



NORTHSHORE
EDUCATION
CONSORTIUM

Board of Directors Minutes
October 25, 2023

Present:	Beverly:	Dr. Charochak
	Danvers:	Mr. Bauer
	Gloucester:	Mr. Lummis
	Hamilton Wenham:	Mr. Tracy
	Ipswich:	Dr. Blake
	Lynnfield:	Ms. Vogel
	Manchester-Essex:	Ms. Beaudoin
	Masconomet:	Dr. Harvey
	North Reading:	Dr. Daly
	Pentucket:	Dr. Bartholomew
	Rockport:	Dr. Branco
	Swampscott:	Ms. Angelakis
	Tri-Town:	Dr. Morrison
Triton:	Mr. Forget	
NEC:	F. Rosenberg	L. Fleming
	K. Mahoney	K. Mahoney
	M. Bourgault	Facilities Dir.
	J. Zeigler	AFT local President 4293
	D. Petronzio	AFT local Vice President 4293
Guests:	Daniel Schaffner	Fritz DeGuglielmo, LLC
	Suresh Bhatia	Atlantic Construction
Absent:	Lynn:	Dr. Alvarez
	Marblehead:	Ms. Cresta
	Nahant:	Dr. Pierantozzi
	Peabody:	Dr. Vadala
	Reading:	Dr. Milaschewski
	Salem:	Dr. Zrike

I. **Call to Order and Welcome to New Members and Introductions:** Ms. Angelakis called the meeting to order at 8:00 am and read the following statement: This Open Meeting of the NEC Board of Directors is being conducted remotely consistent with Governor Healey's extension of the temporary provisions pertaining to the Open Meeting Law to March 31, 2025.

II. **Approval of Consent Agenda**

MOTION: A motion was made by Mr. Forget and seconded Dr. Daly to accept the consent agenda which included the Sept 2023 BOD Minutes, October 2023 Appointments as presented. Roll call was done 14 voted to approve consent agenda.

VOTE: The motion was approved

- I. **Executive Directors Report and Priorities for FY24:** Ms. Rosenberg gave a brief update. The Full Report will be attached to minutes
- II. **Presentation of the FY23 Audited Financial Statements:** Mr. Schaffner reviewed the draft versions of the Financial Statements. He pointed out several required changes to the reporting format, including a change on how subscription based agreements are reported. Similar to the leases we added last year, this reporting is required but does not impact the general fund. Despite staff shortages and leadership transition, the audit went well and NEC was able to end FY23 with a small positive number. Mr. Schaffner stated that overall the audit went well without any findings or management letter needed.

Mr. Schaffner mentioned that he has been in touch with M&T bank regarding the HVAC project at Sohler Road and is available to help with any questions we have in terms of financing this project.

Mr. Schaffner stated that from his perspective, the overall standing of the consortium is consistent from FY22 to FY23 showing NEC is in a healthy financial position.

Board thanked Mr. Schaffner for his work and his support of NEC.

Mr. Forget stated that in regard to cumulative surplus, it's good to be at that number of \$4,305,557 , and that we'd actually like to be close to \$7,000,000. The Board needs to understand that it is not like in our own districts and that the regulations for collaborative are different. He reminded the Board that setting up the Capital Fund and OPED trust helps NEC have options for retaining surplus for future needs while staying below the 25% cap on cumulative surplus.

Mr. Bauer and Mr. Tracy left the meeting at 8:34

Motion: A motion was made by Dr. Bartholomew and seconded Dr. Morrison to approve the 2023 Audited Financial Statement as presented. Roll call was done with 12 voting.

VOTE: The motion was approved unanimously.

Mr. Bauer rejoined the meeting 8:36

Motion: A motion was made by Mr. Forget and seconded Mr. Lummis to approve the 2023 Uniform Financial Report (UFR) as presented. Roll call was done. 13 voted

VOTE: The motion was approved unanimously.

Motion: A motion was made by Dr. Bartholomew and seconded Dr. Blake to approve the amount of cumulative surplus at \$4,305,557. Roll call was done. 13 voted

VOTE: The motion was approved unanimously.

- III. **Treasurer's Report** - Mr. Mahoney reviewed the September 2023 Treasurer's Report (which will be attached to minutes) and gave a brief summary of report through September 30. Overall cash position remains consistent with sufficient funds on hand to meet net cash requirement. There were no questions.

Motion: A motion was made by Mr. Forget and seconded Dr. Branco to accept the September 2023 Treasurers Report as presented. Roll call was done. 13 voted to approve Treasurer's Report

VOTE: The motion was approved unanimously.

IV. **Update on FY24 Budget to Date:**

Financial Comments as of September 30, 2023 (Quarter 1)

Census for the month is positive 24 students compared to budget.

- *KOG is +3*
- *NSAU is +13*
- *NSAL is -4. They are getting referrals but have needed to slow admissions due to staffing levels.*
- *Recovery is +11*
- *Transition is +3*
- *TVA is -2*

Financial Highlights – September (Quarter 1)

Expenses are at 25% of budget. This is an acceptable amount as we are a quarter through the fiscal year. Many of the major expenses such as workers comp and liability insurance have been paid but salary expenses will grow in the last quarter. Revenues are at 31% of budget which is a positive indicator that we can expect to be above budget for the year.

KOG, NSAU, and the Transition programs are above budget for the first quarter due to enrollment numbers.

NSAL, TVA, and Recovery are showing losses. RHS revenue was lower due to the DPH grant funds coming in October.

There were no additional questions for Mr. Fleming. The Board thanked him for the helpful detail of the budget breakdown.

V. **HVAC Project Update:**

Ms. Rosenberg informed the Board that we only received one bid. The bid came in at \$11,474,000 which is \$3,768,534 over the estimated amount. We cannot accept this bid without securing additional funding. Ms. Rosenberg stated that given the likely interest rates, adding this level of debt will increase NEC's annual cash flow requirements substantially (1-2 million per year) in order to meet financial covenants. Future budgets will need to reflect this increased obligation through tuition increases, member assessments, or other cost savings measures.

Suresh Bhatia, Atlantic Construction (OPEM project manager) said contractors are swamped with business and having difficulty hiring which is leading to an escalation in costs.

He responded to several essential questions at today's meeting:

1. Substantially reducing the scope of the project is highly inadvisable and would increase costs over the next several years.
2. Delaying or rebidding would likely result in increased costs.
3. In terms of total project budget, he has reduced contingencies and held the Design and OPM costs to the original figure.
4. He believes that if we accept the bid, Amanti can reduce another 1M in costs, and possibly more if we are able to fully vacate portions of the building

Highlights of Board Discussion:

- *Dr. Bartholomew stated that we are looking at a 43% increase from May to October. How did we get so far off? Mr. Bhatia stated that if you had 4/5 bidders the numbers would have been much lower. All the suppliers talk to each other. Competition is far less. Rebid you would lose another whole cycle.*
- *Dr. Morrison agreed that this was a big number and wondered if there was a way to reduce the scope of the project.*
- *Dr. Branco asked how much of the scope and design can be modified?*

- *Dr. Bartholomew agreed when looking at change orders is going to be really hard and asked if we should accept this bid.*
- *Ms. Angelakis – Asked what is the solution or alternative? Do we sit around and wait or will that just increase cost?*
- *Mr. Forget – Do we have a plan B? It will be a struggle to approve this number. If we bid out in a couple of years maybe there will be more competition and drive the number down.*
- *Ms. Beaudoin asked about the catastrophic costs during flood and reminded the Board how expensive and challenging it was to move KOG students. We could be paying for this and more if we wait. Don't want to pay this much more. But waiting could cost a lot more.*

There was consensus that the Board needs more information before they can support this plan. Dr. Morrison suggested that the Facilities and Finance Committees meet to review details once we have a firmer number from the bank.

Mr. Bhatia will look for a request to extend the bid for 30 or 60-days and he will speak with Amanti about what a revised budget and timeline would look like...hypothetically if we could vacate the entire 3rd floor for April/May/June and the entire 2nd floor for July/August.

Ms. Angelakis suggested that the board will move the remaining agenda items to the December board meeting.

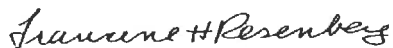
VI. Adjourn

MOTION: A motion was made by Dr. Bartholomew and seconded by Mr. Forget to adjourn the meeting at 9:44 am as presented. Roll call was done 13 voted to adjourn

VOTE: The motion was approved



Kathy Mahoney, Administrative Assistant to Executive Director



Francine Rosenberg, NEC Executive Director

Executive Directors Report

October 2023

This month's board meeting will be largely focused on the review of our Annual Financial Audit, and a discussion of the HVAC project, but I want to start with a reminder of why we do what we do.

At the Kevin O'Grady School Open House, parents and family members were asked to write down a wish for their child. Some of the wishes included:

"I want my son to smile every day"

"I want my daughter to be able to express herself" and

"For everyone to see my child's full potential"

"For my son to continue to love coming to school."

These, and other hopes and wishes are hanging in the front lobby to remind us of our priorities!!

Student Learning and School Climate

September and October have been focused on the development of a welcoming school climate in each building, with many new staff and students. While workforce issues, open positions, and absenteeism continue to be of great concern, we have been pleased to onboard many diverse and talented new employees. I am very proud of our new and improved staff orientation process, and of the fact that we have started affinity groups for BIPOC and LGBTQ employees.

In our Moderate Disabilities programs we have completed training on our new DreamBox Software for reading and math, and on our PD day in October, we had a very successful and engaging training on brain-based learning with consultant Dot Lucci.

All of our Schools held Fall Open House events for families. These were well attended and we have had a lot of interest in a new Parent Advisory Group which will be held quarterly on Zoom.

Many of our students had the opportunity to practice their social skills at the Topsfield Fair, and our KOG students enjoyed a wonderful performance of Brazilian music through a Young Audiences grant. Giving our students opportunities for enrichment and community engagement continues to be a hallmark of our programs.

Finance and Infrastructure

As you will hear, even with the transition to new accounting software, and the transition to a new Director of Finance, our annual financial audit went very smoothly. There were no findings of concern, and we are ending the year on budget with a small surplus.

We have had a significant setback this week with our HVAC project. Only one bid was received, and the cost was significantly higher than anticipated. At today's board meeting we will discuss next steps.

On a positive note, the first quarter of the year is financially on track, with enrollment and payroll close to budgeted amounts.

Advocacy and Regional Initiatives

Our first round of job-alike groups for special education administrators, team chairs, and school psychologists were all enthusiastically attended. Our training series on substance use prevention is going well, and our expanded Connections Program is in full swing.

As president of MOEC this year, I am continuing to advocate on behalf of our region around shared issues related to Recovery High School, funding for Collaboratives, and special education in general.

**Northshore Education Consortium
Treasurer's Report
as of September 30, 2023**

Interest Income - Current Month and Fiscal Year to Date

<u>Account Name</u>	<u>Interest Income</u>		<u>Interest Rates (APR)</u>	<u>Average Daily Balance</u>
	<u>Current Month</u>	<u>FY To Date</u>		
M&T Bank				
Payroll	-	-	0.00%	50,852.17
Accounts Payable	-	-	0.00%	386,179.65
Money Market 2	3,415.87	16,183.69	2.18%	1,537,766.09
Money Market 3	2,315.93	5,713.29	2.18%	1,698,679.85
Capital Reserve Money Mkt.	619.21	1,752.89	2.18%	345,902.99
Culinary - Topsfield	8.62	23.57	2.18%	6,853.77
Snack Bar	12.93	37.41	2.18%	7,396.96
KOG School Store	-	-	0.00%	1,877.96
TOTAL - INTEREST INCOME	6,372.56	23,710.85		

Revenue by Major Category - Budget to Actual Year to Date

<u>Description</u>	<u>FY24 Budget</u>	<u>Current Month</u>	<u>FY To Date</u>	<u>% Collected</u>
Tuition Income	24,574,945.00	2,842,117.43	2,867,317.43	11.67%
Summer Tuition	2,779,540.00	(11,869.00)	2,803,151.68	100.85%
Comm of MA Grants	662,000.00	0.00	122,500.00	18.50%
Other Income	560,300.00	14,962.14	282,846.50	50.48%
Interest Income	11,000.00	6,372.56	23,710.85	215.55%
Admin. Dues	200,000.00	0.00	199,635.00	99.82%
TOTAL - REVENUE	28,787,785.00	2,851,583.13	6,299,161.46	21.88%

Warrants Issued - Current Month

<u>Warrant Date</u>	<u>Amount</u>	<u>Purpose</u>
9/6/23	175,691.00	Acct Payable
9/13/23	137,316.94	Acct Payable
9/20/23	261,494.60	Acct Payable
9/27/23	84,084.17	Acct Payable
9/7/23	764,451.65	Payroll
9/21/23	816,213.05	Payroll

TOTAL - WARRANTS ISSUED 2,239,251.41

NET CHANGE IN CASH POSITION 612,331.72

