

**April 29, 2020**

The **Annual Public Budget Hearing** of the Kenilworth Board of Education **was called to order** at 5:30 p.m. by President Gregg David, via Zoom Video Conferencing, on **April 29, 2020**.

This meeting is being held in accordance with the schedule of meetings adopted at the organizational meeting held January 6, 2020. Adequate notice of this Regular Meeting of the Kenilworth Board of Education has been provided to the Home News Tribune, The Star-Ledger, and the Local Source. A copy has been filed with the Kenilworth Borough Clerk, posted in the Board Office, the Kenilworth Borough Hall, Brearley and Harding Schools, as is provided by the Open Public Meetings Act. The meeting time has been changed to 5:30 p.m. via notice on April 2, 2020.

A copy of the proposed school budget has been on file for review on the district's website and a copy of the budget appeared in the April 16, 2020 edition of the Local Source.

In accordance with the Open Public Meetings Act, and in consideration of Executive Order No. 107 issued by Governor Murphy, the Kenilworth Board of Education does hereby notify the public that to limit public gatherings and to mitigate any person to person exposure, this Kenilworth BOE meeting will be conducted using Zoom Video Conferencing.

The public will be able to view live via You Tube Live Stream. The link will be available at 5:30 p.m. by clicking on the 'Watch the Meeting Live' icon on the Kenilworth District homepage.

Public comment will be accepted only during the public comment period in the meeting, via email [publiccomments@kenilworthschools.com](mailto:publiccomments@kenilworthschools.com) or by calling 908-931-9696 ext. 2325.

President David led the **salute to the Flag**.

Upon **roll call**, the following members were present: Robert Beiner, Genean Braun, Gregg David Paulette Drogon, Ryan Haberthur, Mark Jankiewicz, Anthony Laudati, and Michelle Panichi. Absent was Nancy Zimmerman.

**Also in attendance** were Kyle Arlington, Superintendent, and Vincent A. Gonnella, Board Secretary/Business Administrator.

This is a virtual meeting at the time the meeting went live, there were five (5) members of the public were present.

President David stated the purpose of this meeting is to present the 2020-2021 Annual School

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District Budget to the community and adopt the budget.

**Annual School District Budget Presentation 2020-2020: Vincent A. Gonnella**

**OPENING:**

Good evening Mr. President David, Superintendent Arlington, Finance Chairperson Laudati, Board Members and members of the public watching this evening remotely. I have been honored to annually present the Kenilworth Board of Education budget for the past 31 years and we have in the past crossed many challenging bridges, Dissolution of the Regional District, the opening of David Brearley, massive reductions to State Aid, significant increases to health benefits, tough rounds of negotiations and several difficult budget defeats.

This evening's presentation is dramatically different and more difficult than any of those other 30 presentations. Despite the challenges in the past, there was always optimism of the future, optimism in our ability to move forward and get the job done, optimism of our children. Today's experiences are different and we need to be mindful of that while balancing the educational needs of future generations of Kenilworth children.

**HISTORY:**

Moving out of the Phase I-III budget reviews, the Finance & Facility Committee and administration recommended reducing the tax levy by \$207,000 prior to approving the budget for submission to the Executive County Superintendent of Schools (ECS). On March 16, 2020, the Board of Education adopted a tentative 2020-2021 budget for submission to the ECS. The ECS, upon review of the educational merits and financial technical merits, approved that budget for advertising and public review.

Then COVID-19, with all of its horror, took hold on our great State and community. In preparation for the April 29<sup>th</sup> public hearing the Finance & Facility Committee met on April 5, 2020 to review the status of the budget and discuss the impact the COVID-19 crisis may have on the budget, community and our goal of moving student achievement in a positive direction.

The outcome of that meeting was a recommendation that is reflected in this evening's budget adoption to assist the taxpayers by reducing the tax levy an additional \$150,000. On April 5<sup>th</sup>, the committee assumed that there would be some savings due to the transition to virtual learning, and those savings would result in an increase in general fund free balance which could be appropriated to reduce the tax burden.

On April 13, 2020, the New Jersey Assembly and Senate passed A3904/S2337. Governor Murphy signed the bill into law on April 14, 2020. This law dictates how school districts must respond to the COVID-19 pandemic, including how compensation, benefits and emoluments covered by the Collective Bargaining Agreement should be handled and how certain services due to the school closure are to be treated. The new law puts the burden on the Public Schools to make the private

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sector “whole.” We are in the process of renegotiating several of our current agreements or working out some other arrangements.

Though many of the savings we were expecting have been wiped out by this legislation, some are still going to be realized, such as transportation for athletics, officials for athletics, electric savings, and a milder than normal winter will produce some savings on natural gas.

#### CONCERNS & UNKNOWNNS:

A budget is a plan. It is a plan based on various assumptions, what is enrollment going to be? What is the weather forecast going to be? How much paper will be needed? Will there be an influx of Special Needs students requiring specialized services? Predicting accurately what will happen 6 to 18 month in the future is the essence of budgeting. But how do you accurately predict a budget that some variable are unknown tomorrow let alone 18 months from now. COVID-19 has made the budgeting world very difficult to navigate

Obviously, I remain concerned with the overall financial environment and the impact it will have on our educational programs moving into 2020-21. In troubled times, schools are often called to pick up the pieces and asked (required) to do more and more. Schools are typically asked to provide these services because we are “set-up” to efficiently provide these services better than other agencies that exist even though sometimes they have nothing to do with education. These are completely uncharted waters.

- Will the economic downturn and increase in unemployment lead to an increase in homelessness, resulting in an increase in responsibility for us to provide transportation and educational services to homeless students who last resided in Kenilworth, but currently reside in another municipality?
- Will there be an increase in the percentage of our population that are eligible for free and reduced breakfast and lunch services, resulting in an increase in other services we are required to provide immediately, but with funding typically lagging a year behind?
- Will there be an increased demand for social services, social emotional assistance, psychological services or counseling services due to the fragile nature of returning students?
- Will guidelines prevent certain students with immune suppressed issues from returning to school in September and require an intensive Home Instruction program or Alternative Program?
- Will there be an increase in the population of students who are totally fearful of returning, requiring us to provide them home schooling or out of district placement services and being responsible for transportation and tuition, at rates sometimes in excess of \$100,000 per student?
- Will the school closures be extended into the 2020-21 school year, making us responsible for providing virtual instruction?
- Will we be required to provide devices to all students regardless of their ability to pay?
- Will we be required to provide additional remedial services in 2020-21 because of the loss of “direct” instruction in 2019-2020?

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- When we do return to school, will we be required to provide personal protective equipment and screen all students and staff for the coronavirus?
- Will we be required to continue to pay staff who are absent, become sick or quarantined while employed?
- Will we have an increase in special education legal challenges and demands for supplemental services because IEPs were not really followed as indicated or because student learning regressed during the virtual instruction?
- Will there be other legal challenges; collective bargaining matters; contracted services matters; unemployment matters; wrongful death suits; that will drain limited educational resources?
- Will the Legislature pass additional COVID related bills, such as the proposed furlough program before the State Legislature that will impact our operations?
- How will S2338 which extended the State Budget year to September 30 impact our State Aid and our reserves?
- Will the issuance of Executive Order #130 yesterday, which provides municipalities the ability to institute a grace period for the payment of second-quarter property taxes, impact our ability to receive this year's May and June tax levy from the Borough.

All these variables and others are unknown; any one would impact other instructional and non-instructional programs we are currently plan on pursuing in 2020-21.

Just as an example, last week I issued a purchase order for over \$5,000 for thermometers and face masks and oil prices went into negative, and we are contemplating purchasing room decontamination machines for nurses' offices and athletic facilities. The Unemployment Rate is in the double digits and increasing daily. Who would have though any of those were remotely imaginable just a short time ago?

#### MOVING FORWARD:

I know on Friday I advised you that I was still comfortable with the appropriation of an additional \$150,000 from free balance to reduce the tax levy, but as with everything COVID related, things change rapidly. The Legislature has passed S2338 that extends the State budget year to September 30, 2020. The State Treasurer is currently compiling a report to the legislature on forecast of revenues, which is due May 22, 2020. The Governor "shall" formulate and transmit a revised budget message for state fiscal year 2021 with the estimate of balances on hand shall be as of October 1st instead of July 1st, that budget message is due by August 25, 2020.

If there are changes (I would definitely think so at this time) in the FY21 State budget that impact education appropriations, it could be assumed districts would need to modify their budgets as well. I therefore expect we will be submitting an additional budget reflecting the revised State Aid in September 2020.

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We also have to message out that this fiscal crisis is not because of poor fiscal planning on our part, it is COVID-19.

I therefore am, asking we cautiously approach our discussion and deliberation this evening keeping in mind all these unknown factors. There is nothing I would love to do more than implement the budget, on which we worked on so hard, as intended; my belief, however, is that by September 2020 demands upon the educational system will increase, resources will be limited and priorities will need to be reestablished.

**BOE DISCUSSION AND COMMENTS:**

- Mr. Beiner asked for clarification on the impact of S2338 which changes the end of State's fiscal year to September 30, 2020. Mr. Gonnella provided additional clarification regarding the matter.
- Mr. Laudati asked about the potential cost associated with the relocatable classroom and if it can be declared unusable. Mr. Gonnella stated that the building has been declared unusable and the district is exploring all options regarding that building with our architect and risk manager.
- Mr. Jankiewicz asked Mr. Arlington whether the budget meets his objectives. Mr. Arlington stated that as lean as it is, there are some programs that are going to be moving us in the right direction.
- Mr. David stated these are unprecedented times, but the budget time lines have not been relaxed and we needed to approve it on time.
- Mrs. Drogon stated these are really tough times and appreciated the Board's efforts to cut the budget cuts.

**PUBLIC PARTICIPATION:** Public comment will be accepted only during the public comment period in the meeting, via email [publiccomments@kenilworthschools.com](mailto:publiccomments@kenilworthschools.com) or by calling 908-931-9696 ext. 2325.

Motion was made by Drogon, seconded by Laudati, that the **meeting be opened to the public**. Motion carried unanimously.

- No public comments received.

Motion was made by Drogon, seconded by Braun, that the **meeting be closed to the public**. Motion carried unanimously.

**ROLL CALL WAS TAKEN ON THE FOLLOWING RESOLUTIONS:**

**2020-2021 Budget Adoption**

**RESOLUTION #1:** Introduced by Laudati who moved its adoption, seconded by Habarthur, Adoption of the 2020-2021 Annual School Budget:

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**Adjustment  
Enrollment**

RESOLVED that the Kenilworth Board of Education includes in the proposed budget the adjustment for enrollment in the amount of \$0.

**Adjustment  
Health Benefits**

RESOLVED that the Kenilworth Board of Education includes in the proposed budget the adjustment for increased costs of health benefits in the amount of \$0.

**Adjustment  
PERS Pension**

RESOLVED that the Kenilworth Board of Education includes in the proposed budget the adjustment for deferral of the PERS pension cost and the additional interest incurred in the amount of \$0.

**Adjustment  
Responsibility Transferred**

RESOLVED that the Kenilworth Board of Education includes in the proposed budget the adjustment for increase (decrease) of costs associated with the transfer of responsibilities in the amount of \$0.

**Adjustment  
Banked Cap**

RESOLVED that the Kenilworth Board of Education is seeking to use banked cap in accordance with N.J.A.C. 6A:23A-10.3(b) in the amount of \$42,885.

**Budgeted Fund Balance**

RESOLVED that the Kenilworth Board of Education use budgeted fund balance (unassigned) in the amount of \$458,529.

**Capital Reserve Account Withdrawal**

RESOLVED that the Kenilworth Board of Education requests the approval of a Capital Reserve withdrawal in the amount of \$0.

**Maintenance Reserve Account Withdrawal**

RESOLVED that the Kenilworth Board of Education requests the approval of a Maintenance Reserve withdrawal in the amount of \$90,000, for work including tennis court rehab, Harding School Bathroom renovations, and Brearley outside classroom renovations.

**Emergency Reserve Account Withdrawal**

RESOLVED that the Kenilworth Board of Education requests the approval of an Emergency Reserve withdrawal in the amount of \$0.

**Debt Service Reserve Account Withdrawal**

RESOLVED that the Kenilworth Board of Education requests the approval of a Debt Service Reserve withdrawal in the amount of \$1.

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**Adoption of the 2020-2021 Budget**

BE IT RESOLVED that the budget be approved for the 2020-2021 School Year:

	<b>General Fund</b>	<b>Special Revenues</b>	<b>Debt Service</b>	<b>Total</b>
2020-2021 Total Expenditures:	\$28,094,237	\$606,000	\$1,211,763	\$ 29,912,000
Less: Anticipated Revenues:	<u>\$ 7,533,910</u>	<u>\$606,000</u>	<u>\$ 399,773</u>	<u>\$ 8,539,683</u>
Taxes to be Raised:	<u>\$20,560,327</u>	<u>\$ -</u>	<u>\$ 811,990</u>	<u>\$ 21,372,317</u>

BE IT FURTHER RESOLVED, That the supporting documentation of this budget also contains an itemization of certain expenditures required under administrative regulations, and

BE IT FURTHER RESOLVED, That the Board of Education authorizes the Superintendent and Business Administrator, after consultation with the Board President, to make any technical adjustments necessary in order to submit the final budget and certify the taxes. Motion carried 8-0-0. Voting yes was: Beiner, Braun, David, Drogon, Haberthur, Jankiewicz, Laudati, & Panichi. Absent was: Zimmerman.

**Lease Purchase Financing for Equipment (Chromebooks)**

**RESOLUTION #2:** Introduced by Laudati who moved its adoption, seconded by Haberthur, WHEREAS, The Board of Education of the Borough of Kenilworth in the County of Union, New Jersey (the "Board") is created and is charged by law with the responsibility to provide a system of public education within the school district over which it has jurisdiction and to acquire and install equipment therefor; and

WHEREAS, the Board has determined to fund the acquisition of Instructional Technology Equipment (Chromebooks) for school purposes including financing and incidental or related costs (the "Equipment") by means of an equipment lease purchase financing for a term that does not exceed five (5) years pursuant to the provisions of N.J.S.A. 18A:20-4.2(f) and N.J.S.A. 18A:18A-1 *et. seq.*; and

WHEREAS, the Board has selected the Hunterdon County Educational Services Commission as financial advisor (the "Financial Advisor") and Porzio, Bromberg & Newman, as special counsel (the "Special Counsel") for the purpose of advising and assisting with the proposed lease purchase financing of the Equipment; and

WHEREAS, in accordance with the procedures set forth in N.J.S.A 18A:18A-1 *et. seq.* (the "Public School Contracts Law") and the regulations promulgated thereunder, a notice of the bid will be published if required and bids or quotes (hereinafter simply referred to as bids) are scheduled to be returned to the Business Administrator, who, with the assistance of the Special Counsel and the

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Financial Advisor, will determine the lowest responsive and responsible bidder to purchase the Lease (as hereinafter defined) from the Board (hereinafter referred to as the "Purchaser"); and

WHEREAS, the Board will enter into a lease purchase agreement (the "Lease") and other related documents with the Purchaser in an amount not to exceed \$400,000 to finance the Equipment; and

WHEREAS, the Board desires to authorize the delegation of the award of the bid to the Business Administrator and further authorizes the Board President, Business Administrator/Board Secretary, Financial Advisor and Special Counsel to prepare and to execute the Lease and certain other documents and agreements necessary or incidental to the transactions contemplated thereby;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE BOROUGH OF KENILWORTH IN THE COUNTY OF UNION, as follows:

Section 1. The Board hereby determines to finance the Equipment by means of a lease purchase financing in a principal amount not exceeding \$400,000 in accordance with the requirements of the Public School Contracts Law. The lease shall be for a period not to exceed five years and the interest portion of rent shall be calculated at a rate per annum not in excess of the rate set forth in the legally responsive bid producing the lowest yield. The Business Administrator/Board Secretary, the Financial Advisor, the Special Counsel and other appropriate representatives of the Board (the "Professionals") are hereby authorized to prepare the necessary timetables, bid documents and other related documents as may be necessary and to take other steps necessary to prepare for and to implement the proposed financing.

Section 2. The Board hereby authorizes the publication of a request for bid if required in accordance with the Public School Contracts Law or the solicitation of quotes in order to prepare for the proposed transaction.

Section 3. The Board President and/or the Business Administrator are authorized to award the bid and the Lease in accordance with the terms of this resolution to the lowest bidder in accordance with the bid proposals or quotes submitted to the Business Administrator, which winning bid proposal or quote will be retained on file in the office of the Business Administrator/Board Secretary. The Purchaser's interest rate will be held fixed for a period of thirty (30) days from the date of the bid or such longer period as recommended by the Financial Advisor. If the closing does not occur within such thirty (30) day or longer period from the date of the bid, the interest rate will be calculated in accordance with the index rate recommended by the Financial Advisor as set forth in the bid specifications.

Section 4. The Board President and/or the Business Administrator/Board Secretary are hereby authorized to execute and deliver the Lease, an agent or an escrow agreement, an assignment agreement, if necessary, and such other documents as may be necessary to consummate the transaction in a form approved by Special Counsel. Specifically, the Board authorizes the Board



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President or the Business Administrator to establish an escrow account for the deposit of the Lease proceeds and to direct the deposit and investment of the Lease proceeds in the escrow in accordance with the requirements of law. The Business Administrator is also authorized to pay any agreed upon fees in connection with the transaction including any escrow agent fee. The Board President and/or Business Administrator are also authorized and directed to take on behalf of the Board such other actions as shall be necessary and appropriate to accomplish the lease purchase financing for the Equipment in accordance with the terms of the Lease and this resolution and pursuant to the terms of the agreements and instruments authorized to be prepared hereby and to accomplish the performance of the obligations of the Board in respect thereto.

Section 5. The payment of rent or other monies due under the Lease shall be made only from the General Fund of the Board. Neither the Board, nor any agency, department or political subdivision thereof, shall be obligated to pay any sum due under the Lease to the Purchaser from any taxing source unless an appropriation is made in a duly approved budget of the Board. The obligations of the Board shall not constitute indebtedness of the Board or of the Borough of Kenilworth or of any department, agency or political subdivision thereof. The Lease shall set forth the term of the lease purchase agreement for the Equipment, the rental payments to be paid by the Board in respect thereof and the dates on which such rent shall be due and payable.

Section 6. The Board hereby covenants that it will comply with any conditions subsequent imposed by the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exemption from taxation of interest on the Lease, including the requirement to rebate all net investment earnings on the gross proceeds above the yield on the Lease, if applicable. The Board authorizes the Business Administrator to act and determine on behalf of the Board whether the Lease will be designated as "bank qualified" within the meaning of Section 265 of the Code. The Board hereby declares its intent to issue the Lease in the expected maximum principal amount of the Lease set forth herein and to use the proceeds of the Lease to pay or to reimburse expenditures for the costs of the purpose for which the Lease is authorized herein. This resolution is a declaration of intent within the meaning and for the purposes of Treasury Regulations Section 1.150-2 or any successor provisions of federal income tax law.

Section 7. The reference to officers of this School District herein and in actions taken on behalf of this Board of Education includes any interim, acting or successor officers holding those positions.

Section 8. This resolution shall take effect immediately.

Motion carried 8-0-0. Voting yes was: Beiner, Braun, David, Drogon, Haberthur, Jankiewicz, Laudati, & Panichi. Absent was: Zimmerman.

**FSMC Agreement Modification due to Coronavirus**

**RESOLUTION #3:** Introduced by Laudati who moved its adoption, seconded by Haberthur, Whereas, effective March 19, 2020 an Emergency Meal Service has taken place between the

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Kenilworth Board of Education and Maschio's Food Services, Inc., and

Whereas, the district chose to operate under a Seamless Summer Operation (SSO) program as a result of the COVID-19 health emergency in an effort to better serve the needs of the free and reduced lunch student population, and

Whereas, this introduces a change to the district's current Food Service Management Company Cost Reimbursable Contract,

Whereas the NJ Department of Agriculture requires a contract modification form to outline changes to the existing contract,

Now Therefore Be It Resolved that the Board of Education approve the modifications to the Food Service Management Company Agreement (#3902420) for the 2019-20 School Year and approve the letter of understanding between Maschio's FSMC and the Board along with NJDOA Form 232 Emergency Procurement Contract Modification. Motion carried 8-0-0. Voting yes was: Beiner, Braun, David, Drogon, Haberthur, Jankiewicz, Laudati, & Panichi. Absent was: Zimmerman.

Prior to adjournment, President David on behalf of the Board expressed its condolences to the Miller Family. Scott Miller and Gail Cantalupo, Kenilworth employees, lost their mother and father Edward and Jean Miller this weekend. Our thoughts and prayers are extended to their family.

Mr. Beiner stated he was originally going to vote no, but was glad to hear that there may be another opportunity to look deeper into the budget if the Governor reduces our State Aid. We may need to make some very tough decisions. The last thing he wants to do is reduce teaching staff.

Motion was made by Drogon, seconded by Haberthur, that when the **meeting adjourns, it adjourns to the call of the chair**. Motion carried unanimously.

Meeting adjourned 6:12 p.m.

Respectfully submitted,

Vincent A. Gonnella  
Secretary to the Board