

**Financial Policy Work Group
Agenda
Wednesday, October 22, 2025 at 10:00 AM
Select Board Room, 22 Monument Square**

Join Zoom Meeting: <https://us02web.zoom.us/j/83028544790>

	Time	Agenda item	Facilitator
I.	10:00 AM	Selection of Clerk <ul style="list-style-type: none"> • Rotation: Don, Lois, Ryan, Wendy 	Group
II.	10:05 AM	Approval of minutes: September 30, 2025	Wendy Rovelli
III.	10:10 AM	Discussion on Reserve Policies <ul style="list-style-type: none"> • Calendar review • Follow-up on rating agency metrics for available funds • General Stabilization uses & follow-up • Discuss follow-up on review of Reserve/Stabilization Funds • Confirm elements of Stabilization Policy & drafting of policy • Debt policy discussion 	Group
IV.	11:20 AM	Next Steps <ul style="list-style-type: none"> • Next meeting date & time • Meeting recap & follow-ups • Future agenda 	Group
V.	10:25 AM	Public Comments	Wendy Rovelli
VI.		Adjournment	

Financial Policy Working Group

Draft Meeting Minutes

Tuesday, September 30, 2025, at 1:00 PM

Select Board Meeting Room

22 Monument Square

The Financial Policy Work Group convened a hybrid meeting at the Concord Town House on the 2nd floor Select Board Room at 1:02 PM on September 30, 2025.

Work Group Members Present: Ryan Ferrara Interim Chief Financial Officer, Don Kupka, Wendy Rovelli, Lois Wasoff.

Call to Order/Selection of Clerk: Ms. Rovelli opened the meeting at 1:02 PM. Mr. Ferrara will serve as the clerk for this meeting.

Approval of Minutes: Members noted minor typographical errors (extra/missing words) for the September 16, 2025, meeting minutes. Ms. Rovelli moved to approve the minutes as amended. Motion carried unanimously.

Discussion on Reserve Policies:

Meeting Materials and Transparency:

- Mr. Ferrara raised the issue of how meeting materials are posted.
- He noted some committees publish a combined “packet” with agenda and attachments, while others post agendas separately.
- He proposed developing a meeting packet system to ensure the public has access to supporting documents (e.g., CMLP financial policies).
- Members agreed that relevant documents (such as the CMLP financial policy) should be attached to the minutes for consistency and public record.

Enterprise vs. Revolving Funds:

- Mr. Ferrara clarified that Concord has both true enterprise funds and revolving funds.
- Ms. Rovelli asked about Moody’s treatment of enterprise/business activity funds in credit metrics.

- Mr. Kupka noted Moody's includes these in certain ratios, such as "available fund balance," which influences reserve policy metrics. Mr. Ferrara requested that Mr. Kupka draft his question regarding how the rating agency calculates their ratios and Mr. Ferrara could forward the question to the Town's financial advisor. Mr. Kupka agreed to follow up accordingly.
- Mr. Ferrara presented examples from the most recent Finance Committee meeting, describing revolving funds including the Ambulance Fund, Road Repair, Senior Services, and Visitor Services. He noted spending limits are reauthorized annually at Town Meeting.

Stabilization Funds:

- Mr. Ferrara outlined the General Stabilization Fund, which received approximately \$1M at the June Town Meeting.
- He emphasized its intended purpose as a "last resort" emergency fund under Massachusetts General Law.
- Mr. Kupka suggested broader applications, such as covering cyclical costs (elections, revaluations) to smooth budgets.
- Mr. Ferrara cautioned this may not align with statutory intent and recommended seeking guidance from Town Counsel.
- Members discussed practices in other municipalities, including use of special-purpose stabilization funds for future capital projects.

Special Purpose Stabilization Funds:

- Mr. Ferrara summarized smaller stabilization accounts: Emergency Response, Concord Public Schools Technology, CPS Capital, and Middle School Stabilization.
- Several funds have minimal balances or outdated purposes.
- Ms. Rovelli suggested evaluating whether these funds should be consolidated or closed.

Insurance Reserve Fund:

- Mr. Ferrara explained that the Insurance Reserve Fund originated during Concord's participation in the Minuteman collaborative health plan.
- Mr. Kupka questioned whether Concord carries any remaining self-insured liabilities.
- Mr. Ferrara confirmed the Town is now fully insured through MIIA, though claims from prior periods could still arise.
- Members discussed whether the fund should be maintained as a liability cushion or reallocated if risk diminishes.

Pension and OPEB:

Mr. Ferrara reported:

- Pension Reserve Fund supplements annual retirement contributions (~\$1.65M per year).

- The Town's pension is ~92% funded; projected full funding by 2032 (ahead of the 2040 state requirement).
- OPEB Trust is ~61% funded; investments are structured for long-term obligations.
- Mr. Kupka suggested the Pension Reserve could buffer against poor investment years.
- Ms. Rovelli asked whether accelerated contributions would reduce long-term costs.
- Mr. Ferrara noted further review with financial advisors is warranted.

Overlay Reserve:

- Ms. Rovelli recommended establishing clear policy triggers for reviewing the Overlay Reserve, rather than addressing it on an ad hoc basis.
- Mr. Ferrara agreed, noting this should be formalized within a reserves policy.

Unused Levy Capacity

- Ms. Rovelli commented that she was uncomfortable with taxing up to the levy capacity. The Working Group should consider developing a policy regarding unused levy capacity. -Mr. Kupka agreed stating we should have some "headroom" within the tax levy.

Next Steps:

- Members agreed to schedule the next meeting for Wednesday, October 15th at 1 PM in the Select Board Meeting Room on the second floor of the Concord Town House.

Public Comments:

- No members of the public provided comment.

Adjournment:

- Ms. Rovelli made a motion to adjourn the meeting at 2:30 PM. Mr. Ferrara seconded the motion and meeting was adjourned.

Financial Policy Work Group

Stabilization Funds: Work in Progress Notes, 10/22/25

Elements generally agreed to

1. Reference/categorize available funds as: Free Cash, General Stabilization, and Specialized Stabilization
2. Using free cash to fund recurring operating expenses is not acceptable. Policy should define when and how free cash can be used following achievement of targeted reserves
3. The metric used for the amount of reserves desirable should be considered as a combination of free cash and general stabilization.
4. If combined free cash/general stabilization levels are below target, develop plan to meet target
5. A metric should be incorporated to target an Available Fund Balance Ratio that supports an ongoing Aaa bond rating from Moody's.
6. We will not allocate funds to stabilization that result in full use of unused levy limit
7. Define when and how free cash can be used following achievement of targeted reserves
8. Define use of Special Purpose Stabilization funds
9. Conduct annual review of all reserve funds. Identify reserves that exceed targets and consider transfer to free cash or other stabilization funds

Open questions

1. Discuss the numerator/denominator for target stabilization funds, as a % of operating budget
2. How do we evaluate the impact of revolving funds and how they contribute to stabilization?
3. Need legal review on use of general stabilization funds – can it be used for cyclical costs such as elections, 10 year Strategic plan development.
- 4.