collections by year from FY2020 – FY2024.

Grant Payments Update

Next, he provided an update regarding MSBA grant payments for projects in FY25, noting that the MSBA has made \$77,734,976 in grant payments to date in Fiscal Year 2024. These payments were for 58 projects in 53 districts.

FY24 Budget Update

Next, the MSBA's Director of Budget and Finance Administration, Julie Leonard, provided the Board with an FY24 budget update. She presented a PowerPoint with the FY2025 budget compared to the actuals for the Total Operating and Capital Budget, Administrative Expenses, Capital Pipeline Support Services, Operating Expenses, and the Grant Program.

Legal Update

MSBA Lease

Next, the Executive Director presented a recommendation for the Board to authorize her to execute a lease for office space on the 4th floor at 10 Post Office Square for a term of ten years, plus a period of free rent, for 18,596 rentable square feet. She explained that staff has been working diligently for over a year on this venture and thanked several MSBA employees for their help, including Matt Donovan, Siobhan Tolman, Brian Kelley, Christine Nolan, Karl Brown, Maddie Esdale, Phil Daley, Kerrie Griffin, and Neil Cronin.

As shared at the June Board of Directors meeting, the MSBA's current office lease expires on June 30, 2025. The MSBA issued a RFR at the end of April 2024 and received sixteen proposals, including a proposal from the MSBA's current office space. The Selection Committee evaluated the sixteen proposals and visited eight of the nine shortlisted spaces. After the site visits were completed, the Selection Committee then shortlisted five office spaces for further consideration. As reported in June, in conjunction with its Tenant Representative, the MSBA requested further clarifications from the five shortlisted, and in conjunction with its selected designer, conducted reviews of the test fits provided by the landlords. Based on the additional feedback from the five, the MSBA completed an additional detailed review of the two options and as approved by the Board in June, executed a letter of intent with the conditionally selected property owner.

The Executive Director further noted that after working with the landlord under the terms of the Letter of Intent, the MSBA determined that the lease terms for 10 Post Office Square, as outlined in the board memo, offered the best value for the MSBA and its business needs. The MSBA has resolved the key financial items associated with the lease and is continuing to work with the landlord to finalize the language for some of the additional lease terms. With the Board's approval, the MSBA will execute the lease and commence the office buildout.

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

Vote to Authorize the Executive Director to Negotiate, Enter into, Execute and Deliver a Lease Agreement

The August 28, 2024 Board meeting minutes were approved by the MSBA's Board of Directors at the October 30, 2024 meeting.

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby authorizes the Executive Director, or her designee, to negotiate, enter into, execute and deliver a Lease Agreement and all related documents, certificates, and instruments, for the use and occupancy, of approximately 14,849 square feet of usable office space at 10 Post Office Square in Boston, Massachusetts, as further detailed in the materials presented to the Board and attached hereto, which Lease Agreement shall be in accordance with the terms and conditions that the Executive Director, or her designee, deems necessary or desirable, which lease agreement will exceed a total cost to the Authority of more than \$250,000.

The Chair commented on the state of commercial real estate space in downtown Boston, noting that acquiring the new location would have been challenging in the past, but because the landlord has been supportive of the MSBA moving in, the process has been very reasonable.

Ms. McKenzie congratulated the team on a job well done.

The CEO stated that the team did a fantastic job, noting that it was a very complex process and because MSBA staff took the lead themselves, it was extremely helpful to have the assistance of professionals. He added that this is a significant opportunity for the MSBA to have a new environment and workspace as they move into 2025 and the future.

The Executive Director reminded the Board that the plan is to come forward with an amendment to the FY25 Budget now that a clear path of where the MSBA is headed has been established.

There being no more discussion, the Chair asked for a roll call vote of the Board.

Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

The Chair asked for a motion to adjourn the meeting. The motion was made by Ms. Vanderhoef and seconded by Mr. Deninger.

Roll Call Vote:

Anne Brockelman – Yes
Terry Kwan - Yes
Cassandra McKenzie - Yes
Sheila Vanderhoef – Yes
Sean Cronin – Yes
Matt Deninger – Yes
Deborah Goldberg – Yes

The motion passed – 7 in favor, 0 against, 0 abstaining

The August 28, 2024 Board meeting minutes were approved by the MSBA's Board of Directors at the October 30, 2024 meeting.

The meeting was adjourned at 11:35 am.

List of documents and exhibits used at the meeting:

- PowerPoint Presentation
- June 26, 2024 Board Meeting Minutes
- Project Removal from Capital Pipeline
- Recommendation for Preferred Schematic Design
- Invitation to Project Scope and Budget
- Audit Status Report
- Recommendation for Approval of Final Audits, Capital Pipeline Program
- Accelerated Repair Program Consultant Procurement 2024-2026 Update
- Recommendation to Revise MSBA Project Funding Limit Policy
- Supplemental Grant Update
- Project Overview Report
- Sales Tax Collection Update
- Grant Payments Update
- FY25 Budget Update
- Recommendation to Negotiate, Enter into, Execute, and Deliver a Lease Agreement