

# COMMUNITY *Connections*

## FEATURES:

2. *Connecting Community Needs with Investment Partners*
3. *Kansas City Fed Summit Explores the Role of Leadership*
4. *Q & A: Tom Hoenig*
5. *Bank On Save Up Kansas City Launches with Festive Feel*

SUMMER 2011

FEDERAL RESERVE BANK of KANSAS CITY



## CAO's NOTE

*by Tammy Edwards,  
Assistant Vice President and  
Community Affairs Officer*

## THE LEADERSHIP SPECTRUM

While reflecting on the articles in this issue of *Community Connections*, I was reminded of a quote by author John C. Maxwell that states, "A leader is one who knows the way, goes the way and shows the way."

Our Bank's community development mission is to be an honest broker of research, resources and relationships that strengthen low- and moderate-income communities.

In this capacity, we embrace and seek to demonstrate leadership, in its broadest form, among the various stakeholders and strategic initiatives we champion throughout the Tenth

*Continued on next page*

## *Kansas City Fed Weighs Effect of Payday Loan Restrictions*

*By Paul Wenske, Senior Community Development Advisor*

A Federal Reserve Bank of Kansas City forum on May 24 examined the timely issue of whether restricting payday lending can have a negative effect on the credit standing and access to credit for low-income consumers.

The forum, based on research by Senior Economist Kelly Edmiston, also featured a panel discussion on the merits of payday lending between Darrin Andersen, president of QC Holdings, a national payday lending company based in Overland Park, Kan., and Josh Frank, a senior researcher at the Center for Responsible Lending. The forum was held in Kansas City and videocast nationwide.

Edmiston's research suggests that consumers with access to payday lending may be more able to maintain their credit standing than those without access to payday lending.

*Continued on next page*



*Kansas City Fed officials lead a discussion on payday lending. Pictured left to right are: Assistant Vice President of Community Development Tammy Edwards; QC Holdings President Darrin Andersen; Senior Economist Kelly Edmiston; and Center for Responsible Lending Senior Researcher Josh Frank.*

## CAO's NOTE *(Continued)*

District.

This issue of *Community Connections* highlights examples of recent efforts to provide and promote leadership – demonstrated by information sharing, program launches, presentations and connections made with a broad range of stakeholders.

Kansas City Fed President Tom Hoenig is also featured in this issue. Besides being an outstanding leader of our Bank for 20 years, Mr. Hoenig is a strong supporter of community development regionally and nationally. As his retirement nears, Mr. Hoenig shares his thoughts on community development and its evolving role at the Kansas City Fed.

Please review the calendar for upcoming events and contact me with comments or suggestions at [tammy.edwards@kc.frb.org](mailto:tammy.edwards@kc.frb.org).

## KANSAS CITY FED WEIGHS EFFECT OF PAYDAY LOAN RESTRICTIONS *(Continued)*

"I'm careful to say 'suggest,' because there's lots of room for additional study," Edmiston told attendees.

His research found that counties in states where payday lending is banned have a higher share of consumers with low credit scores and histories of late bill payments, possibly because they lack access to credit or are vulnerable to costlier choices, such as bouncing checks or paying over-the-limit fees on credit cards.

The forum panel, moderated by Tammy Edwards, assistant vice president of Community Development, highlighted differing interpretations of the outcomes of payday loans for consumers.

Frank said research by the Center for Responsible Lending showed that 40 percent of payday borrowers ended up with troubled loans, and that many ended up in a negative spiral of long-term debt.

But Andersen disagreed. He said 90 percent of loans are repaid when due and that only 3 percent to 5 percent fail to get paid at all.

He said missed payments are equal to 20 percent of payday lenders' revenues, justifying the fees payday lenders charge consumers. "If they don't pay us back, we're the ones out the money, not them," he said.

To view a video presentation of the forum and to access the research, visit: <http://www.kansascityfed.org/community/resources/payday-lending.cfm>.

## Connecting Community Needs with Investment Partners

By Ariel Cisneros and Erika Ramirez, Senior Community Development Advisors



*Emily Hurst, director of development for Interfaith Housing Services of Hutchinson, Kan., shares her organization's proposal.*

Nonprofits in Colorado, Missouri and Kansas got a unique chance to present their community development proposals to potential funders at two separate forums sponsored by the Federal Reserve Bank of Kansas City.

The Investment Connection forums were held in Denver on May 12, and in Kansas City on June 13. The purpose of each forum was to match financial institutions, corporate enterprises and community foundations with organizations that have worthy proposals that need an investment, grant or loan.

The grant proposal requests ranged from \$50,000 to \$2.5 million, and geographic target areas ranged from single community developments to statewide efforts. Though funding was a crucial component, the forums also provided opportunities to inform funders about critical needs facing low- and

moderate-income populations.

The Denver forum included presentations by Habitat for Humanity, Colorado Enterprise Fund, Empowerment Program, Rocky Mountain MicroFinance Institute, Longmont Housing Authority, Community Resources and Housing Development Corp., International Center for Appropriate and Sustainable Technology (iCAST), and the Mile High Community Loan Fund.

Proposals in Denver included requests for a statewide revolving loan fund to acquire land, a capital improvement grant to build a 36-unit apartment, a statewide small business

*Continued on next page*

## CONNECTING COMMUNITY NEEDS WITH INVESTMENT PARTNERS *(Continued)*

loan pool, a revolving loan fund to implement energy efficiency improvements for businesses and homes, and a fund to support local grocery retail development projects in low- and moderate-income areas.

The Kansas City forum included presentations by Enterprise Center of Johnson County, Interfaith Housing Services, Urban Entrepreneur Partnership, Hutchinson Housing Commission, Kansas City Terminal

Employees/Guadalupe Center Federal Credit Union, Truman Medical Center/Hospital Hill Economic Development Corp., Somali Foundation, and City Vision Ministries.

Proposals in Kansas City included requests for a metrowide equity investment fund for early-stage small businesses, revolving loan funds to support micro-businesses, construction loans for low-income housing, funding for studio spaces for artists, and development support for a grocery-retail development project in the urban core.

The forums made it convenient for

funders to learn about multiple proposals, new partnerships and investment opportunities, while nonprofits were able to access multiple funders looking for good investment ideas, with a single presentation.

In addition, nonprofits were able to hone their presentation skills and gain insights into the interests and needs of funders.

Responses were positive from both funders and nonprofit presenters. Additional forums may be held in other Tenth District cities.

## *Kansas City Fed Summit Explores the Role of Leadership*

*By Erika Ramirez, Senior Community Development Advisor*

*Kansas City Fed President  
Tom Hoenig opens the  
Leadership Summit.*



Collaboration and leveraging resources for positive change were common themes at an April 22 Leadership Summit hosted by the Federal Reserve Bank of Kansas City, featuring influential local and national leaders.

More than 120 corporate, nonprofit, community, economic, academic and public leaders from Kansas and western Missouri attended the event.

The summit featured four dynamic speakers, including Thomas M. Hoenig, president and CEO of the Federal Reserve Bank of Kansas City, who spoke about economic leadership. Kay Barnes, a former mayor of Kansas City, Mo., and currently Distinguished Professor for Public Leadership at Park University, shared strategies for working collaboratively in today's public and academic arenas.

Both Hoenig and Barnes stressed collaboration and working together across sectors, industries and geographic regions, and the advantages of tackling issues collectively rather than individually when seeking positive change.

Ellen D'Amato, president and CEO of The Central Exchange, a business and support organization for women, provided attendees with information about the new Win/Win Kansas City campaign. The campaign seeks to increase the number of women serving on corporate boards and in top executive positions in Kansas City to 20 percent by the year 2015.

She stressed the advantages of corporations that embrace and promote women in leadership positions, saying they often enjoy higher stock prices, increased earnings and other improved financial indicators.

Operation HOPE CEO and author John Hope Bryant delivered an energetic keynote speech that focused on overcoming obstacles and growing as a leader. Operation HOPE is a national self-help, education and economic empowerment organization that was founded in 1992 to eradicate poverty.

Bryant referred to his bestselling book, "Love Leadership: How to Lead in a Fear-Based World," in a wide-ranging message that addressed world economics, history, diversity, and personal and professional relationships.

For a summary of the summit and to view the recorded presentations, visit: <http://www.kansascityfed.org/eventinfo/community/2011-leadership-summit/>.



## Q&A: Tom Hoenig

Thomas M. Hoenig has been president and chief executive officer of the Federal Reserve Bank of Kansas City since Oct. 1, 1991. He is the longest serving of the Federal Reserve Bank presidents, and he is also the longest-tenured member of the Federal Open Market Committee, which has authority over U.S. monetary policy. In the spring, it was announced he will retire as president on Oct. 1 under the Federal Reserve's mandatory retirement rules.

Mr. Hoenig is a long-time advocate for strong communities, and he believes in the important connection between Main Street and the national economy. He has been a strong supporter of community development efforts, leading many programs and meetings that bring together diverse groups such as developers, realtors, lenders and service providers to foster common understanding and approaches to community issues. During his tenure, he developed the Community Development Advisory Council (CDAC), which provides advice on issues in community and economic development.

The following interview captures his thoughts on the importance of community development.

### WHAT IS THE MOST ENDURING VALUE OF THE BANK'S COMMUNITY DEVELOPMENT DEPARTMENT?

Our Bank's Community Development Department's mission—to promote community development and fair and impartial access to credit—is vitally important to the overall health of our economy. The recent financial turmoil has affected everyone, but it is the underserved and those in the low- and moderate-income (LMI) population who were especially vulnerable. This population is often the first to suffer during an economic downturn and the last to recover.

Our Bank has worked toward fulfilling this mission through partnerships with community organizations, with research to better understand the issues faced in our communities, and by hosting and sponsoring public programs. We do this with a small but effective staff who have leveraged their knowledge and connections to become leaders in the Federal Reserve System. I take tremendous pride that our Bank was the first in the System to develop a survey that measures the economic conditions of low- and moderate-income (LMI) populations and the organizations that serve them.



*Tom Hoenig,  
President and CEO,  
Federal Reserve Bank  
of Kansas City*

### WHAT ARE SOME OF THE BIGGEST CHANGES AFFECTING THE ROLE OF COMMUNITY DEVELOPMENT?

Community Development positions throughout the Federal Reserve System were created in the 1980s to help commercial banks understand their Community Reinvestment Act (CRA) responsibilities. I was at the Bank at that time and had a first-hand look at the formation of this function. While we still focus a great deal of time on CRA, it became clear that we needed staff focused on Community Development issues more broadly.

One of these issues is financial education. Regardless of economic conditions, we know that wise financial choices are linked to quality-of-life issues, such as the ability to gain additional education and retire. In our Bank, for example, we have looked closely at the issue of financial education in the workplace.

In addition, just in the last year, we have conducted research on payday lending, partnered with stakeholders on finding solutions for vacant homes, launched resources to assist nonprofit executives maximize their LMI-focused resources and continued our efforts to help underbanked and unbanked residents find safe and affordable financial products and services.

### HOW WOULD YOU DESCRIBE THE VALUE PROVIDED BY THE BANK'S MANY STAKEHOLDERS AND PARTNERS?

Today, it is well known that the 12 Reserve Banks and their branches play an important role in giving the Federal Reserve a truly national perspective on policy and banking issues, and our partners and stakeholders are critical to our understanding of these issues. Our stakeholders' perspective on the challenges faced by the LMI and

*Continued on next page*

## Q&A: TOM HOENIG *(Continued)*

underserved communities provides valuable input for our research and programs. In addition, members of the CDAC give us a “front-line” look at the challenges faced across the Tenth District. Their views are crucial as we continue to seek solutions to improve access to credit and information about financial products.

## HOW DO YOU SEE THE ROLE of COMMUNITY DEVELOPMENT EVOLVING?

The marketplace continues to introduce new financial products and innovative services for consumers. Examining how these will

affect access to credit among the underserved and LMI communities will be an important goal of Community Development. For example, we recently hosted a forum for bankers, employers, payroll processors and community organizations to discuss and learn more about payroll cards—debit cards that are increasingly being issued by some employers instead of paychecks. The forum highlighted the need for future discussions and analysis of this new product.

I am confident our Bank will continue to seek these kinds of opportunities for dialogues on new financial services and other issues with stakeholders across the District.

# Bank On Save Up Kansas City Launches with Festive Feel

*By Erika Ramirez, Senior Community Development Advisor  
and Maurice Roper, Community Development Intern*

More than 1,000 people gathered at Ilus Davis Park in downtown Kansas City, Mo., on June 4 for the launch of Bank On Save Up Kansas City.

The family-friendly event featured financial information booths, interactive activities for children, food and entertainment. The event provided an informal opportunity to raise awareness about the community program among the general public, and unbanked and underbanked consumers.

The goal of Bank On Save Up Kansas City is to encourage residents to connect with affordable financial products and services provided by regulated financial institutions, and to promote a culture of savings.

The event included a press conference featuring remarks by Kansas City, Mo., City Councilwoman and Mayor Pro Tem Cindy Circo, City Manager Troy Schulte, United Way of Greater Kansas City President and CEO Brent Stewart and United Way of Wyandotte County President and CEO Wendell Maddox. The press conference concluded with the launch of the Bank On Save Up Kansas City hot air balloon.

The event was well received and generated greater understanding among participants of the advantages of opening checking and savings accounts.

For more information about Bank On Save Up Kansas City, visit:

[www.bankonsaveupkc.org](http://www.bankonsaveupkc.org).



*An attendee opens a new checking account.*



*Attendees hear about the Bank On Save Up Kansas City program.*



*Attendees visit informational booths to learn about community and financial services.*

# Region Roundup

## AFFORDABLE HOUSING ROUNDTABLE

The Omaha Branch in partnership with HUD and NeighborWorks America hosted a housing roundtable on May 2. The event drew lenders, nonprofits and neighborhood housing organizations. Panelists addressed the challenge of affordable housing and provided resources on avoiding foreclosure-rescue scams. For more information, contact: [Dell.Gines@kc.frb.org](mailto:Dell.Gines@kc.frb.org).

## BUSINESS DEVELOPMENT OPPORTUNITIES

The Denver Branch hosted a business development program on May 5 that gave small business owners an informational overview of lending, technical assistance and procurement resources available at the Kansas City Fed and throughout the state. For more information, contact: [Ariel.Cisneros@kc.frb.org](mailto:Ariel.Cisneros@kc.frb.org).

## CRA ROUNDTABLES

Community Reinvestment Act (CRA) roundtables were held across the Tenth District focusing on a range of topics, including small business lending, microlending, and assisting unbanked and underbanked consumers. Events were held in Tulsa, Okla., on April 5; in Las Cruces, N.M., on May 3; and in Omaha, Neb., on May 25. For more information on upcoming roundtables, contact: [Ariel.Cisneros@kc.frb.org](mailto:Ariel.Cisneros@kc.frb.org).



The TENTH DISTRICT

## SPURRING AFRICAN-AMERICAN ENTREPRENEURSHIP

The Omaha Branch gave a presentation on encouraging entrepreneurship in the city's African-American community at a forum on June 3. The event was sponsored by the Empowerment Network, a coalition of business and community leaders. More than 200 attendees discussed next steps to promote small business growth. For more information on the Empowerment Network, visit: <http://empoweromaha.com/>.

## HOMEBUYER EDUCATION FORUM

The Kansas City Fed, in partnership with NeighborWorks America, hosted a Homebuyer Education Forum on June 23. The event focused on challenges and opportunities facing low- and moderate-income homebuyers. Attendees also discussed the need to raise awareness of the importance of homeownership education programs. For more information, visit: <http://www.kansascityfed.org/events/eventdetail.cfm?event=67C9DEFCDD01026AE3E6C49B31E1737F>

## NONPROFIT EXECUTIVE SUCCESSION- PLANNING WEBINAR

The Kansas City Fed hosted a national webinar that provided nonprofit organizations with tools to enhance their succession-planning efforts. This webinar complemented the Nonprofit Executive Succession-Planning toolkit, available on the Kansas City Fed website. To access the toolkit, visit: <http://www.kansascityfed.org/publicat/community/Nonprofit-Executive-Succession-Planning-Toolkit.pdf>.



Marietta Rodriguez, NeighborWorks America  
National Director of Homeownership.



## UPCOMING EVENTS

### AUGUST 2011

- **August 9-11:** Kansas Housing Conference, Wichita, Kan.  
*Contact:* Paul.Wenske@kc.frb.org
- **August 12:** Consumer Credit Report Release.  
*Contact:* Kelly.Edmiston@kc.frb.org
- **August 19:** Lender Summit, Kansas City, Mo.  
*Contact:* Paul.Wenske@kc.frb.org
- **August 30:** Mountain Resort Consortium, Glenwood Springs, Colo.  
*Contact:* Ariel.Cisneros@kc.frb.org

### SEPTEMBER 2011

- **September 8-9:** Sustainable Housing Summit, Kansas City, Mo.  
*Contact:* Paul.Wenske@kc.frb.org
- **September 12:** Congressional Hispanic Caucus Financial Education Summit, Washington, D.C.  
*Contact:* Tammy.Edwards@kc.frb.org
- **September 13-14:** CDFI Training, Denver, Colo.  
*Contact:* Ariel.Cisneros@kc.frb.org
- **September 15-16:** CDFI Food Deserts, Denver, Colo.  
*Contact:* Ariel.Cisneros@kc.frb.org
- **September 19-20:** Wyoming Housing Conference, Casper, Wyo.  
*Contact:* Ariel.Cisneros@kc.frb.org
- **September 23:** Congressional Black Caucus Youth Leadership Summit, Washington, D.C.  
*Contact:* Tammy.Edwards@kc.frb.org
- **September 27:** Kansas Interagency CRA Officer Roundtable, Kansas City, Mo.  
*Contact:* Ariel.Cisneros@kc.frb.org

## Community Development Intern Learns the Ropes

The Federal Reserve Bank of Kansas City welcomes Maurice Roper as its INROADS summer intern in the Community Development Department.

INROADS is a national organization that helps businesses gain access to ethnically diverse talent through placement in internships at top corporations, firms and organizations. INROADS has been a community partner with the Bank for 20 years.

Maurice is from Raymore, Mo., and will be a junior at Saint Louis University in the fall, where he is majoring in

Finance and Communication. Maurice has assisted Community Development advisors with outreach and taken on independent tasks, such as designing financial education summits for youth.

Maurice says he didn't know what to expect from the Fed culture but was soon put at ease by the friendly support he's received. "I knew the Fed was conservative, but the people here are extremely nice and really want to help you succeed. This experience has exceeded my expectations."

Getting a Fed internship is not easy. The process is very competitive and those chosen have to be ready to assume a busy workload.

"It was important for me to recognize that although the internship process might not be easy, it would play an integral role in my educational and professional development," Maurice says. "One of the biggest lessons that I have learned is that there is never only one way to do something. If you take the time to observe and think a problem through, you will reach a solution that is worth the time spent to get there."



*Maurice Roper*

### COMMUNITY CONNECTIONS Summer 2011

Diane M. Raley, Senior Vice President

Krissy Young, Vice President, Public Affairs and Community Development

Tammy Edwards, Assistant Vice President and Community Development Officer

*Editor:* Paul Wenske

*Copy Editor:* Bill Medley

*Contributors:* Ariel Cisneros, Kelly Edmiston, Erika Ramirez, Steven Shepelwich, Paul Wenske

*Designer:* Casey McKinley

*Photography:* Gary Barber, Ariel Cisneros, Norman Johnson, Maurice Roper

COMMUNITY  
*Connections*  
SUMMER 2011 • PAGE 7