

Budget Committee Minutes
Board of Commissioners – Rhode Island Housing
June 1, 2006

Commissioners Present: Christine Curley (Chair), Anthony Marouchoc, Joe Monteiro,
Noreen Shawcross

Also Present: Richard Godfrey, Elliot Greenberg, Susan Smith, Thomas Hogg

A meeting of the Budget Committee of the Board of Commissioners was called to order at approximately 9:30 a.m. Staff presented information and documents associated with the proposed fiscal year 2007 Budget. The specifics of the Operating, Capital Expenditures and Programmatic Budgets as well as a Summary of Projected Revenues and Expenses was presented and discussed.

In terms of financial market context, it was noted that interest rates have moved up over the last two years. This has had several beneficial effects on the Corporation's operations, including better returns on its short term investments, continued interest in refinancing older multifamily loans, and a more pronounced differential between the rate on our residential mortgage and the conventional market. For these and other reasons, the Corporation's earnings appear to have "sauced-out" from the downward track experienced over the last few years (this downward track being due especially to the prepayment activity in our single-family loan portfolio.)

The Budget also includes a recommendation from the strategic planning process of \$1 million for new, direct funding for the Ending Homelessness effort. This line item is included in the programmatic budget, which approximates \$16 million in total. The 2007 Budget also includes funding for development of special needs housing, the corporate communications and marketing campaign and several major information technology initiatives. In this last regard, the committee inquired about the cost / benefit analysis traditionally associated with major I.T. efforts. Staff explained that replacement of existing systems was desirable because the current systems are approximately ten years old, are very rigid and lack the customer service capabilities that mortgage systems have today.

During the presentation, Board members asked questions about the Budget's underlying assumptions and about comparisons to the forecasted actual and budget figures. Staff suggested that the most relevant comparison of the operating expense budget for 2007 was the same category from the 2006 budget. Using this comparison, year over year budgeted expense increases are 2.1% higher in fiscal 2007 than 2006. Additional discussion centered on rating agency issues as they relate to our financial performance and our general obligation rating.

After additional discussion, the Committee agreed to recommend the Budget to the Board of Commissioners for approval. After motion duly made and seconded, it was:

Resolved: That the fiscal year 2007 Budget contained in the material attached be recommended to the Board of Commissioners for approval.

There being no further business, the meeting was adjourned at approximately 9:40 a.m.

Approved:

Christine Curley, Chair

Date: _____