



NORTHSHORE EDUCATION CONSORTIUM

Finance Committee Minutes

January 28, 2026

NEC: Fran Rosenberg, Larry Fleming, Kevin Mahoney, Kathy Mahoney

Committee: Mr. Brian Forget, Dr. Scott Morrison, Dr. Mark Branco

- 1. Call to Order:** Mr. Forget called the remote Finance Committee meeting to order at 8:02 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 December 2025 Treasurer’s Report, he reviewed the report and commented on current cash flow, noting that as of the end of December 2025, the Consortium held approximately \$2.2 million in cash. At that point, 43% of the budgeted revenue had been collected, and the net change in cash position was positive by approximately \$1.2 million. Mr. Mahoney reported that a \$200,000 principal payment was made at the end of December toward the line of credit, reducing the outstanding balance to \$600,000. An additional \$125,000 principal payment is planned for the end of January 2026. In discussing the current financial position, he noted that cash flow has diminished compared to this time last year. This was anticipated in part due to the ongoing capital project; however, it is now evident that revenues are lagging, primarily due to enrollment projections not being met, which is causing revenues to trail behind expectations.

Administration has discussed mid-year budget adjustments to address these trends. Another area contributing to cash flow stress is the regional transportation contract. While the contract has resulted in savings for member districts, the transportation provider, Nick’s, requires payment early in the month. The Consortium typically pays during the first week of the month, often before receiving payments from member districts, creating a temporary but significant cash flow strain. Had revenues been stronger, this timing issue would have been more manageable; instead, it has increased reliance on the line of credit.

Mr. Mahoney shared that as of the meeting date, current cash on hand was approximately \$1.2 million. He noted that he is having weekly discussions with Mr. Fleming to closely monitor and manage cash flow.

Mr. Mahoney opened the floor to questions

Dr. Morrison expressed concern about the current cash flow situation and questioned how long the Consortium could continue operating under conditions where making payroll remains a concern.

Mr. Forget thanked Mr. Mahoney for his calm approach and referenced prior discussions regarding increasing the line of credit to \$2 million, with the expectation that the second million would not need to be accessed. He asked whether that expectation remains.

Mr. Mahoney responded that the administration plans to pay down the line of credit as cash allows, with the goal of having most of the balance repaid by April 2026.

Dr. Branco asked whether, if Nick’s Transportation remains the vendor in a second year, the contract could be restructured so NEC would not need to front payments under the current model.

Ms. Rosenberg stated that she is also concerned and emphasized that enrollment forecasting and projections are an internal responsibility. She stated that broader strategic discussions are underway regarding what districts need from NEC and what changes may be necessary moving forward in terms of enrollment and staffing.

Committee members expressed concern that the current cash flow challenges may represent an ongoing trend and that new approaches to planning and forecasting may be necessary.

- 3. Updates from CFO:** Mr. Fleming reviewed the three-year regional transportation contract with Nick's Transportation, which serves eight participating districts. He explained that NEC has worked to support the vendor, which was expected to have sufficient capacity but has since reached its credit limits. As a result, NEC is advancing payments so the program can continue. He stated this is viewed as a short-term measure and noted that if the Board determines this approach is not sustainable, that direction will be respected. These advances are necessary for the vendor to meet payroll.

Mr. Fleming recommended pre-billing districts one month in advance to reduce cash flow strain and acknowledged the program has been operationally challenging.

Ms. Rosenberg stated that cash flow pressures would be less severe without the transportation program and emphasized that two related but separate issues are affecting NEC: transportation cash flow and the operational budget. She noted that NEC has less than one month of cash surplus, limiting its ability to absorb additional strain, and expressed concern that the transportation program is diverting attention from long-term strategic budget planning. She indicated that both issues require Board-level discussion. Ms. Rosenberg referenced the recent enrollment projection survey and the importance of districts responding.

Mr. Forget stated that he agreed the issues should be separated and brought to the full Board at its next meeting. Regarding the contract with Nick's Transportation, he raised concerns about potential risks, including whether the vendor could withdraw from the contract and whether additional districts might opt out.

Mr. Fleming responded that districts are selectively using the service, choosing shorter routes while leaving Nick's with longer, more challenging routes. He stated that this practice undermines the goal of achieving regional savings and needs to be addressed by the Board. While the model may save the region overall, he expressed concern that it will not be sustainable if this pattern continues.

Dr. Branco noted that the full benefit of the program may never be realized if participation continues to decline, stating that the model would be more effective with greater capacity and broader district participation. He expressed concern that limited participation could discourage other districts from joining in the future and emphasized that regionalized services must be cost-effective to succeed.

Ms. Rosenberg emphasized the tension between district-level decision-making and regional responsibility, noting that district leaders are understandably focused on what is best for their own communities. She questioned whether the long-term benefits of the transportation program outweigh the operational and financial strain on NEC. She emphasized that this decision ultimately rests with the Board and acknowledged that challenges with the program were anticipated in its first year, but questioned whether the level of strain on NEC is too great.

Dr. Morrison reiterated that NEC's core mission is to support its member districts and noted that even if the transportation program were discontinued, NEC would continue to support districts fully. He encouraged exploration of alternative ways to generate revenue or refocus efforts without adding cost, suggesting that it may be time to reconsider whether continuing the transportation program aligns with NEC's long-term sustainability. He supported Ms. Rosenberg's comment about staff

needing to shift within programs to serve different types of students using the analogy of “The bakery may need to shift from cinnamon rolls to croissants while using the same ingredients”

Mr. Forget emphasized that any decision regarding the transportation program must be collective, noting that regionalization only works if districts commit together. He stated that continuing the program for a limited period may still be appropriate in order to fully evaluate whether the model can work, but cautioned that it cannot succeed if participation continues to decline.

Dr. Branco raised concerns about broader trends and questioned how NEC can better access and analyze that data. He stated that if only a small percentage of districts remain committed, NEC would need to exit the transportation model. He expressed hope that the program could be carried through the year but cautioned that if participation continues to drop the program may not be sustainable.

Mr. Fleming spoke about the significant strain the transportation project has placed on operations and stated that he will support whatever direction the Board decides collectively. He noted that NEC is in a fragile financial position and that rebuilding surplus and focusing on long-term financial stability must remain a priority.

Dr. Morrison emphasized the need for administration to keep its focus on the larger budget picture and expressed concern about the amount of time being spent managing transportation operations.

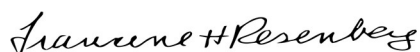
- 4. Revised Budget FY26:** Mr. Fleming then reviewed key elements of the FY26 revised budget, noting that projected surplus has decreased from \$891,000 in the original budget to approximately \$274,000, driven primarily by \$1.8 million less in tuition revenue than anticipated. Administration has implemented a soft spending freeze and anticipates approximately \$400,000 in salary savings based on revised staffing projections. Additional savings were identified through the deferral of non-essential capital spending. Mr. Fleming noted that he is in discussion with the bank about restructuring the mortgage for TVA, where a \$1.3 million balloon payment is due in FY28. He is looking at options for potentially extending the term over five to seven years. In summary, Mr. Forget noted that administration has made meaningful mid-year adjustments, including spending controls and capital deferrals.

Members acknowledged that the operating environment is changing and emphasized the need for improved data, clearer trend analysis, and long-term strategic thinking. Ms. Rosenberg noted that staff are aware of these pressures and emphasized that difficult conversations and decisions will be required to ensure NEC remains sustainable without cutting so deeply that core programs are compromised.

- 5. Adjournment:** The meeting was adjourned at 9:02 a.m. following a motion by Mr. Forget, seconded by Dr. Branco.



Kathy Mahoney, Administrative Assistant to Executive Director



Francine Rosenberg, NEC Executive Director