NORTHSHORE EDUCATION CONSORTIUM

Finance Committee Minutes
November 26, 2025
NEC: Fran Rosenberg, Larry Fleming, Kevin Mahoney, Kathy Mahoney
Committee: Mr. Brian Forget, Dr. Scott Morrison, Dr. Mark Branco, Dr. Mike Harvey, Mr. John Robidoux

1. **Call to Order:** Mr. Forget called the remote Finance Committee meeting to order at 8:03 am and stated "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"

2. **Treasurers Report** – Mr. Mahoney provided an update on the October 2025 Treasurer's Report, highlighting the following: October was the first month implementing the new Regional Transportation Contract. The large monthly payment to Nick's transportation, combined with a three–pay-period month, created short-term cash flow challenges. The Consortium ended the month with approximately $1.5 million in working capital, which is lower than typical for month-end. A new, separate reporting line has been added for Regional Transportation, which is being treated internally as a revolving account. Auditors have advised that it must still be reported within the general fund.

   Cash Flow: On October 10, a large payment was made to Nick's Transportation. On October 15, the Consortium drew down on its $1 million line of credit to cover transportation expenditures. Working cash essentially moved in and out quickly to support this payment. November financials already show improvement and are tracking close to projections. A $200,000 payment was made in November toward the line of credit. Month-end November working capital is expected to be approximately $650,000, consistent with anticipated levels. Mr. Mahoney emphasized that cash flow will continue to improve over time, and the plan is to continue paying down the line of credit to return to normal cash positions.

   Mr. Mahoney opened the floor to questions.

   Mr. Forget asked about the original repayment plans for the line of credit and whether NEC could realistically continue to pay $200,000 per month.

   Mr. Mahoney confirmed that $200,000 per month is the target, and the line of credit should be paid off by March 2026. He noted that April 2026 is another three–pay-period month, and timely payment of district invoices will be essential for maintaining cash flow.

   Ms. Rosenberg emphasized the importance of highlighting timely district payments at the full Board meeting on December 3, 2025, noting that some larger districts' timely payments significantly affect NEC's cash position.

3. **Updates from CFO:** Mr. Fleming led a discussion regarding increasing the Consortium's line of credit from $1 million to $2 million. The current $1 million line of credit now covers only a single transportation invoice, which significantly limits cash flow flexibility. An additional $1 million credit buffer would support day-to-day operations. When the line was originally established, $1 million had much greater purchasing power; today it is effectively the value of one pay-period cycle or one transportation invoice.

Mr. Forget expressed openness to increasing the limit but stressed the need to clearly communicate to the Board how and when the current line of credit will be paid back, to reassure members that the request reflects responsible financial planning rather than a crisis.
Mr. Fleming explained that transportation costs are the primary factor impacting cash flow. He noted that our surplus is lower than it has been due to the capital project, and that this, combined with the new transportation project does create stress on cash flow.

The Committee discussed that as the regional transportation contract expands and more districts participate, the model should become increasingly efficient and cost-effective.
Ms. Rosenberg noted that special education transportation is a statewide challenge, and NEC is learning a great deal as the system develops

Dr. Morrison noted that the presentation to the full Board will be critical, as the Board will need to approve the increased credit limit at the December 3, 2025 meeting.
He asked whether NEC could handle a monthly payback of $400,000 instead of $200,000 if needed.
Mr. Fleming responded that while NEC likely will not need to use additional credit capacity, having it available provides a safety net.

Mr. Forget noted that the increased line of credit does not need to be paid back within five months; it is a safeguard, not an emergency measure. NEC should pay it down as soon as feasible, but expanding the line is a straightforward, cost-effective tool. The Finance Committee ultimately holds authority over this financial strategy.

Mr. Fleming will prepare a brief presentation for the December 3, 2025 Board meeting explaining the proposed increase to the line of credit.

Mr. Robidoux agreed and expressed appreciation for Mr. Fleming's proactive financial planning.

4. **Capital Project (HVAC):** Mr. Fleming reviewed the status of the project noting that there are ongoing concerns
He provided an update on the ongoing and increasingly frustrating issues with the HVAC controls system, summarizing the following: NEC continues to experience inconsistent thermostat performance. The manufacturer of the control system has been difficult to work with, and the system still has control issues behind the scenes. NEC has held numerous meetings with the general contractor (GC), Owner's Project Manager (OPM), and the vendor responsible for the controls. Despite these efforts, the system has not functioned reliably for over six months. Final payment is being withheld, as NEC remains dissatisfied with the performance and lack of resolution.

Larry, and Monique have spent many hours troubleshooting with the vendors and are increasingly frustrated. Fran has escalated concerns to senior leadership at the contracting firms.
Committee discussion included: Concern over NEC incurring additional costs due to the defective system. Members discussed whether to pursue legal action, including the possibility of a demand letter. Several members suggested bringing the GC, OPM, and HVAC vendor before the full Board to explain the issues directly, as each party continues to blame the others. Members also noted that NEC was built with a controls system that the company no longer uses, raising further concerns about quality and accountability.
Dr. Morrison stated that bringing the parties before the Board would put their reputations on the line, which may compel quicker resolution.
Mr. Robidoux added that NEC should be clear that the vendor is "not getting another dime," and that any additional fees required to correct the issues should come from the vendor and not NEC.
The GC was specifically named, with members noting that subcontractors often do not feel the reputational impact—but the primary contractor does.
Mr. Forget agreed that attorneys should be involved, and that a demand letter is appropriate.

He emphasized the importance of protecting NEC's position and placing the contractor and vendor on notice that the Board is unhappy with the situation.

Mr. Fleming provided an enrollment update: Most NEC programs are operating at projected levels, NSAU enrollment is unusually low, after a large graduating class, and has remained so longer than expected. Meetings have been held with principals to discuss enrollment and staffing, including any open positions and potential staffing impacts for next year. Ms. Rosenberg noted that historically, there are often enrollment fluctuations, but she is monitoring it closely. A new trend this year appears to be a larger number of students returning to district as new programs are developed.

Mr. Branco asked about projected tuition increase percentages. Mr. Fleming noted a working estimate of 7–8%, stating that NEC does not want to exceed a reasonable threshold, but that it was still early in the budget process.

There were no additional questions, members extended Happy Thanksgiving wishes and look forward to seeing one another at the December 3 full board meeting.

Mr. Forget called for a motion to adjourn.

Adjournment: The meeting was adjourned at 8:40 a.m. following a motion by Dr. Morrison, seconded by Dr. Branco.

Kathy Mahoney

_____

Kathy Mahoney, Administrative Assistant to Executive Director

Francine H Rosenberg

_____

Francine Rosenberg, NEC Executive Director