The May 29, 2024, Board Meeting Minutes were approved by the MSBA's Board of Directors at the June 26, 2024, meeting.

Massachusetts School Building Authority
Board Meeting Minutes of May 29, 2024

A meeting of the Massachusetts School Building Authority (the "Authority" or "MSBA") was held on May 29, 2024. The meeting was held remotely via Zoom.

Members Present: Deborah Goldberg, State Treasurer and Chair; Matt Deninger, Designee of the Commissioner of Education; Anne Brockelman, appointed member; Sheila Vanderhoef, appointed member; Terry Kwan, 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; Maria Puopolo; Brian Kelley; Kathleen Andrade; August Knuth; Siobhan Tolman; Annie Hudson; Barbara Hansberry; John Jumpe; Julie Leonard; Peter Falk; John Crisley; 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 April 24, 2024 MSBA Board of Directors Meeting and voting on the FY25 Budget Recommendation and Authorization. Additionally, the Board will be voting to accept staff recommendations for a Financial Audit Support Services Consultant, a School Survey Consultant, an Enrollment Projection Analysis Consultant, and a Support Consultant for the Accelerated Repair Program Heat Pump Study.

Acceptance of the April 24, 2024 Minutes

The Chair asked for a motion to accept the minutes of the April 24, 2024 Board meeting. A motion was made by Ms. Vanderhoef and seconded by Ms. McKenzie:

Approval of the Minutes of the April 24, 2024 Board Meeting

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Minutes of the April 24, 2024 Board meeting.

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

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Sheila Vanderhoef - Yes

Deborah Goldberg – Yes

The motion passed – 5 in favor, 0 against, 0 abstaining.

Mr. Deninger joined the meeting.

FY2025 Budget Recommendation

Julie Leonard, the MSBA Director of Finance and Budget Administration, gave an update on the FY25 budget recommendation.

She noted that the FY25 budget recommendation was previously presented for review and discussion at the May 21st meeting of the MSBA's Administration, Operations, and Finance Subcommittee and Compensation Committee. She explained that, at that meeting, the Compensation Committee voted on staff compensation for FY25, establishing the Payroll Budget for the upcoming fiscal year. She noted that the updated budget for payroll has been included in today's presentation to the full Board.

The Director of Finance and Budget Administration began her budget presentation with the proposed budget for capital program grants, explaining that the FY25 proposed budget for the overall grant program is $847.1 million. In comparison to the FY24 budget of $823.6 million it represents an increase of 3.0%. She summarized the information shown on the slide by explaining that the breakout is $782.1 million for Core projects and $65 million for ARP projects.

The Director of Finance and Budget Administration next spoke about the budget development process for Core program grants. She explained that the budget projection is broken down by phase. The bulk of the budget for the Core program in FY25 is for projects in the construction phase, which accounts for approximately 68.28% of the total recommended budget of $801.9 million.

The Director of Finance and Budget Administration then presented a breakout of the projected cash flow per month for FY25, based upon the proposed budget of $801.9 million.

The next slide provided an illustration of how the MSBA's monthly cashflow projections from this year's budget compare to actual expenditures per month through the end of May, noting that, with one month left in the fiscal year, the MSBA is at 75% of the budget, which is on target with the original projections.

Next, Mary Pichetti, the Executive Director of the MSBA, provided a summary of the FY25 budget. She explained that one of the larger increases in the FY25 budget from the FY24 budget is specific to the increase in additional positions needed and the associated increase to the payroll budget. She reviewed the legislation enacted in 2023 and the resulting increases to the size of the program. She noted that this legislation has resulted in many positive changes such as an increase in funding levels, maintaining a higher level of invitations, the re-introduction of the Accelerated Repair Program, and commencement of a heat pump conversion study.

The Executive Director explained that with this increase in the size of the program, staff have been conducting reviews department by department to understand staffing levels and other operational expenses needed to support this level of organizational growth.

As presented at the Committee meeting last week, staff proposed an increase of 27 positions. This was presented as a phased approach with recommendations for additional positions in FY26

anticipated. She noted that based on the feedback from the AOF Committee, staff further reviewed the original proposal and found the original proposal to be the ideal workforce for the work currently underway and projected. However, in recognition of the impact on the organization's finances and the known challenges associated with recruitment, staff have reduced the current request to 17 positions from the original proposal and have proposed a longer, staggered approach to right-sizing the organization. She explained that the FY25 budget includes positions based on initial assessments for Capital Planning, IT, Human Resources, and Legal, with additional positions anticipated for FY26. Based on recommendations from the Audit of the FY23 financial statements, the resources and staffing levels needed for the Finance/Audit team will be informed by the anticipated resource report that is part of the scope. Pending the outcome of this report, staff anticipates presenting a proposal for staff augmentation for the Finance Department to the Board for possible revisions to the budget for FY25 at mid-year.

Next, the Director of Finance and Budget Administration presented information specific to Administrative Expenses. She explained that the Compensation Committee approved a 3% COLA for FY25, with an additional amount of 3% for merit. She noted that the budget for payroll also includes open positions (FTE) and co-ops with varying lengths of service. The FY25 payroll budget is $13,029,517, which as compared to the FY24 budget for payroll, represents a 33% increase. She then presented a slide that breaks out the value of the various components of the FY25 payroll budget of $13,029,517.

The Director of Finance and Budget Administration then explained the recommended budget for benefits for FY25 is $1,415,177, based on the trend in actual expenditures this year, as well as an inflation factor of 4.8%, which takes into consideration the significant fluctuation in inflation over the past year. This is a 37% increase from FY24.

For the office lease, there is an increase of 4% from $1.5 million in FY24 to $1.52 million for FY25. This amount covers the lease payment for our office space, taxes, storage, insurance, and cleaning expenses.

Next, the Director of Finance and Budget Administration gave an overview of cost for a potential office move due to the current lease expiring in June 2025. In total FF&E costs, the conceptual budget is $1,285,000. Staff are proposing an update and possible revision to the budget at mid-year due to the potential move.

She then noted that, for Information Technology, a 67% increase in the total, from $480K to $776K, is warranted due to implementing new software initiatives; staff, feature, and cost increases for already implemented software; and potential cost increases for Comcast, security certificates and domain renewals, SmartNet and network support, and hosting services.

For the OPEB Trust, the MSBA is recommending $250,000, the same as was budgeted for FY24. This reflects the goal of maintaining fully funded status.

Next, the Director of Finance and Budget Administration spoke about the second component of the MSBA's operating budget, which includes expenses for what the MSBA refers to as capital pipeline support services. She noted that the FY25 budget of $15.1 million is a 76% increase from the FY24 budget of $8.6 million. She explained that this budget category includes expenditures related to Project Management Services, Commissioning, Architectural Services, Post-Occupancy, costs of issuance, and that this year it also included the School Survey and the ARP Heat Consultant.

Additionally, other line items in this budget category include legal services and a summary category called "Other Professional Services" that includes expenses for general consulting services MSBA-wide, as well as various financial services such as audit, investment and financial advisory, rebate consulting and the like.

The Director of Finance and Budget Administration then presented a snapshot of the overall budget for capital pipeline support services which shows a decrease of approximately $195,900 as compared to the budget for FY24.

She then summarized by explaining that the Total Operating Expense Budget (inclusive of both administrative expenses and capital pipeline support services) for FY25 represents a 48% increase from FY24.

Next, the Director of Finance and Budget Administration explained the Total Operating and Capital Budget. The FY25 budget of $879,968,596 represents a 4% increase from the FY24 budget of $845,872,395.

The recommended budget for the Capital Grant Program in FY25 represents 96.26% of the MSBA's total overall budget proposed for FY25. These percentages are consistent with the FY24 budget as compared against FY23.

Lastly, the Director of Finance and Budget Administration gave an overview of the proposal for FY25 salaries and compensation. The FY25 budget recommendation is $13,029,517 compared to the budget recommendation in FY24 of $9,781,694.

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

Vote to Approve the Massachusetts School Building Authority
Fiscal Year 2025 Operating and Capital Budget

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby approves the Massachusetts School Building Authority Fiscal Year 2025 Operating and Capital Budget in the amount of $879,968,596 with such changes or reallocations of funds as may be deemed necessary or desirable by the Executive Director for the efficient operation of the Authority.

The Chair commented that there were lengthy discussions regarding the Budget in the Budget meeting. The Budget has been reviewed and discussed numerous times. She explained that MSBA staff has been doing more but with the same staffing levels, so it is important to fill positions and compensate current MSBA staff members appropriately.

Ms. Vanderhoef commented that she agrees with the Chair. She stated that there have been many conversations and the Budget has been thoroughly reviewed at the Subcommittee level. She fully supports what is being presented.

Ms. Kwan asked about recruitment efforts.

The Chair commented that recruitment has been a challenge throughout state government and even the private sector. The Human Resources Department at the MSBA has collaborated with the Treasurer's Office on recruitment strategies.

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The Executive Director commented that the MSBA utilizes a series of strategies in recruitment including hiring recruitment services. The MSBA will continue to cast a wide net of available positions looking for the unique skillset required for the grant program. Ms. Kwan asked if there were any incentives we could offer such as student loan repayment plans or onsite childcare. She commented that she is aware there are more restrictions for state agencies to offer incentives rather than private or for-profit organizations.

The Executive Director commented that the team will continue to consider potential strategies to meet the recruitment needs. The Chair commented that the hybrid schedule model the MSBA uses will become more valuable as other companies are pushing for employees to go back into the office full time.

Ms. McKenzie commented that she is very familiar with these situations. She encouraged the Executive Director and MSBA staff to keep at it with their recruitment efforts and to keep their arms wide in searches.

The Executive Director thanked Ms. McKenzie for her words. She explained that the MSBA wants to cast a wide net and show the industry the great opportunities at the MSBA.

MSBA's CEO, James MacDonald, commented that as of the end of last year, 42% of staff at the MSBA had less than five years of experience at the MSBA, demonstrating the cycle of staffing and stress that is put on existing staff as new employees come in, learn our unique process, and then leave for other opportunities. He stated that it is a challenge, and hopefully people can see that they can stay here, be comfortable, and grow a career at the MSBA.

He further explained that the Human Resources Department works very hard to hire people and noted that a great deal of effort and time is expended to recruiting, but despite their best efforts, it does not always result in a hire.

Ms. Kwan commented that the MSBA is a terrific place for people to learn and grow.

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

Matt Deninger - Yes

Deborah Goldberg – Yes

The motion passed – 6 in favor, 0 against, 0 abstaining.

Recommendation for Financial Audit Support Consultant

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Next, MSBA Director of Audit, Miriam Vazquez, explained that the Board would now be voting to approve a procurement for accounting and audit support services, including an assessment of resource needs. She explained that on April 17, 2024, the MSBA issued a Request for Responses. The MSBA received three responses to the RFR: Berry Dunn, McNeil & Parker, LLC (BerryDunn); Clifton, Larson Allen, LLP, (CLA); and Ernst & Young LLP, (EY).

The Procurement Management Team met to discuss the written responses and evaluate the firms based on the criteria mentioned in the RFR, including their approach to providing the requested services, qualifications of the firms and their personnel, and the capacity and organizational structure of the firms. The Procurement Management Team then requested virtual presentations from all three firms. After the three firms presented, the Procurement Management Team met to discuss the presentations and submit their final scoring.

The Procurement Management Team has calculated the cumulative scores of the responses and presentations for the three firms and has recommended entering into a Master Services Agreement for Financial Audit Support Services.

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

Vote Authorizing Executive Director to Enter into Contracts for Financial Audit Support Services

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby authorizes the Executive Director to execute and deliver one or more master services agreements for financial audit support consultant services, the cost of which may exceed $250,000.00, containing such provisions as she shall deem advisable, the definitive form of such master services agreements to be evidenced conclusively by her execution thereof.

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

Matt Deninger - Yes

Deborah Goldberg – Yes

The motion passed – 6 in favor, 0 against, 0 abstaining.

Recommendation for School Survey Consultant

Next, MSBA Project Manager Peter Falk explained that as presented in the recent May 14 Facilities Assessment Subcommittee meeting, staff has been in the process of procuring a consultant for a multi-year contract beginning in FY25 to complete the 2025 School Survey.

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Work associated with completing the 2025 School Survey includes assisting the MSBA in planning, conducting, and managing a facilities assessment of approximately 1,700 public schools in the Commonwealth of Massachusetts of various grade configurations, including elementary, middle, high, and vocational technical schools. The School Survey will result in a published report sharing an understanding of the building conditions and general environment at these schools.

Prior to generating the RFR for School Survey, as well as the RFRs for the Enrollment consultant and Heat Pump consultant, MSBA staff held a FY24 Procurement Overview for Engineers, Architects, and Project Managers with the Supplier Diversity Office on October 11, 2023. For SDO, the event provided an opportunity for the Office to describe its programs, tools, and webinars. For MSBA, staff provided summaries for upcoming procurements including: Technical Services, which concluded with a recommendation at the April Board meeting; School Survey, Enrollment, and ARP Heat Pump, which are being presented today; Commissioning, which was presented at the May 22 Facilities Assessment Subcommittee meeting and is scheduled for the June Board meeting; and OPM and Designer services for the Accelerated Repair Program, which are scheduled for the August Board meeting.

Procurement for School Survey services has been ongoing since January 2024, starting with drafting an updated RFR, and concludes at this Board of Directors meeting with a recommendation for Board approval. Following that, staff will draft a Master Services Agreement that will take effect starting July 1, 2024, for a term of twenty-one months on March 31, 2026. The MSBA may extend the contract term for a period of time necessary, as determined by the MSBA in its sole discretion, to complete the services related to the RFR.

MSBA received two responses in March 2024. The two firms responding were STV Incorporated and DLR Group. The evaluation criteria for this selection included facilities assessment experience, Information Technology experience, and the firms' approach to providing the requested services. MSBA staff are familiar with the firms that applied for this work.

The MSBA Procurement Management Team calculated the response scores based on the cumulative total of individual scores from each of the MSBA Procurement Team members and requested virtual interviews with both firms. The team has recommended signing a Master Services Agreement to complete the 2025 School Survey.

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

Vote Authorizing Executive Director to Enter into Contracts for Conducting a School Survey

VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby authorizes the Executive Director to execute and deliver one or more master services agreements for the planning and conducting for a school survey for public schools throughout the Commonwealth, the cost of which is anticipated to exceed $250,000.00, containing such provisions as she shall deem advisable, the definitive form of such master services agreements to be evidenced conclusively by her execution thereof.

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The Chair commented that she has always found the School Survey results to be helpful and interesting.

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

Matt Deninger - Yes

Deborah Goldberg – Yes

The motion passed – 6 in favor, 0 against, 0 abstaining.

Recommendation for Enrollment Projection Analysis and Support Consultant

Next, the Director of Project Data, John Jumpe, explained that as presented in the recent May 14 Facilities Assessment Subcommittee meeting, staff has been in the process of procuring for Enrollment Projection Analysis and Support Services for FY25 to review MSBA methodology and provide support in generating project enrollment projections. In FY18, the MSBA conducted a similar procurement.

Work associated with these services includes research into publicly available data sources that could support enrollment projections, review of MSBA's enrollment methodology, with a focus on community changes, and a "miscellaneous" special studies task used should it be needed.

Procurement for these services has been ongoing since December 2023, starting with drafting an updated RFR, and concludes at this Board of Directors meeting with a recommendation for Board approval. Following that, staff will draft a Master Services Agreement that will take effect starting July 1, 2024, for a term of one year with an option to renew annually for up to three additional years, under the same terms and conditions, at the discretion of the MSBA.

MSBA received five responses in March. The evaluation criteria for this procurement are typical for these procurements. The MSBA Procurement Management Team calculated the response scores based on the cumulative total of individual scores from each of the MSBA team members and agreed to request virtual presentations from the top three firms. The team calculated the cumulative scores of the responses and presentations for the three top firms and has recommended contracting with the UMass Donahue Institute for expert outside assistance in evaluating the MSBA's Enrollment Projection methodology and for Enrollment Projection support.

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

Vote Authorizing Executive Director to Enter into Contracts for Enrollment Projection Analysis Services

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VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby authorizes the Executive Director to execute and deliver one or more master services agreements for the review and analysis of the MSBA's enrollment projection methodology, the cost of which is anticipated to exceed $250,000.00, containing such provisions as she shall deem advisable, the definitive form of such master services agreements to be evidenced conclusively by her execution thereof.

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

Matt Deninger - Yes

Deborah Goldberg – Yes

The motion passed – 6 in favor, 0 against, 0 abstaining.

Recommendation for Accelerated Repair Heat Pump Consultant

Next, MSBA Senior Project Manager, John Crisley, explained that the Board is now being asked to approve a recommendation for a Heat Pump consultant for the Accelerated Repair Program. As presented at the May 22 Facilities Assessment Subcommittee meeting, staff has completed a review of responses to the Heat Pump Consultant RFR issued on February 29, 2024. This is the first procurement of this type; to select one consultant to evaluate existing public K-12 schools to determine scope, schedule, and cost factors to convert buildings to heat pump systems for heating and cooling.

The MSBA has received four responses to the RFR: BVH/Salas O'Brien; CMTA, Inc.; Fitzemeyer & Tocci; and IMEG. The evaluation criteria for the procurement included: a Firm's Qualifications Statement, Demonstrated Experience, Approach to Providing Services, Capacity and Organization Structure, and Price.

The MSBA Procurement Management Team calculated the response scores based on the cumulative total of individual scores from each of the MSBA team members and agreed to request virtual presentations from the top two firms. The team calculated the cumulative scores of the responses and presentations for the two top firms and has recommended contracting with BVH/Salas O'Brien to provide the services requested.

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

Vote Authorizing Executive Director to Enter into Contracts for Accelerated Repair Program Heat Pump Consultant Services

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VOTED: That the Board of Directors of the Massachusetts School Building Authority hereby authorizes the Executive Director to execute and deliver one or more master services agreements for consultant services to assist the MSBA with services associated with developing programmatic processes to fund heat pump conversion projects within the MSBA's Accelerated Repair Program, the cost of which is anticipated to exceed $250,000.00, containing such provisions as she shall deem advisable, the definitive form of such master services agreements to be evidenced conclusively by her execution thereof.

The Chair commented that she is very excited about this recommendation. She said it is necessary and that she is happy the MSBA is pursuing this.

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

Roll Call Vote:

Anne Brockelman – Abstain

Terry Kwan – Yes

Cassandra McKenzie – Yes

Sheila Vanderhoef - Yes

Matt Deninger - Yes

Deborah Goldberg – Yes

The motion passed – 5 in favor, 0 against, 1 abstaining.

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

Roll Call Vote:

Anne Brockelman – Yes

Terry Kwan – Yes

Cassandra McKenzie – Yes

Sheila Vanderhoef - Yes

Matt Deninger - Yes

Deborah Goldberg – Yes

The motion passed – 6 in favor, 0 against, 0 abstaining.

The meeting was adjourned at 11:01 am.

List of documents and exhibits used at the meeting:

- PowerPoint Presentation

The May 29, 2024, Board Meeting Minutes were approved by the MSBA's Board of Directors at the June 26, 2024, meeting.

- April 24, 2024 Board Meeting Minutes
- FY25 Budget Recommendation
- Recommendation for Financial Audit Support Consultant
- Recommendation for School Survey Consultant
- Recommendation for Enrollment Projection Analysis and Support Consultant
- Recommendation for Accelerated Repair Heat Pump Consultant