MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: James A. MacDonald, First Deputy Treasurer and Chief Executive Officer
John K. McCarthy, Executive Director and Deputy Chief Executive Officer
DATE: April 3, 2018
RE: Further Reconciliation of the Approved Allocation of Grants for the Combined Program Grant Funding Cap for Fiscal Years 2008 to 2018

As presented at the May 12, 2017, June 28, 2017 and December 13, 2017 Board of Directors ("Board") meetings, staff recommended and the Board approved administrative procedures that enhance the ability of the Massachusetts School Building Authority ("MSBA") to concomitantly maximize the use of the Annual Grant Program Funding Approval Cap and the availability of available project funding for the MSBA's Grant Program. Most notably, the Board approved the reconciliation of pre-project estimated grant amounts included in Feasibility Study Agreements and/or Project Funding Agreements for FY 2008 through 2016 with the actual Final Grant Values for those Projects approved by the Board after Final Audit and directed that any identified unused Grant Cap Space from that reconciliation ("unused cap space") be allocated to fund Grants for other projects, which are subject to approved and executed Project Funding Agreements. The Board further authorized the reallocation of any FY 17 unused cap space, which arose out of a District's failure to fulfill its local funding and appropriation obligations. Staff now recommends that the Board approve a Plenary Grant Funding Cap Space Reconciliation Vote under which the reallocation of any existing unused Grant Funding Cap Space will occur without further action of the Board whenever the Board approves a Final Audit or the Removal of a Project from the Capital Pipeline.

Discussion

Based upon previous Board authorizations, the current reconciled Cap Amount for FY 18 is:

Unused Cap Space from FY 17:	$113,093,418
Annual Cap Space for FY 18:	$575,424,067
Unused Cap Space from FY 08 – FY 16:	$209,754,987
Cap Space available for authorization in FY 18:	**$898,272,472**

As noted at the December 13, 2017 Board Meeting, there are 19 districts seeking approvals in FY 18 for core program projects having an approximate grant value of $950 million. These 19 projects include 8 high schools and 5 consolidated schools for a current total of about 3,675,000 gross square feet and current total project budget estimates of about $2 billion. In addition, staff have and will be recommending grants for the Accelerated Repair Projects from the 2017 Statement of Interest process in FY 18 with estimated grants totaling approximately $80 million. Since the $898,272,472 of cap space currently available for allocation in FY 18 as calculated above is not sufficient to fully authorize the project recommendations scheduled for the April and June Board meetings, staff are making the recommendations set forth below:

- That the Board approve the following policy: "Upon any past or future approval by the Board of a Final Audit, all Unused Grant Funding Cap Space, which is identified through any such Final Audit may be reallocated by the MSBA to support the funding of any current or future Approved Projects without any further action of the Board";

- That the Board approve the following policy: "Upon any past or future approval by the Board of the Removal of a Project from the MSBA Capital Pipeline, all Unused Grant Funding Cap Space which becomes available from any such Removal may be reallocated by the MSBA to support the funding of any current or future Approved Projects without any further action of the Board, provided that upon any such reallocation the Executive Director will estimate the amount, if any, that will be required to close out the existing grant for the Removed Project and that estimated amount will not be available for reallocation until the completion and approval of a final audit";
- Subject to the Board's approval of the above policies, the MSBA will do the following:
    - $20,000,000 of unused cap space allocated for the Abner Gibbs Elementary School Project in Westfield and $10,000,000 of unused cap space allocated for the Clarksburg Elementary School Project in Clarksburg, which have been removed from the Capital Pipeline, will be reallocated and authorized for the funding of one or more future projects beginning with projects that are anticipated for approval in FY 18;[1]
    - $16,489,897 of unused cap space, which arises out of Final Audits that were approved at the December 2017 and February 2018 Board meetings as summarized in Attachment A, will be reallocated and authorized for the funding of one or more future projects beginning with projects which are anticipated for approval in fiscal year FY 18;
    - $8,805,822 of unused cap space, which is identified in final audits to be approved by the Board on April 10, 2018, will be reallocated and authorized for the funding of one of more future projects beginning with projects that are anticipated for approval in FY 18; and
    - A calculation of all grant amounts scheduled to be approved in FY 18 will be presented to the Board before the close of FY 18 and, if the total grant value of those projects exceeds the reconciled FY 18 annual cap, the Board will be asked to conditionally vote to approve some project(s) without funding or with partial funding subject to full funding authorization to occur in the following fiscal year.

SUMMARY OF AVAILABLE CAP SPACE

SOURCE	AMOUNT	DATE
Pre-Authorized Grant Funding Cap Space from FY 17	$113,093,418	6/21/17
Annual Grant Funding Cap Space for FY 18	$575,424,067	FY 18
Authorized Reallocation of Available Grant Cap Space from FY 08 - FY 16	$209,754,987	12/13/17
Reallocation of Available Grant Cap Space from Westfield and Clarksburg Project Removals (See FN #1)	$30,000,000	4/10/18
Reallocation of Available Grant Funding Cap Space from Final Audits Approved by the Board on 12/13/17 and 2/14/18	$16,489,897	4/10/18
Reallocation of Available Grant Funding Cap Space from Final Audits to be presented to Board on 4/10/18	$8,805,822	4/10/18
Available Grant Funding Cap Space for FY 18	**$953,568,191**	

[1] The actual available amounts will be adjusted after Final Audit.

Attachment A

December 13, 2017 Board Meeting

	District Name	School Name	Project Type	Grant Reconciliation FY	Authorized Grant for Cap Reconciliation	Final Total Facilities Grant	Additional Savings in Final Audit Grant for Cap Reconciliation
1	Berlin-Boylston Regional School District	Tahanto Regional Middle High School	Core Program	FY 10	$21,198,751	$18,972,041	*$2,226,710*
2	South Hadley	Plains Elementary School	Core Program	FY 13	$15,294,099	$14,215,374	*$1,078,725*
3	West Bridgewater	Spring Street Elementary School	Accelerated Repair	ARP FY 16	$705,760	$429,400	*$276,360*
					$37,198,610	**$33,616,815**	**$3,581,795**

February 14, 2018 Board Meeting

	District Name	School Name	Project Type	Grant Reconciliation FY	Authorized Grant for Cap Reconciliation	Final Total Facilities Grant	Additional Savings in Final Audit Grant for Cap Reconciliation
1	Ayer-Shirley	Ayer Shirley Regional High School	Core Program	FY 13	$37,174,694	$34,918,419	*$2,256,275*
2	Cambridge	Fletcher/Maynard Academy	Accelerated Repair	ARP FY 16	$406,667	$371,366	*$35,301*
3	Franklin	Franklin High School	Core Program	FY 12	$57,246,682	$53,873,439	*$3,373,243*
4	Haverhill	Consentino Middle School	Green Repair	GRP FY 12	$1,230,147	$1,191,782	*$38,365*
5	Haverhill	John G Whittier Elementary School	Green Repair	GRP FY 12	$899,177	$823,274	*$75,903*
6	Haverhill	Tilton Elementary School	Green Repair	GRP FY 12	$638,139	$572,829	*$65,310*
7	Haverhill	Walnut Square Elementary School	Green Repair	GRP FY 12	$694,444	$497,757	*$196,687*
8	Holyoke	Wm J Dean Vocational Technical High School	Science Lab Initiative	FY 13	$5,470,908	$4,120,214	*$1,350,694*
9	Lynn	Thurgood Marshall Middle School	Core Program	FY 14	$53,583,875	$49,075,316	*$4,508,559*
10	North Reading	E Ethel Little Elementary School	Accelerated Repair	ARP FY 16	$813,985	$741,524	*$72,461*
11	Southwick-Tolland	Woodland Elementary School	Core Program	FY 12	$5,652,366	$4,717,062	*$935,304*
					$163,811,084	**$150,902,982**	**$12,908,102**

April 10, 2018 Board Meeting

	District Name	School Name	Project Type	Grant Reconciliation FY	Authorized Grant for Cap Reconciliation	Final Total Facilities Grant	Additional Savings in Final Audit Grant for Cap Reconciliation
1	Lynn	Pickering Middle	Core Program	FY 17	$864,100	$789,278	*$74,822*
2	Melrose	Herbert Clark Hoover	Accelerated Repair	ARP FY 15	$683,179	$471,297	*$211,882*
3	Northborough	Lincoln Street	Core Program	FY 14	$10,407,408	$9,835,735	*$571,673*
4	Pembroke	Hobomock Elementary	Accelerated Repair	ARP FY 14	$1,372,988	$927,130	*$445,858*
5	Pembroke	North Pembroke Elem	Accelerated Repair	ARP FY 14	$1,824,290	$1,448,340	*$375,950*
6	Pembroke	Pembroke Community Middle School	Accelerated Repair	ARP FY 14	$1,212,542	$1,171,150	*$41,392*
7	Pembroke	Pembroke High School	Accelerated Repair	ARP FY 14	$1,788,487	$1,354,114	*$434,373*
8	Deerfield	Deerfield Elementary	Accelerated Repair	ARP FY 16	$1,451,407	$949,139	*$502,268*
9	Newton	Angier Elementary	Core Program	FY 14	$11,509,438	$10,491,968	*$1,017,470*
10	Southern Worcester	Bay Path	Core Program	FY 12	$47,483,003	$43,842,234	*$3,640,769*
11	Southwick Tolland	Powder Mill	Core Program	FY 12	$10,171,226	$8,681,861	*$1,489,365*
					$88,768,068	**$79,962,246**	**$8,805,822**