Association of Town Finance Committees Annual Meeting
Our Mission

Partner with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable, and cost-effective public school facilities.

About Us

- An Independent Public Authority
- Created in 2004 by an Act of the Legislature
- Seven-member Board of Directors chaired by Treasurer Steven Grossman

Board of Directors:
- Invites Districts to Participate
- Approves Proposed Solutions
- Approves Projects and Grants
About Us

- The Commonwealth has dedicated 1 cent of the statewide 6.25 cent sales tax (excluding meals) to the MSBA

- MSBA has a robust program of over 300 projects currently in our current capital pipeline
A Few Achievements

- $10.9 billion in payments to cities, towns and regional school districts

- MSBA has completed final audits of 1,023 projects totaling more than $16 billion in submitted costs

- Audited over $3 billion in costs for the projects currently submitting monthly requests for reimbursement

- Made over 850 site visits to more than 200 school process
All Projects

PROJECT TYPE:
- **NEW**
- **MODEL**
- **ADDITION/RENOVATION**
- **ACCELERATED REPAIR**
- **MAJOR REPAIR**
- **TO BE DETERMINED**

Total Projects: 402
2014 and Ahead

Project Status - Capital Pipeline, All Projects

PROJECT STATUS

Total Number of Projects: 315

Tuesday, October 07, 2014

Finance Overview
Sources and Uses

Dedicated Sales Tax/Bond Proceeds/
Other Income

- Former Program Inherited Liabilities/Commitments
- New Program
- Debt Service
- Operations
Inherited Programs Update

- Made more than $8.6 billion of grant payments to districts since FY05 towards more than 1,100 inherited projects
- More than 97% of inherited Waiting List liability retired to date
- More than 81% of inherited Prior Grant commitments retired to date

Municipal Finance Laws Regarding Former Program Annual Payments

- M.G.L. Chapter 70B, Section 19
  - If there is a decrease in the amount of interest payable related to a Project due to a refunding, the MSBA will recalculate the grant to share in the savings

- M.G.L. Chapter 70B, Section 15
  - Districts must provide notice to the MSBA of any sale, lease or removal from service of an assisted school building or a portion of an assisted school building
  - MSBA may recoup some of its investment and provides that future applications by the District may be affected
FY15 Grant Payments Update

**FY2015 YTD Grant Payments Summary***

<table>
<thead>
<tr>
<th>Program</th>
<th>Grant Payments</th>
<th># Projects</th>
<th># Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Program</td>
<td>148,572,448</td>
<td>135</td>
<td>97</td>
</tr>
<tr>
<td>Prior Grants</td>
<td>48,850,018</td>
<td>73</td>
<td>58</td>
</tr>
<tr>
<td>Waiting List</td>
<td>16,399,490</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>213,821,956</td>
<td>236</td>
<td>152</td>
</tr>
</tbody>
</table>

* Reflects grant payments as of September 30, 2014.
Process for MSBA Funding
Building With Us
(http://www.massschoolbuildings.org/building)
Funding the Project

- Three agreements that allow for payment:
  - Feasibility Study Agreement (FSA)
  - Project Funding Agreement (PFA)
  - PFA bid amendment (PFA bid)

- Project Funding Agreement (PFA)
  - Standard agreement that the MSBA enters into with Districts whose school projects have been approved

- After the PFA has been executed, and all other MSBA requirements have been met, the District can begin submitting requests for reimbursement to the MSBA for project costs beyond the Feasibility Study.
Reimbursement Rates (M.G.L. c. 70B)

- Base rate for each district of 31 percentage points

- Three Ability-to-Pay Factors can increase the reimbursement rate from the base before addition of any applicable incentives:
  - Community Income Factor (0-12 percentage points)
    - Per capita income
    - Source: MA DOR
  - Community Property Wealth Factor (0-28 percentage points)
    - Per capita equalized property valuation
    - Source: MA DOR
  - Community Poverty Factor (0-17 percentage points)
    - Eligibility for Federal Free/Reduced Lunch
    - Source: MA DESE

- Maximum rate, including incentives, not to exceed 80%
MSBA New Program Payments
Progress Payment System

- Enables MSBA to audit and pay as projects progress
  Captures detailed project budget and cost data

- Districts submit paid project costs monthly for MSBA review and applicable reimbursement

  project costs
  Reduces local debt

- Consistent, predictable payments allow communities to better manage their cash flow
Pro-Pay training

- Districts with an executed Feasibility Study Agreement or Project Funding Agreement are required to attend a Pro-pay training.

- Pro-a month on a Friday *(schedule is subject to change)*

- [http://www.masseschoolbuildings.org/calendar-date](http://www.masseschoolbuildings.org/calendar-date)
The MSBA requires and pays for building commissioning for MSBA-funded projects:

- Materials, and the operation of the building as a whole
- MSBA commissioned buildings undergo an intensive quality assurance process that begins during design and continues through construction, occupancy, and operations
- Commissioning ensures that the new building operates efficiently, and as the owner intended
- Commissioning also prepares the building staff to operate and maintain building systems and equipment
Completing the Project Closeout Process

The MSBA performs final audit to determine final total grant amounts and make final payment.

Process for Accepting the Draft Audit Report

A District has 10 business days from the date the MSBA sends the MSBA draft audit report by e-mail to accept or not accept the draft audit report by completing the Acceptance/Non-Acceptance Form.

If a District accepts the draft audit report, the District must submit the Acceptance Form within 10 business days from the date the MSBA sent the draft audit report. The draft audit report will then be submitted to the MSBA Board of Directors for its consideration and approval. Upon approval by the Board, the audit results will be considered final, and the MSBA will make the final grant payment. If any to the District. Failure to submit an Acceptance Form within the 10-day business day deadline will likely result in payment delays.

If the District chooses NOT to accept the draft audit report, the District must submit a signed Non-Acceptance Form within 10 business days from the date the MSBA sent the draft audit report. In addition, a District must submit in writing, to Joanna Agilo, Controller/Director of Audits, new documentation and a summary of the disputed issues/amounts within 20 business days from the date the MSBA sent the draft audit report. The MSBA will review this additional information only if these deadlines are met. Each District that submits a timely Non-Acceptance Form and supporting documentation may have the opportunity to meet with certain staff members of the MSBA and, if the review warrants it, a sub-committee of the Board of Directors of the MSBA before the audit results are submitted to the MSBA Board for its consideration. Once the Board has voted on the audit results, the results will be considered final, and the MSBA will make the final grant payment, if any, to the District.

If the MSBA does not receive the required Non-Acceptance Form and related materials within the above-specified time frame, the draft audit report will be submitted to the MSBA Board for its consideration and approval. The audit results will be considered final upon the vote of the MSBA Board, and the MSBA will make the final grant payment, if any, to the District.

Closeout Audit Forms®

Part of the closeout audit process includes the submission of certain forms. An Index of Final Closeout Audit Material listing the forms required for a specific project will be sent to the District. If you would like to request an Index of Final Closeout Audit Material please call or email Sarah Young at (617) 720-4495. The MSBA forms may be accessed via the links below. These forms are designed to be filled in electronically, printed, signed and submitted to the MSBA as email attachments or via the
Completing the Project Closeout Process

- MSBA pays up to 95% of the estimated maximum total facilities grant, pending audit
Policies & Guidelines
(http://www.massschoolbuildings.org/guidelines)
Geographic Information System (GIS)

Geographic Information System (GIS) is a comprehensive mapping tool allowing the user to view individual and overview project information across the Commonwealth.
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- Follow us on Twitter (@MASS_sba)