CENTRAL OREGON
community college

# *BUDGET COMMITTEE MEETING*

## *AGENDA*

**Wednesday, May 13, 2009 6:00 PM**
**Christiansen Board Room, Boyle Education Center**

| | | Exh. | Action | Presenter |
|---|---|---|---|---|
| I. | Call to Order | | | Friedman |
| II. | Introduction of Guests | | | Friedman |
| III. | Public Hearing and Testimony | | | Friedman |
| IV. | Minutes Approval<br>a. Budget Meeting – April 8, 2009 | 4.a | X | Smith |
| V. | Update on Proposed 2009-10 Budget | | | Dona |
| VI. | Resolution for Approval<br>Proposed 2009-10 Budget | 5* | X | Dona |
| VII. | Adjourn | | | |

*materials to be distributed at the meeting

Central Oregon Community College
**BUDGET COMMITTEE MEETING**
**MINUTES**
Wednesday, April 8, 2009 - 6:00 PM
Christiansen Board Room-Boyle Education Center

**PRESENT:** Lester Friedman, Steve Curran, Karen Pringle, Patricia Kearney, Dr. Joyce Garrett, Charley Miller, Connie Lee, Donald Reeder, Dr. Ronald Foerster, Ronald Bryant-Board Attorney, Dr. James Middleton-President, Julie Smith-Executive Assistant.

**ABSENT:** Evan Dickens, John Overbay, Anthony Dorsch

**CALL TO ORDER:** Mr. Lester Friedman-Chair of the 2009-10 Budget Committee, called the meeting to order.

**INTRODUCTION OF GUESTS:**
Jim Jones, Matt McCoy, Kathy Walsh, Ron Paradis, David Dona, Lisa Bloyer, Gene Zinkgraf, Joe Viola, Eric Buckles, Jim Weaver, Alicia Moore, Mary Jeanne Kuhar, Diana Glenn, Eddie Johnson-President Faculty Forum, Dan Cecchini, Doug Ertner-Redmond resident.

**PUBLIC HEARING AND TESTIMONY:** - None.

**MINUTES APPROVAL:**

**Dr. Joyce Garrett moved to approve the Minutes of the March 11, 2009 Budget Committee meeting. Ms. Karen Pringle seconded. MCU. Approved.**

Be It Resolved that the Central Oregon Community College 2009-10 Budget Committee approved the Minutes of the March 11, 2009 meeting.

**2009-10 GENERAL FUND – QUESTIONS (Handout: 5)**
President Middleton reviewed his April 2nd presentation in Salem, to the Education Subcommittee of Ways and Means – "Enrollment Growth and Fiscal Resources – The COCC Story."
Highlights:

- 25% + enrollment growth - charts
- enrollment cap for spring term (up 37% from prior year's spring term)
- massive "wait lists"
- need of sufficient revenue
- options
  - significant tuition and fee increases
  - cap or eliminate high cost programs
    (health career, technical & offsite satellite centers)
  - compromise equipment and facility maintenance
  - downsize student support services

President Middleton emphasized that "Oregon's Community Colleges are –

- part of the answer…..not part of the problem.

Mr. David Dona-Associate Chief Financial Officer, presented a PowerPoint reviewing updates of the *Current Year Budget and the Revenue/Expenditure Forecast(Handout: 5).*
Mr. Dona reviewed and described the College's nine non-general funds, with each fund having a specific purpose and activity as defined by local budget law. The Primary budget objective is to ensure adequate appropriation authority and compliance to the funds specific operating parameters. Each program or activity is required to be self-balancing and expenditures cannot exceed resources.

**2009-10 PROPOSED NON-GENERAL FUND BUDGETS (Handout: 6):**
Mr. David Dona reviewed PowerPoint presentation and budget detail of the 2009-10 Proposed Non-General Fund Budgets.
Non-General Fund Budgets:

1. Debt Service
2. Special Revenue
3. Capital Project
4. Enterprise'
5. Internal Service
6. Auxiliary
7. Reserve
8. Financial Aid
9. Trust & Agency.

**BUDGET CALENDAR:**
The next Budget Committee Meeting is scheduled for Wednesday, May 13, 2009 at 6:00 PM in the Christiansen Board Room, Boyle Education Center – Central Oregon Community College.

Chair Friedman adjourned the Budget Committee Meeting.

ADJOURN: 7:28 PM

| APPROVED; | ATTEST TO; |
|---|---|
| ______________________________ | ______________________________ |
| Mr. Lester Friedman,<br>Chair-Budget Committee | Dr. James E. Middleton<br>President |

CENTRAL OREGON community college

# Board of Directors' Meeting

## *AGENDA*

## Wednesday, May 13, 2009

6:30 PM
Christiansen Board Room
Boyle Education Center

| TIME** | | ITEM | ENC.* | ACTION | PRESENTER |
|---|---|---|---|---|---|
| 6:30 pm | | **Executive Session**: ORS 192.660 (1)(e)-Real Property Transactions | | | McCoy |
| | | ORS 192.660 (1)(d) Labor Negotiations | | | Buckles |
| | | ORS 192.660 (1)(j) Public Investment | | | Moore |
| | | ORS 192.660 (1)(i) Performance Evaluation of CEO | | | Overbay |
| 7:10 pm | I. | Call to Order | | | Foerster |
| 7:10 pm | II. | Introduction of Guests | | | Foerster |
| 7:15 pm | III. | Agenda Changes | | | |
| 7:15 pm | IV. | Public Hearing and Testimony | | | |
| | | A. | | | |
| 7:20 pm | V. | Consent Agenda*** | | | |
| | | A. Minutes | | | |
| | | 1. April 8, 2009 Regular Mtg. Minutes | 5.a1 | X | Smith |
| | | B. Approval to Hire | | | |
| | | 1. New Hire Report (April 2009) | 5.b1 | X | Buckles |
| | | C. Pioneer Elevator Award | 5.c* | X | Zinkgraf |
| | | D. Rehire: Faculty | 5.d | X | Walsh |
| | | E. Rehire: Administrative/Confidential Supervisory | 5.e | X | Buckles |
| | | 1. Rehire-Employee List | 5.e1 | | |
| | | F. Sodexo Contract Approval | 5.f* | X | Moore |
| 7:25 pm | VI. | Information Items | | | |
| | | A. Financial Statements | 6.a* | | Bloyer[A] |
| 7:30 pm | VII. | Old Business | | | |
| | | A. *Go Oregon!* Intergovernmental Grant | 7.a | X | Jones[P] |
| | | 1. Grant Agreement | 7.a1 | | |
| | | B. OEBB Insurance | 7.b | X | Buckles[A] |
| 7:40 pm | VII. | New Business | | | |
| | | A. President's Evaluation | 8.a* | X | Overbay[P] |
| 7:45 pm | VIII. | Board of Directors' Operations | | | |
| | | A. OCCA Update | | | Lee[P] |
| | | B. Board Member Activities | | | |
| 8:05 pm | IX . | President's Report | | | Middleton[P] |
| | | A. NWCCU Accreditation Visit Update | | | |
| | | B. Enrollment Update – Spring/Summer | | | |
| 8:25 pm | X. | Correspondence | | | |
| | | A. Moody's US Public Finance (April-09 article) | 10.a | | |

XI. Dates

A. Annual Student Art Exhibit, May 14-June 2
(Pence Gallery in Pinckney Center-COCC Campus)

8:30 pm XII. Adjourn

* Material to be distributed at the meeting (as necessary).

** Times listed on the agenda are approximate to assist the Chair of the Board.

*** Confirmation of Consent Agenda items submitted by the President. Any item may be moved from the Consent Agenda to Old/New Business by a Board Member asking the Chair to consider the item separately.

P = indicates a Presentation will be provided. A = indicates the presenter is Available for background information if requested.

Central Oregon Community College
Board of Directors' Meeting
MINUTES
Wednesday, April 8, 2009
Christiansen Board Room
Boyle Education Center

PRESENT: Dr. Ronald E. Foerster, Connie Lee, Charley Miller, Dr. Joyce Garrett, Donald Reeder, Ronald Bryant-Board Attorney, Dr. James E. Middleton-President, Julie Smith-Executive Assistant.

ABSENT: John Overbay, Anthony Dorsch

**INTRODUCTION OF GUESTS:** Matt McCoy, Kathy Walsh, Gene Zinkgraf, Joe Viola, Alicia Moore, Jim Jones, Ron Paradis, Carol Moorehead, Lisa Bloyer, Lester Friedman-Budget Committee, Eddie Johnson-President, Faculty Forum, Joe Hussion, David Dona, Diana Glenn, Mary Jeanne Kuhar, Margaret Petersen, Dan Cecchini, Jim Weaver, Doug Ertner-Redmond Resident, and others.

AGENDA CHANGES: *Additions to New Business: 2009-10 Tuition-8.d, Summer Tuition-8.e, Grandview Remodel Bid Award-8.f; Move Pharmacy Tech to New Business 8.c.*

PUBLIC HEARING AND TESTIMONY: None

CONSENT AGENDA:

**Dr. Joyce Garrett moved to approve the Consent Agenda (Exhibit: V). Ms. Connie Lee seconded the motion. MCU. Approved.** M04/09:1

BE IT RESOLVED that the Board of Directors' reviewed and approved the Meeting Minutes of the March 11, 2009-Regular Meeting (Exhibit: 5.a1);

BE IT RESOLVED that the Board of Directors' reviewed and approved the March 2009 New Hire Report (Exhibit: 5.b1);

BE IT RESOLVED that the Board of Directors' approved and adopted the Identity Theft Prevention Program (Exhibit: 5.c);

BE IT RESOLVED that the Board of Directors' were apprised of the Sabbaticals for Bret Michalski and Charlie Naffziger (Exhibit: 5.d).

INFORMATION ITEMS:

Financial Statements – (Exhibit: 6.a)
The Board of Directors' were apprised of the March 2009 Financial Statements.

SEM-Strategic Enrollment Management/Executive Summary (Exhibits: 6.b & 6.b1)
Ms. Alicia Moore-Dean of Student & Enrollment Services and Mr. Ron Paradis-Director of College Relations, reviewed that winter term 2007, President Middleton convened a Strategic Enrollment Management Team to develop an institutional strategic enrollment management plan and enrollment goals for the college.
The team is made up of a cross section of college personnel. The SEM plan helps the college look at enrollment issues from an institution-wide perspective. Eight priority goals have been identified and will be implemented over the next three years.
Core Concepts that guide enrollment planning include:

- Student Success
- SEM goals aligning with the institutions mission and goals statement
- Participation from across the campus
- Fiscal Impact of SEM goals
- Relevant Data.

Spring Term Registration Update (Handout: 6.c)
Ms. Alicia Moore and Dr. Kathy Walsh-Vice President for Instruction - reviewed the enrollment numbers for Spring Term, noting the record increase of 14.8% credit FTE for academic year 2007-08 with unprecedented growth continuing this year with spring term showing headcount up nearly 30 percent and FTE up 40 percent - outpacing both fall and winter terms.
Planning for Summer Term is underway, with a 25 percent increase in classes over last summer.
President Middleton congratulated and thanked the faculty and staff for their great job getting students enrolled and in classes.

COCC Employee Health Insurance Options (Exhibit: 6.d)
Mr. Eric Buckles-Director of Human Resources, reviewed that since the late 1980s, COCC, along with most community colleges and K-12 schools had purchased employee health insurance from the Oregon School Boards Association (OSBA) Insurance Trust. In 2007, the Oregon Legislature created the Oregon Education Benefits Board (OEBB), a mandatory state-wide insurance pool for all K-12 and education service districts. Community colleges have the option of joining the OEBB pool, but are not required to. However, if a community college joins OEBB, it is prohibited from ever leaving the OEBB insurance pool. As a result of the OEBB legislation, the OSBA Insurance Trust was eventually dissolved. This left the College with three options for group health insurance in 2008-09:
1. Purchase health insurance on its own without membership in any larger pool.
2. Join a pool with other Oregon community colleges.
3. Join the OEBB program.
For 2008-09, COCC chose option #1.
Once again COCC has two options for providing health insurance for the plan year which will begin on October 1, 2009:
1. Continue to purchase health insurance as a standalone group.
2. Join the OEBB program.
Once the premiums for both our current coverage and OEBB are available, the College's Insurance Committee will recommend to the administration the provider for next year. The recommendation will be presented to the Board at the May Board meeting.

NEW BUSINESS:

2009-10 Residence Hall-Room/Board Rates (Exhibit: 8.a)
Ms. Alicia Moore reviewed the proposed 2009-10 room and board rates for Juniper Residence Hall.

**Mr. Donald Reeder moved to adopt a 4 percent increase for the 2009-10 Juniper Residence Hall room rates and authorize a not to exceed increase of 5% for board rates. MCU. Approved.** M04/09:2

Increase of Budget Appropriation Authority (Exhibits: 8.b & 8.b1)

**Dr. Joyce Garrett moved to authorize an increase of $3,625,000 of budget and a like amount of appropriation authority as specified in the budget change form-Exhibit: 8.b1. Mr. Charley Miller seconded. MCU. Approved.** M04/09:3

Pharmacy Tech/Proposal (Exhibits: 8.c & 8.c1)
Dr. Mary Jeanne Kuhar- Instructional Dean, Dr. Margaret Peterson-Professor of Allied Health and Human Performance and Mr. Joe Hussion-Pharmacy Technician Program Director, presented the proposal for a new one-year certificate program in Pharmacy Technician to open for enrollment winter of 2010.
The Board thanked them for their good work.

**Ms. Connie Lee moved to approve the one-year certificate program for Pharmacy Technician. Mr. Donald Reeder seconded. MCU. Approved.** M04/09:4

2009-10 Tuition (Exhibit: 8.d)
Mr. David Dona-Associate Chief Financial Officer and Ms. Alicia Moore, reviewed the College's three tuition categories and the proposed tuition increase for 2009-10.

**Dr. Joyce Garrett moved to approve an increase to the 2009-10 credit tuition schedule, recommending tuition rates as follows: in-district tuition $66/credit hour, out-of-district tuition $91/credit hour, and out-of-state/international tuition $186/credit hour. Ms. Connie Lee seconded. MCU. Approved.** M04/09:5

Summer Tuition (Exhibit: 8.e)
Mr. David Dona and Ms. Alicia Moore reviewed the history of summer tuition rates, recommending that summer tuition rates be set in accordance with students' residency status.

**Mr. Donald Reeder moved to approve a change to the summer tuition policy in that students will be charged appropriate tuition rates depending on the students' residency status. Dr. Joyce Garrett seconded. MCU. Approved.** M04/09:6

Grandview Remodel Bid Award (Exhibit: 8.f)
Mr. Jim Jones-Vice President and Chief Financial Officer, reviewed the history of the Grandview Hall remodel project, noting that the funds for the renovation project are provided through the *Go Oregon*! stimulus program. Seven bids were received with Kirby Nagelhout Construction of Bend, Oregon being the lowest responsive bid.

**Ms. Connie Lee moved to accept the bid of Kirby Nagelhout Construction for $398,000 for the Grandview Building Remodel and authorize the President to enter into a contract for the remodel. The contract will be reviewed and approved by College legal counsel prior to signing. Dr. Joyce Garrett seconded.**

Mr. Charley Miller declared potential conflict of interest.

**MCU. Approved.** M04/09:7

BOARD OF DIRECTORS' OPERATIONS:

OCCA Update
Ms. Connie Lee reported that "a lot" is happening legislatively; she thanked Representative Judy Stiegler for helping to work towards establishing the essential budget level at the $519M.

Board Member Activities

| | |
|---|---|
| **Dr. Garrett** | Agenda planning phone call w/President Middleton<br>Read all of the materials and summary of the last Legislative Conference Call<br>Attended meeting w/Matt McCoy and Andrea Gibson re: COCC Foundation |
| **Ms. Lee** | Attended OCCA Meeting<br>Two Days in Salem attending the Legislative Hearings |
| **Mr. Miller** | Getting started on the planning for the COCC November 2009 Bond Campaign |
| **Mr. Reeder** | Conversations w/Matt McCoy regarding Federal Grant for the Madras Campus |
| **Dr. Foerster** | None to report (out of the country for two months) |

PRESIDENT'S REPORT:
President Middleton reported that he and Dr. Becky Johnson-Dean of OSU-Cascades attended the recent Legislative Hearing and also made ten visits to Oregon Legislators in Salem on April 7th. HB 442 is looking at setting up study groups and potentially closing one or more college campuses throughout the state. OSU-Cascades is key to Oregon's future – 10-20 years from now Central Oregon (Bend, Redmond and the surrounding communities) will be a major economic base and population center in the state.

President Middleton thanked Jim Jones, Matt McCoy, Sharla Andresen, Joe Viola, Gene Zinkgraf, Dan Cecchini, Julie Mosier, John Hoffman, Sarah Wilson, and Gary Kontich for their good work implementing the projects funded by the states *Go Oregon*! Stimulus program.

President Middleton thanked Dr. Kathy Walsh for her leadership on the upcoming Accreditation Visit on Friday, April 10 – the visit will focus primarily on Classroom Assessment.

ADJOURN: **9:20 PM**

| | |
|---|---|
| APPROVED; | ATTEST TO; |
| ______________________________ | ______________________________ |
| Dr. Ronald E. Foerster, Board Chair | Dr. James E. Middleton, President |

Exhibit: 5.b1
May 13, 2009
Approve: ___ Yes ___ No
Motion: _______________

Central Oregon Community College

Board of Directors

**NEW HIRE REPORT – MAY 2009**

| Name | Date Hired | Job Title |
|---|---|---|
| **Classified Part-Time** | | |
| Farbstein, Jessica | 4/01/2009 | Custodian |
| **Part-Time Faculty** | | |
| McDonald, Brenda | 4/11/2009 | Part-Time Faculty |
| Spicer, Raylene | 4/01/2009 | Part-Time Faculty |
| **Temporary Hourly** | | |
| Alcaraz, Reid | 4/14/2009 | Student Mentor |
| Bevins, Ryan | 4/17/2009 | Notetaker |
| Bolling, Michael | 4/21/2009 | Student Life Assist. |
| Cyr, Gregory | 4/01/2009 | Simulator Instructor |
| Diaz, Matthew | 4/01/2009 | EMT Lab Assistant |
| Estes, Michael | 4/27/2009 | Notetaker |
| Gaede, Johnathan | 4/08/2009 | EMT Lab Assistant |
| Griffin, Megan | 4/01/2009 | Notetaker |
| Henderson, Robert | 4/01/2009 | Unclothed Model |
| Lakehomer, Kimberly | 4/09/2009 | Notetaker |
| Meston, Lucinda | 4/01/2009 | Notetaker |
| Noble, Wendy | 4/01/2009 | Van Driver |
| Piper, Joshua | 4/06/2009 | Simulator Instructor |
| Regan, Kelly | 4/01/2009 | Van Driver/Lab Assist. |
| Thompson, Heather | 4/13/2009 | Notetaker |
| Vibbert, Terrance | 4/08/2009 | EMT Lab Assistant |
| Waggoner, Katie | 4/07/2009 | Student Workers |
| Wells, Amy | 4/22/2009 | Notetaker |
| Weston, Joshua | 4/01/2009 | EMT Lab Assistant |
| Wilson-Coleman, Alisa | 4/09/2009 | Notetaker |
| **Temporary Salary Payment** | | |
| Burri, Michael | 4/12/2009 | |
| Madden, Mark | 4/21/2009 | |
| Pence, Kelly | 4/10/2009 | |

Exhibit: 5.d
May 13, 2009
Approved: Yes ___ No ___
Motion:_______

CENTRAL OREGON COMMUNITY COLLEGE
Board of Directors

**RESOLUTION**

Prepared by: Dr. Kathy Walsh-Vice President for Instruction

**A. Action Under Consideration**

Approve rehire recommendations.

**B. Discussion/History**

Need for timely approvals to rehire faculty members who have been evaluated and are doing satisfactory work.

**C. Options/Analysis**

Approve the rehire recommendations.
Decline approval of rehire recommendations.

**D. Timing**

For the 2009-10 academic year.

**E. Recommendation**

Be it resolved that the Board of Directors of Central Oregon Community College district approve rehire recommendations for the academic year 2009-10 as identified on the attached memo.

**F. Budget Impact**

Salaries conform to the salary schedule approved by the Board of Directors and the Faculty Forum.

## REHIRE RECOMMENDATIONS FOR 2008-09

### PROBATIONARY FACULTY

The following probationary faculty is recommended for rehire. Annual Report of Activities and appropriate evaluations (student, peer and designated evaluator) are on file in the Human Resources Office and course materials are on file in the department office. Designated evaluator and faculty member discussed student evaluations and Annual Report of Activities and reviewed Professional Improvement Plan.

| | | |
|---|---|---|
| Jacob Agatucci | Amy Howell | Ralph Phillips |
| *Kelly Davis-Martin | Jim Knox | Donna Raymond |
| *Michele Decker | David Liu | Tina Redd |
| *Jim Ellis | Eric Magidson | Vicky Ryan |
| Carla Elms | John Miller | Mariko Shimizu |
| Theresa Freihoefer | Lynn Murray | Dana Topliff |
| Kevin Grove | Tim Peterson | *Monica Vines |

### PROBATIONARY FACULTY

Considered for and awarded tenure this year. The following probationary faculty are recommended for rehire. Annual Report of Activities and appropriate evaluations (student, peer and designated evaluator) are on file in the Human Resources Office and course materials are on file in the department office. Designated evaluator and faculty member discussed student evaluations and Annual Report of Activities and reviewed Professional Improvement Plan.

| | | |
|---|---|---|
| Thomas Barry | Robin Martinez | Sean Rule |
| *Julie Hood | Kathleen McCabe | Andria Woodell-Quinn |
| *Beverlee Jackson | Jane Morrow | |

The following tenured faculty members are recommended for rehire.

### TENURED FACULTY

<u>Non-Evaluation Year</u> - Annual Report of Activities and student evaluations are on file in the Human Resources Office. Designated evaluator and faculty member discussed student evaluations and Annual Report of Activities and reviewed Professional Improvement Plan.

| | | |
|---|---|---|
| Cora Agatucci | *Scott Hays | Lowell Lamberton |
| Art Benefiel | Franz Helfenstein | Greg Lyons |
| Steve Bidlake | Michael Holtzclaw | Bret Michalski |
| Jon Bouknight | William Hoppe | Leslie Minor |
| Tom Carroll | Tina Hovekamp | James Moodie |
| Peter Casey | Marjorie Hoye | Doug Nelson |
| Jeff Cooney | Karen Huck | Patricia O'Neill |
| *Lew Cousineau | Chuck Hutchings | Christine Ott-Hopkins |
| Deb Davies | Eddie Johnson | Risë Quay |
| Stacey Donohue | Julie Keener | Robert Reynolds |
| Julie Downing | Kelvin Kempfer | Katherine Smith |
| Mark Eberle | Jim Knox | Maggie Triplett |
| Catherine Finney | Sara Krempel | Ricky Virk |
| Lilliann Foreman | Jim Kress | Rebecca Walker-Sands |
| *Michael Gesme | Eleanor Sumpter-Latham | Nancy Zavacki |
| *Amy Harper | Aaron Lish | Nancy Zens |
| | | Zelda Ziegler |

## TENURED FACULTY

Evaluation Year - Annual Report of Activities and student, peer and designated evaluator evaluations are completed and on file in the Human Resources Office. Course materials have been reviewed. Designated evaluator and faculty member discussed student evaluations and Annual Report of Activities and reviewed Professional Improvement Plan and summative evaluation report.

| | | |
|---|---|---|
| Bruce Emerson | Terry Krueger | *Rebecca Plassmann |
| Michael Fisher | Ken Mays | Kiri Simning |
| Carson Haury | Charlie Naffziger | Ron Boldenow |
| *Carol Higginbotham | Sean Palagyi | |

## TEMPORARY FACULTY

The following faculty is recommended for one-year temporary contracts for regular full time positions.

| | |
|---|---|
| Sean Hartley | Michael Peterson |

*indicates considered for and awarded promotion this year.

Exhibit: 5.e
May 13, 2009
Approved:___Yes___No
Motion: ____

Central Oregon Community College
Board of Directors
**RESOLUTION**

Prepared by: Eric Buckles, Director of Human Resources

## A. Action Under Consideration

A request for approval to rehire administrative, confidential and supervisory staff on the appropriate renewal documents for 2009-2010.

## B. Discussion/History

Annual employment contracts are issued to administrative, confidential and supervisory employees in June of each year for the following fiscal year. The conditions for the issuance of all such employment contracts, which include satisfactory performance, are contained in the Board-approved *Handbook for Exempt, Confidential and Supervisory Employees*. A list of administrative, confidential and supervisory employees for rehire is attached

One-Year contracts include the following:

- Temporary Contracts: Administrators funded by grant money or on temporary assignments.
- Probationary contracts: issued during the first three years of a regular exempt appointment.
- Regular appointment contracts: issued with the fourth year appointment.

Three-Year Contract requirements:

- Continuing contracts require the recommendation of the President. They are issued to administrators who have worked a total of ten years for COCC in an administrative position and are at Level 26 or above on the current administrative salary schedule.

## C. Options/Analysis

Approve rehire recommendations for administrative, confidential and supervisory staff on employment contracts as appropriate.

Decline the rehire recommendations for administrative, confidential and supervisory staff on employment contracts as appropriate.

## D. Recommendation

Be it resolved that the Board of Directors of Central Oregon Community College approves the rehire recommendations for administrative, confidential and supervisory staff for the 2009-2010 fiscal year.

## E. Budget Impact

Funds for administration, confidential and supervisory salaries are contained in the approved 2006-2007 budget.

# Approval to Rehire Administrative, Confidential and Supervisory Staff for 2009-2010

| NAME | POSITION TITLE |
|---|---|
| **Temporary** | |
| Carnahan, Lonna | Perkins Grant Coordinator (Temp/Grant) |
| Dickman, Diana | Academic Advisor (Temp) |
| Ertle, Vicki | Director of Family Resource Center (Temp/Grant) |
| Hagan, Deborah | Distance Education Coordinator (Temp/Grant) |
| Hussion, Joe/Francis | Pharmacy Tech Program Director (Temp) |
| Manriquez, Stephanie | LMT Program Director (Temp) |
| Paulson, Scott | Assistant Director of Information Technology (Temp) |
| Podesta, Cheryl | Grant Writer - (Temp) |
| Viola, Joseph | Construction Project Manager (Temp) |
| **Probationary** | |
| Barry, Seana | Assistant Director - Admissions & Records |
| Bauman, Tucker | Welding Program Coordinator DRCI |
| Bloyer, Lisa | Director of Accounting |
| Bowling, Michael | Institutional Systems Analyst |
| Cagney, Patricia | CAP Center Academic Advisor |
| Cecchini, Daniel | Director of Information Technology |
| Coil, Carrie | Foundation Accountant |
| Dona, David | Associate CFO |
| Donnell, Scott | Web Designer |
| Dula, Tracy | Coordinator of Career Services |
| Egertson, Chris | Research Analyst |
| Gibson, Andrea | Development Officer – Foundation |
| Lucia, Justine | Assistant Director Bookstore |
| Knox, Rachael | Community Learning Program Manager |
| Marlowe, Erin | Student Newspaper Advisor |
| Metcalf, Aimee | Director of Admissions and Records |
| Moore, Alicia | Dean of Students |
| Mosier, Julie | Purchasing, Procurement and Facilities Scheduling Coordinator |
| Price, Gordon | Director of Student/Campus Life |
| Roth, Karen | Diversity Coordinator |
| Sylwester, Breana | Financial Aid Advisor |
| Turner, Shannon | Student/Community Outreach Coordinator |
| Van Dyke, Allen | Native American Program Coordinator |
| Wagner, Mary | Project Manager – College Relations |
| Wheeler, Paul | Student Housing Coordinator |
| Yeager, Cody | Director for Corrections Education DRCI |
| **Regular** | |
| Andresen, Sharla | Financial and Contracts Analyst |
| Beyer, Pamela | Financial Aid Technical Specialist |
| Douglass, William | Director Club Sport, Intramural Recreation |
| Elsberry, Shawna | Academic Advisor |
| Glenn, Diana | Instructional Dean |

| NAME | POSITION TITLE |
|---|---|

## Regular (Continued)

| | |
|---|---|
| Hagenbach, David | Sign Language Interpreter |
| Jeffreys, Cindy | Systems Integrator |
| Jumper, Nancy | Community Learning Program Manager |
| Klett, Barbara | Instructional Technology Coordinator |
| Kontich, Gary | Network Administrator |
| Kuhar, Mary Jeanne | Instructional Dean |
| Lantis, Glenda | Community Learning Program Manager |
| McCampbell, Susan | Assistant Director, Student Financial Aid |
| McDilda, Robert | Safety and Security Supervisor |
| Multop, Kevin | Director of Student Financial Aid |
| Ortiz, Lori | Payroll Specialist |
| Pederson, Jeffrey | Systems Administrator |
| Pierce, Brynn | Institutional Researcher |
| Richards, Jeff | Coordinator of User Services |
| Simone, Paula | Wildland Fire Science Coordinator/Structural Fire Science Coordinator |
| Smith, Kellie | Tutoring and Testing Center Director |
| Sorensen, Gail | Assistant Director, Human Resources |
| Stennett, Paul | Community Learning Program Manager |
| Suyematsu, Jessie | Systems Analyst |
| Underdal, Taran | Admissions High School Liaison/Recruiter |
| Walker, Anne | Disability Services Coordinator |
| Walsh, Kathleen | Vice President for Instruction |
| Weaver, James | Executive Director, Foundation |
| Wickham, Beth | Director of Cont. Ed & BDC |
| Wilcox, Jim | Business Counselor |

## Currently on 3-Year Contracts

| | |
|---|---|
| Bilyeu, David | Director of Library Services |
| Dean, Dianne | Director of Adult Basic Education |
| Jones, James | Vice President/CFO |
| Moorehead, Carol | Dean, North Campus & Extended Learning |
| Paradis, Ron | Director of College Relations |
| Simpkins, Bill | Database Administrator |
| Viles, Vickery | Director of CAP Center |
| Zinkgraf, Gene | Director of Campus Services |

## Under Consideration for 3-Year Contracts

| | |
|---|---|
| Buckles, Eric | Director of Human Resources |
| McCoy, Matthew | Vice President for Administration |
| Willis, Lori | Director of the Bookstore |

## Confidential/Supervisory

| | |
|---|---|
| Hoffman, John | Maintenance Supervisor-Buildings |
| Mattson, Neal | Custodial Supervisor – Nights |
| McKenzie, Karen | Administrative Assistant - VPI |
| Smith, Julie | Executive Assistant – President/Board of Directors |

Exhibit: 7.a
May 13, 2009
Approve: ____Yes ____ No
Motion: ____________________

CENTRAL OREGON COMMUNITY COLLEGE
BOARD OF DIRECTORS
**RESOLUTION**

Prepared by: James R. Jones-Vice President and Chief Financial Officer

**A. Action Under Consideration**

Approve Central Oregon Community College entering into an Intergovernmental Grant Agreement of $2,822,250 between the State of Oregon, acting by and through its Department of Community Colleges & Workforce Development for the 2009 "Go Oregon" Stimulus Projects for Deferred Maintenance, Capital Renewal, Code Compliance and Safety. The agreement is attached.

**B. Discussion/History**

On February 5, 2009, Governor Ted Kulongoski signed *Go Oregon!* into law. It authorized the sale of bonds to fund important capital projects at public facilities throughout Oregon. It is estimated that *Go Oregon!* will quickly make $175 million available to pay for construction, renovation and major deferred maintenance of buildings and other facilities owned by state government, local communities, universities and community colleges. The law will help create badly needed jobs, reinforce existing jobs, and inject money into Oregon's communities by helping to "prime the pump" of the state economy." (Go Oregon website http://www.oregon.gov/recovery/GoOregon.shtml)

Central Oregon Community College submitted 10 projects to be considered and was awarded $2,822,250 of the Go Oregon bond money to put towards the completion of all 10 of these projects. The projects range from creating new parking, to accommodate COCC increased enrollment, to renovating buildings for much needed additional classrooms.

**C. Options/Analysis**

1. Approve Central Oregon Community College entering into the Intergovernmental Grant Agreement of $2,822,250 between the State of Oregon, acting by and through its Department of Community Colleges & Workforce Development for the 2009 "Go Oregon" Stimulus Projects for Deferred Maintenance, Capital Renewal, Code Compliance and Safety.

2. Disapprove Central Oregon Community College entering into the Intergovernmental Grant Agreement of $2,822,250 between the State of Oregon, acting by and through its Department of Community Colleges & Workforce Development for the 2009 "Go Oregon" Stimulus Projects for Deferred Maintenance, Capital Renewal, Code Compliance and Safety.

**D. Timing**

Action is requested at this time.

**E. Recommendation**

Be It Resolved that the Board of Directors of Central Oregon Community College District does hereby approve Central Oregon Community College entering the Intergovernmental Grant Agreement for $2,822,250 between the State of Oregon, acting by and through its Department of Community Colleges & Workforce Development for the 2009 "Go Oregon" Stimulus Projects for Deferred Maintenance, Capital Renewal, Code Compliance and Safety.

**F.** **<u>Budget Impact</u>**

This grant increases the amount available for deferred maintenance and repair by $2,822,250. Up to $1,177,750 of college funds may be expended as match on the approved projects.

**G.** **<u>Miscellaneous</u>**

The Intergovernmental Agreement has been reviewed and approved by Ron Bryant, Board Attorney.

Moody's
U.S. Public Finance

# Outlook

April 2009

# Moody's Assigns Negative Outlook to U.S. Local Government Sector

## Challenging Credit and Economic Environment Focuses Credit Review Spotlight on Select Rating Factors

Table of Contents:



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The outlook for US local government ratings is negative. This outlook expresses Moody's expectation for the fundamental credit conditions in the sector over the next 12 to 18 months

## Summary


Moody's has assigned a negative outlook to the U.S. local government tax-backed and related ratings sector. This is the first time we have assigned an outlook to this extremely large and diverse sector. This negative outlook reflects the significant fiscal challenges local governments face as a result of the housing market collapse, dislocations in the financial markets, and a recession that is broader and deeper than any recent downturn.

With the past year's relentless stream of negative economic and financial news, the current economic environment will clearly pose significant challenges for many if not most local governments. Sharply falling property values, contracting consumer spending, job losses, and limited credit availability lead the long list of developments that will make balancing budgets in the coming year particularly difficult. The negative outlook assigned to the U.S. local government sector encapsulates our view of this challenging environment and the strains that will be evident in credit for issuers across the industry.


Moody's Investors Service

Moody's Assigns Negative Outlook to U.S. Local Government Sector

This Special Comment outlines the key challenges facing local governments in the current environment and highlights the components our credit analysis that will likely drive rating decisions in the next twelve to eighteen months. These are standard elements of our existing rating methodology that, in light of the particular challenges of the current economic/credit environment, have taken on increased importance. These important considerations include each local government's exposure to:

- Market volatility, particularly the potential liquidity implications of failed remarketings of variable rate debt;
- Industries particularly at risk in the current economic downturn, including, among others, real estate development, auto manufacturing, and financial services;
- Volatile and declining revenue sources, like sales and real estate transfer taxes, that are particularly sensitive to economic fluctuations, and;
- Expenditures that are legally mandated and/or effectively fixed in the near-term.

Individual local governments that stand out as having relatively high exposure in one or more of these areas could be, in the absence of clear credit mitigants, subject to downward rating pressure. The nature of such mitigants will vary according to the particular weakness being considered, but would generally include:

- Above average reserve levels
- Demonstrated willingness and ability of management to make rapid, if not multiple, mid-year budget adjustments; and
- Consistently conservative budget assumptions.

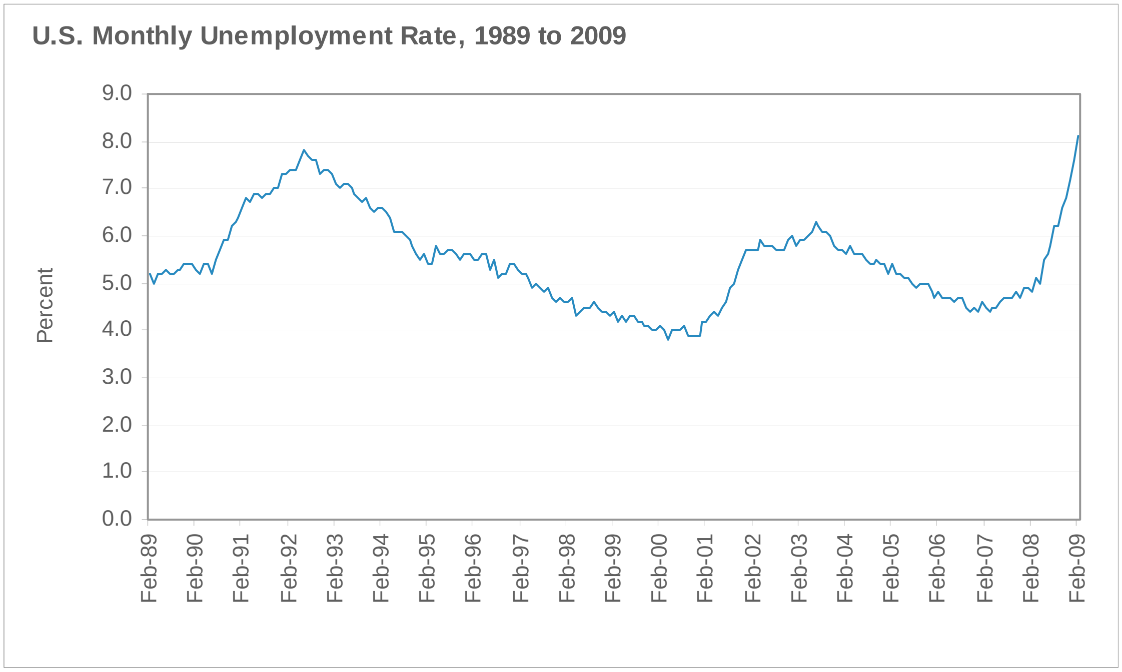
The negative sector outlook does not suggest that the prospects for local government credit ratings are uniformly negative. Its meaning is distinct from our rating outlooks for individual credits, which are predictive of future rating direction for that particular credit. The sector outlook characterizes the prevailing operating environment and the challenges issuers in the local government sector will face in the coming 12-18 months.

Credit pressures faced by local governments and their responses to these pressures will vary significantly across and within states due to uneven economic conditions, differing revenue mixes and service mandates, inconsistent property assessment practices, and different levels of revenue raising authority. The governance strength of individual issuers and the behaviors which demonstrate their willingness and ability to adapt to that environment will determine the overall trend in individual ratings.

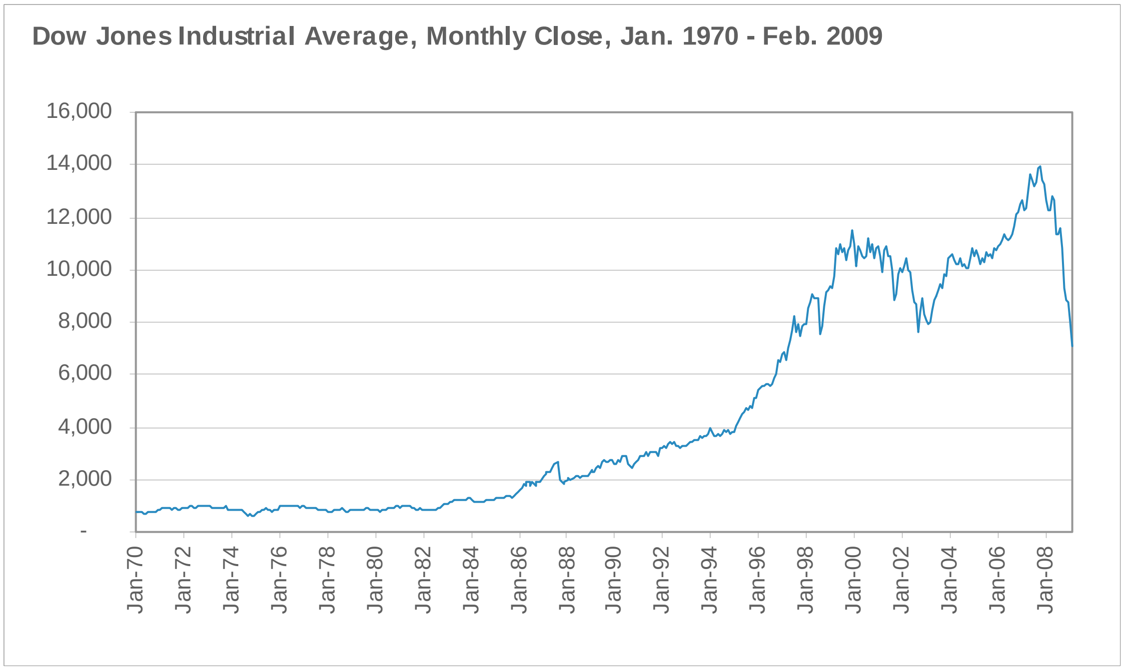
## Unprecedented Fiscal Challenges Drive Negative Outlook for Local Government Ratings

The current U.S. recession, which began in December 2007, has already lasted longer than the prior two recessions in 2001 and 1990-91. Unemployment spiked to 8.1% in February 2009, a 3.3 percentage point increase from a year ago and its highest level in 20 years. Some economists report that it may increase to 10% by 2010.

## Moody's Assigns Negative Outlook to U.S. Local Government Sector



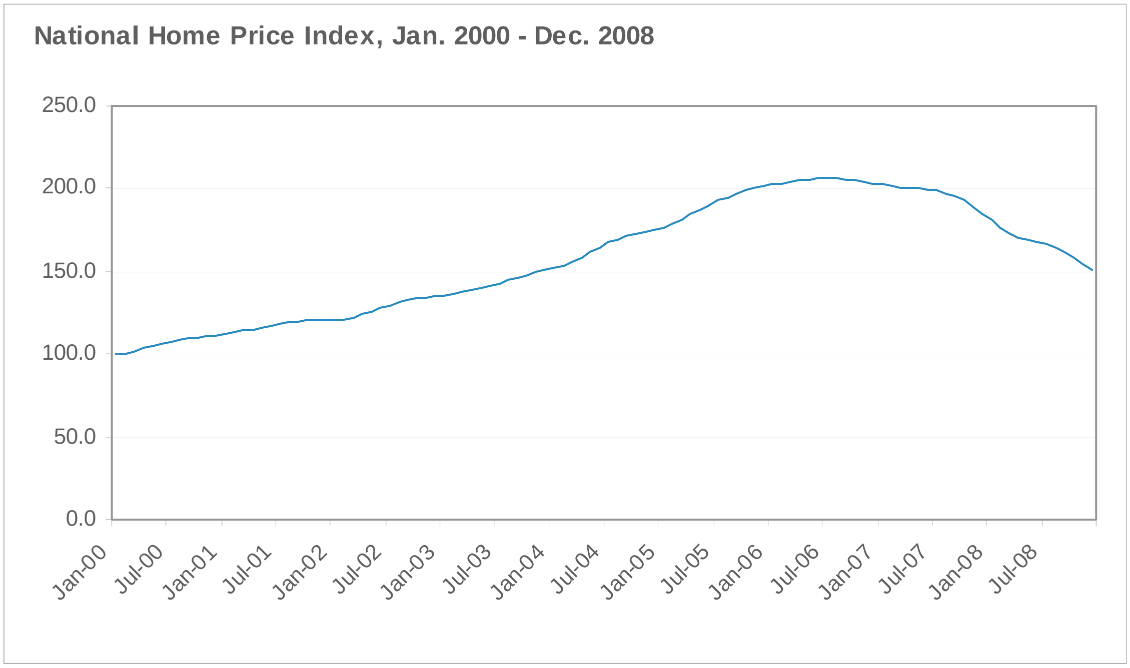

Stock prices are 49% off their peak in October 2007, the worst decline since the Great Depression.




Nationally, home prices have fallen on average 25% from their peak in July 2006 [1] and some predict another 20% decline before this recession is over.

[1] Case-Shiller Home Price Index, 20 metro area composite, July 2006 to December 2008.

## Moody's Assigns Negative Outlook to U.S. Local Government Sector




In late 2008, credit markets suffered an unprecedented collapse, shutting down access to the capital markets at various times even for the most highly rated issuers. These are challenging times for the economy, if not unprecedented in the post-war era.

This environment is placing unprecedented pressure on local governments. Declining home values will in many cases translate into lower assessed values and lower property tax collections in the absence of compensating, and potentially significant, tax rate increases. Decreased consumer spending will depress sales tax revenues. Higher unemployment will weaken income tax collections while increasing demand for social service expenditures. Disruptions in the financial markets may result in liquidity problems for local governments with variable rate debt exposure or those that need to access the markets for annual cash flow borrowings. Taxpayers, worried about their own financial condition, are more resistant than ever to increasing property or other local taxes.

The pressures will not affect all local governments equally. The sector is exceedingly diverse in size--about 52,000 cities, counties and school districts[2]--and scope of service provision, as well as in resources and revenue raising authority, making any generalization challenging.

[2] These figures exclude special districts, which alone number about 37,000. Special districts include a wide variety of entities dedicated to specific rather than general governmental purposes, including for example, water and sewer districts, flood control districts, library districts, and fire districts. The "city" count is broadly defined to include municipalities, cities, towns, and townships.
Source: U.S. Census Bureau, Census of Governments, 2007.

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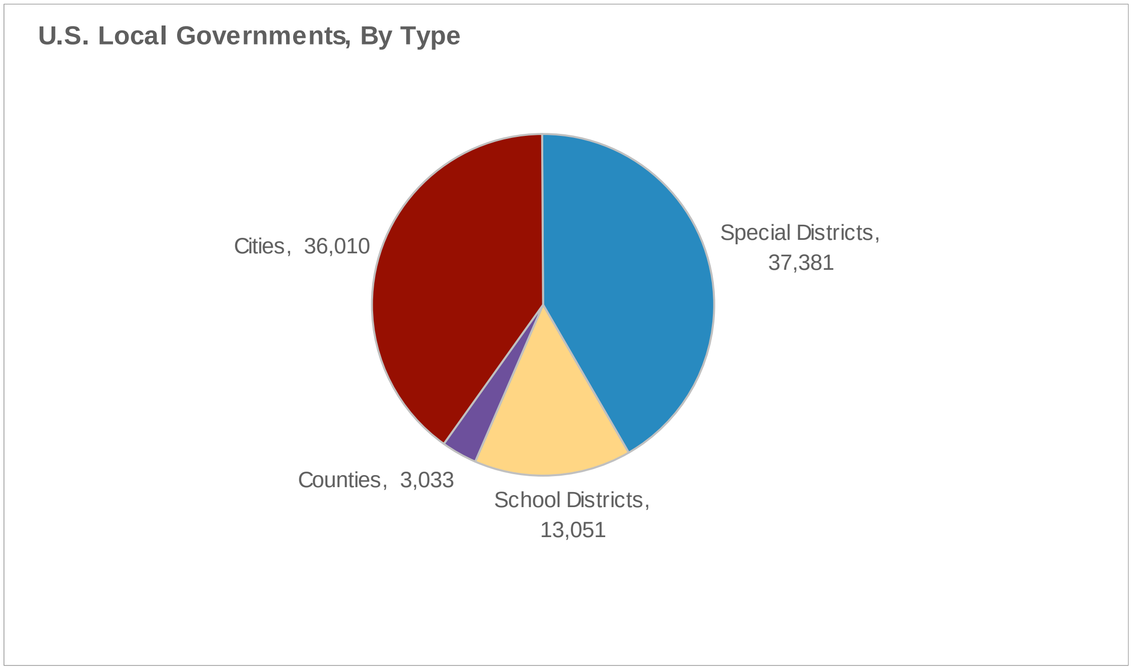



Assessment practices in many states, for example, will limit the impact of home price declines on assessed values and property tax revenues. Many municipalities are well managed and will be able to take action needed to counter revenue losses. Many bolstered their reserve positions during the recent expansion, and many even took a cautious approach to the windfall revenues generated from soaring home prices. The use of variable rate debt and the need to access the capital market for cash flow needs are not widespread in the sector.

While fiscal management in this environment will undoubtedly be challenging, our ratings are intended to withstand some level of stress due to normal business cycles and we would not necessarily expect rating changes due to temporary weakening. However, rating actions will be taken when we see a shift in the absolute or relative credit quality among individual local governments, as well as circumstances when a credit outperforms or underperforms its peers at a given rating level.

However, few if any local governments will be entirely immune from the impact of the current environment given the widespread nature of this economic downturn. Even if the only challenge that a particular local government encounters is slowed revenue growth, the inexorable demand for improved governmental services will heighten the challenge of maintaining healthy finances. Credit market access will undoubtedly be more expensive than in recent years, if not denied outright to some potential borrowers. Our assignment of the negative outlook to the entire U.S. local government sector reflects the pervasive nature of these challenges.

This Special Comment describes the fiscal pressures facing local government and highlights specific areas that, in light of this negative outlook, will be of particular focus for our credit analysts in determining ratings over the next twelve to eighteen months. These are standard elements of our existing rating methodology that have taken on increased importance in the current environment. Broadly speaking, they include each local government's exposure to 1) the short-term credit market, 2) particularly at-risk sectors of the economy, 3) economically-sensitive revenues, and 4) fixed/mandated expenditures.

## Market Volatility

After the unprecedented collapse of the auction rate and insured-variable rate credit markets in 2008, it became clear that the market access mitigants issuers previously relied on to manage fiscal problems were no longer available in the ways they were before. Conversion of variable rate bonds to a fixed rate and the ability to easily access the capital markets for short term borrowing have been more challenging in the past year. Consequently Moody's analyses had to be adapted to consider the changed environment and the impact on

Moody's Assigns Negative Outlook to U.S. Local Government Sector

local governments' ability to manage certain short-term market challenges. We utilize a robust, quantitative tool to evaluate the impact of volatile interest rates, non-remarketed tenders for variable rate demand obligations and the liquidity challenge of amortizing bonds that are being held by the liquidity bank because they could not be remarketed ("bank bonds"). Explicit measures of interest rate risk, term-out risk, and counterparty risk are defined and compared to similarly rated credits. The counterparty risk analysis includes both liquidity providers and swap counterparties. Various stress scenarios are considered and compared.

To date we have found that most local government's exposure to this market risk has been relatively modest and manageable, with a few exceptions. Most local governments had little or no variable rate risk exposure and only a few had significant risk. Of those with significant risk, only one issuer emerged with insurmountable problems, Jefferson County, Alabama. For the other issuers with significant variable rate exposure, most have been actively restructuring their debt. Typically, they have refunded their variable rate debt with more conventional fixed rate structures. We continue to monitor this risk for all local government issuers. As the market continues to evolve and the credit and liquidity position of issuers change, additional rating actions may be taken. We will monitor continued credit deterioration and consolidation of global financial institutions providing local governments with the financial products related to variable rate debt and assess ratings accordingly. At a minimum, with failed remarketings and bank bond conversions having morphed from largely theoretical risks to very real events, a local government's exposure to the short-term market will be more heavily weighted in our long-term credit analysis than it had been in the past.

## Key Ratios & Metrics

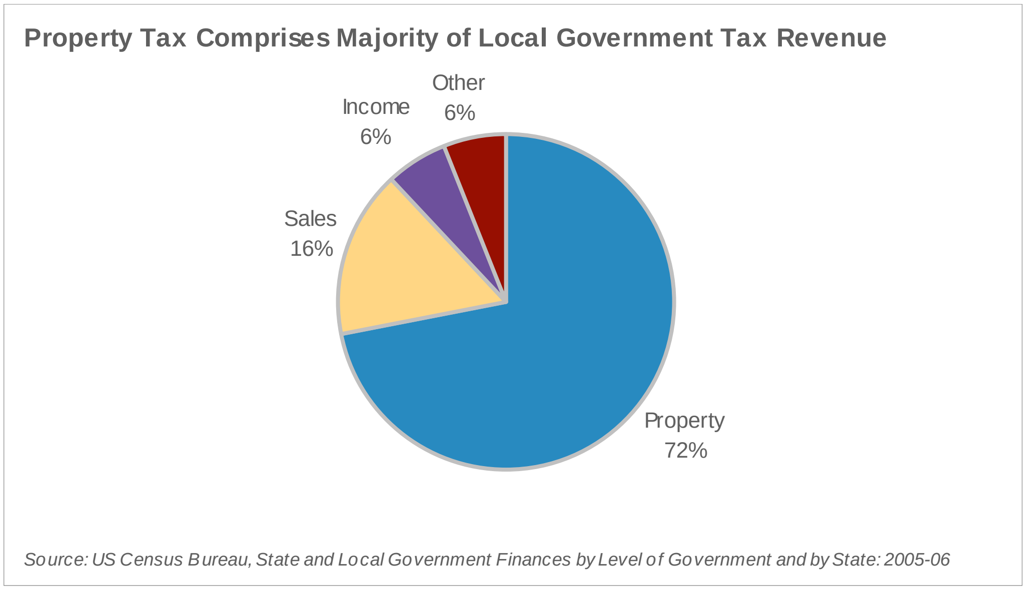
Moody's looks at a number of different ratios to gauge the extent of a local government's exposure to market risk. Two of the most common are: (1) **Variable Rate Debt as a Percentage of Total Debt**, and (2) the **Ratio of Variable Rate Debt to Cash and Other Liquid Resources**. In general, if variable rate debt represents more than 25% of total debt or the amount of variable rate debt exceeds the amount of liquid resources, Moody's will conduct a more detailed analysis of that potential risk. There are no fixed thresholds for these ratios that would automatically lead to a rating downgrade. Instead, each local government's exposure is looked at on a case-by-case basis, since all variable rate debt does not present the same risks. For example, debt with a put option back to an issuer which can turn into bank bonds with an accelerated term-out can pose a greater liquidity risk to a local government than other variable rate debt without a put option or puttable debt not subject to an accelerated term-out. Moody's also considers mitigating factors such as revenue flexibility or a government's demonstrated ability to access the markets when needed.

## At-Risk Industries

Significant economic concentration has always been a heavily weighted, negative factor in Moody's local government rating analysis. Conversely, high diversity in employment-base and taxpayers has been a hallmark of local governments' economic strength and is positively reflected in current ratings. While the current economic downturn has been very broad-based, certain industries have suffered significantly more than others. The real estate development slowdown could impact areas with recent high growth levels such as certain areas of Florida and California. Troubles in the auto manufacturing industry may well affect many governments in Michigan, Indiana and Ohio, while the turmoil in the financial services industry is affecting issuers in New York, New Jersey and Connecticut. Tourism, gaming, and manufacturing generally, may also be disproportionately affected by the current downturn. Local governments with above average exposure to these particular industries could well experience significant downward rating pressure in the near-term.

# Moody's Assigns Negative Outlook to U.S. Local Government Sector

## Volatile and Declining Revenues




Similar to the industry concentration risk discussed above, a local government's revenue concentration in sources that are particularly sensitive to economic fluctuations has always been a carefully considered rating factor. The higher the revenue concentration, the higher the risk. High revenue concentration has often been mitigated by very high reserves or well above average expenditure flexibility. That is the case now, with many local governments having prudently built up reserves in anticipation of the end of the housing boom. The sharpness of the housing downturn and speed of the general economic contraction will likely test the sufficiency of those reserve cushions. The extent to which a local government relies on its accumulated reserves to help balance its current budget may well determine its future, relative credit standing.

The origin of the current downturn in the housing market bubble and its widespread impact on consumer spending has potentially expanded the meaning of "economically-sensitive revenues". Previously independent revenue sources now appear to be moving in tandem with the economy. In the past, the U.S. economy typically experienced recessions without there being a simultaneous decline in property tax revenues. Sales taxes might have declined without a similar drop in, for example, hotel occupancy taxes. Tourism related revenues might have declined, but utility user taxes might have been immune. Now virtually all local government revenues are simultaneously experiencing weakness, if not outright declines compared to last year.

A local government's revenue dependence on a higher level of government--typically the state--is another source of revenue concentration that will likely receive increased scrutiny. Cases of high dependence and significant stress at the higher level of government could lead to near-term local government rating revisions. A number of states currently have negative outlooks. The U.S. state government sector also has a negative outlook, reflecting the serious financial and budgetary pressures that states face. The state and local rating relationship has been built into our existing local government ratings, but the severity of the current downturn and the states' own budget balancing choices may drive individual local government rating outcomes.

## Key Ratios & Metrics

The key ratio used to measure both a local government's revenue loss and the extent to which it has offset this loss with expenditure cuts and new revenues is the trend in **General Fund Balance as a Percent of Revenues**. To the extent this ratio significantly declines for a particular local government compared to its peer group--for example, if this ratio for the government was historically greater than 125% of the median for its peer group and it declined to less than 75% of the median--a rating downgrade may result. A government that depletes its fund balance entirely or experiences a fund deficit may be subject to a multiple notch downgrade

## Moody's Assigns Negative Outlook to U.S. Local Government Sector

although mitigating factors will also be considered. For example, if a decline in fund balance was due to a recurring structural deficit it is more likely to lead to a rating downgrade than if it was a planned drawdown for one-time purposes. The composition of General Fund Balance is also important--if total Fund Balance declines, but Unreserved and Unreserved, Undesignated Fund Balance remain stable, a downgrade may not be warranted. Moody's will also consider the availability of unrestricted reserves in other funds and a government's plans to rebalance its budget and restore fund balance. For reference, median values for General Fund Balance as a Percent of Revenues are shown in Table 1.

*Table 1*

**Median Values for General Fund Balance as % of Revenues**

| | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|---|---|---|---|---|
| **Cities** | | | | |
| Aaa | 24.3 | 29.0 | 28.6 | 33.8 |
| Aa | 24.8 | 27.3 | 28.4 | 29.8 |
| A | 24.0 | 27.4 | 28.2 | 30.6 |
| Baa | 22.1 | 25.9 | 26.5 | 24.8 |
| **All Cities** | **26.2** | **27.1** | **28.1** | **29.8** |
| **Counties** | | | | |
| Aaa | 20.4 | 23.1 | 25.0 | 26.9 |
| Aa | 26.7 | 28.7 | 29.9 | 32.7 |
| A | 28.7 | 27.9 | 30.9 | 32.2 |
| Baa | 18.6 | 21.8 | 19.2 | 20.5 |
| **All Counties** | **26.5** | **26.8** | **29.3** | **31.4** |
| **School Districts** | | | | |
| Aaa | 15.9 | 21.6 | 25.8 | 30.1 |
| Aa | 12.7 | 12.5 | 13.9 | 14.8 |
| A | 11.8 | 11.7 | 12.6 | 13.7 |
| Baa | 15.2 | 13.1 | 16.0 | 17.1 |
| **All School Districts** | **13.5** | **12.2** | **13.6** | **14.4** |

## Fixed and Legally Mandated Expenditures

With the relative sharpness of the current economic contraction and a significant, lingering uncertainty about the economy's near-term future, local governments with high degrees of expenditure flexibility may well be significantly better positioned to maintain their financial health than previously expected. In an economy of severely strained liquidity, an ability to rapidly reduce expenditures may prove a better indicator of credit quality than the traditional measures of municipal credit risk. A large, diverse economy, high revenue diversity, or, for example, an above average socioeconomic profile—all components of our traditional local government credit analysis—may provide little benefit in a liquidity crisis. Certainly, those governments with greater expenditure flexibility will have an easier time adjusting to a new economic reality. Evaluation of the degree to which a local government's costs are fixed or its service provision legally mandated takes on a greater importance in this environment. Evaluations of what qualifies as a "fixed cost" in the near-term and the extent to which legally mandated service provision may be trimmed without violating state law are also important considerations. Beyond basic public health and public safety services, most municipal service provision is variable, at least to the extent compatible with labor agreements and local political will. State labor laws and employee contracts can vary widely and provide governments with significantly different levels of implicit, near-term expenditure flexibility. In the current environment, this flexibility may be more important than ever.

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## Compensating Credits Strengths: Cash, Flexibility, and Foresight

As in the past, the risks highlighted above will be considered in the context of the local government's overall credit profile. Our increased scrutiny of these particular risks will be matched with deeper dives into a government's possible mitigants. In the near-term, local governments may not be able on their own to mitigate the economic threats from concentration in a particularly hard hit industry, but the federal stimulus bill holds some promise of near-term relief. More concrete, traditional mitigants would include: 1) a demonstrated willingness and ability to make mid-year budget adjustments; 2) assiduously conservative budgeting of economically-sensitive revenue sources; and 3) a demonstrated understanding of the detailed terms and conditions of variable rate transactions.

Proactive development of detailed contingency plans would help counter the uncertainties of what-if scenarios, and stepped up monitoring of at-risk revenues and credit exposures would likely lessen the rating impact of related, emergent risks. As always, a healthy reserve position would also serve to mitigate some of the risks identified above. But to the extent we believe relative or absolute credit risk has increased as a result of the recent economic and credit market developments, reserves would also likely have to have been increased to be truly offsetting. While many local governments have added to their reserves in recent years, the near-term trend is highly likely to be negative.

## Conclusion

Moody's evaluates each U.S. local government's individual strengths and weaknesses on a case by case basis. Though the outlook for the local government sector is now negative, this individual analysis will continue. The methodology used for these individual reviews also remains the same. But the past year's economic and credit market developments have necessitated emphasis on particular elements of that methodology. While we expect most local governments' ratings will be maintained, the emphasis on the elements discussed above may well result in increased rating revisions for U.S. local governments.

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## Moody's Related Research

- Impact of the Credit Crisis and Recession on Local Governments (112225)
- Tighter Municipal Market Leads to Enhanced Review of Bond Anticipation Notes (112389)
- Outlook Remains Negative for U.S. States: Federal Fiscal Stimulus May Moderate Recession's Effects on U.S. States; Impact from Recession Will Not be Equal (114526)
- Credit Implications of U.S. Fiscal Stability Plan and Stimulus Act (114769)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.*

Report Number: 115442

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