

Budget Committee Minutes
Board of Commissioners – Rhode Island Housing

June 14, 2007

Commissioners Present: Michael Marques (Chair), Denise Barge, Perry Clough, Anthony Marouchoc, Joe Monteiro

Also Present: Kara Lachapelle, Susan Smith, Thomas Hogg

A meeting of the Budget Committee of the Board of Commissioners was called to order at approximately 9:50 a.m. Staff presented information and documents associated with the proposed fiscal year 2008 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 three years. This has had several beneficial effects on the Corporation's operations, including a more pronounced differential between the rate on our residential mortgage and the conventional market, resulting in much higher production levels for single family loans. For these and other reasons, the Corporation's earnings appear to have recovered 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 from 2001 through 2004.)

The Budget also includes a recommendation from the strategic planning process of \$1 million for new, direct funding for the Ending Homelessness / Road Home effort, and \$1.5 million for Sustainable Development / Keep Space activities. These line items are included in the programmatic budget, which approximates \$18 million in total. The 2008 Budget also includes funding for development of special needs housing, fire code renovations in some of our sites, continuation of the corporate communications and marketing campaign, the return to authorized staff complement plus five new staff members, 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 our current systems lack the customer service capabilities that are available today and because the new systems will help existing staff to be more productive.

During the presentation, Board members asked questions about the Budget's underlying assumptions and about comparisons to the current year forecast and budget figures. Staff suggested that the most relevant comparison of the operating expense budget for 2008 was the same category from the 2007 budget, and that actual expense results are historically lower than budget. 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 2008 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 10:45 a.m.

Approved:

Michael Marques, Chair

Date: _____