

BROAD REPRESENTATION, REGIONAL ROOTS

KANSAS CITY FED RELIES ON DIRECTORS FOR INSIGHT

As designed by Congress in 1913, the Federal Reserve is an innovative blending of public and private institutions. While the Board of Governors in Washington, D.C., is a government agency with broad oversight responsibilities, there are 12 regional Federal Reserve Banks located throughout the United States that are under the direction of local Boards of Directors. In addition to oversight responsibilities for their respective Reserve Banks, the regional Fed directors serve as a critical conduit between their local communities and the nation's central bank, offering insight and counsel on the economy drawn from their own expertise and contacts.

This system of the independent regional Reserve Banks, which also have affiliated Branch offices, are in direct recognition of the value Americans place on limiting influence and ensuring broad representation. Prior to the Federal Reserve, the United States had made two attempts at a central bank, but large areas of the country, especially along the frontier and in the South, felt the institutions were too closely aligned with the power centers of the Northeast, and the institutions were abandoned.

The Tenth Federal Reserve District includes western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and northern New Mexico. The Kansas City Fed has three Branch offices, Denver, Oklahoma City and Omaha, in addition to its headquarters.

Here's a closer look at four Tenth District directors:



PHOTO BY BOB GREENSPAN

DAVID BROWNBACK
KANSAS CITY DIRECTOR

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Before he was a director, David Brownback learned about the role first hand.

Brownback, president and CEO of Citizens State Bank & Trust Co. since 2004 in Ellsworth, Kan., was a student at Ottawa University when one of his professors, Wayne Angell, was elected to serve on the Federal Reserve Bank of Kansas City's Board.

"Dr. Angell discussed his board service with his students, which I found very interesting," says Brownback, who joined the Kansas City Fed's Board of Directors in 2010. "I had no idea at that time that I might have the same opportunity."

As head of a locally owned community bank that was founded in the rural central Kansas community more than a century ago, Brownback said it is his responsibility to provide the Federal Reserve with insight on what he sees in the local and regional economy.

Additionally, he said he also gives the Fed his insights on the impact of regulations. It is an area where he might have a unique perspective because he started his banking career not at a commercial bank, but as a bank examiner for the Kansas Office of the State Bank Commissioner.

A member of the Kansas Bankers Association's Board of Directors, and active on KBA committees as well as with other banking and community organizations, Brownback is a firm supporter of the Federal Reserve's regional structure.

"The designers of the Federal Reserve System obviously believed the regional bank system held great value," Brownback says. "Having the 12 regional Reserve Banks and their Branches ensures that all areas of the United States are represented."

MARGARET KELLY

As the nation works its way through the aftermath of a financial crisis where housing played an important role, Margaret Kelly's insight proves especially valuable. Since October 2005, Kelly has been CEO of RE/MAX, the global real estate network of franchisee-owned and operated offices. RE/MAX counts more



than 90,000 agents in its ranks and is active in 85 countries.

Kelly was appointed to the Board of Directors of the Kansas City Fed's Denver Branch in 2010.

"I'm thrilled to be able to bring the view of realtors to the Federal Reserve," Kelly says. "I'm able to get a lot of feedback from realtors who have boots on the ground, and relate that back to the Fed."

Kelly, who has received numerous awards and honors for her work in real estate, says her involvement with the Denver Branch has not only provided an opportunity to offer her insight to the Fed, but also has offered her insight into the central bank and the network it relies on to monitor the nation's economy. Kansas City Fed President Tom Hoening frequently notes that the directors are



critical sources of information on emerging economic issues.

Kelly says that after becoming a director, she quickly realized “it really is business leaders in communities getting to share what we learn with the Federal Reserve and also sharing what we learn from the Federal Reserve back to the community.”

How important are the Federal Reserve’s Bank and Branch offices outside of the power centers of Washington, D.C., and New York?

“About 150 percent important,” Kelly says. “What I think we learned in the last election is people are sick of politics, they want things done in their communities that they can see. The Fed is in their communities.”

STEVEN AGEE

Steven Agee’s insight spans far beyond the classroom.

Agee is currently interim dean and professor of economics at the Meinders School of Business at Oklahoma City University, but he is also president and chief operating officer of Agee Energy and has been deeply involved in energy and economic issues in Oklahoma. He’s served on the Board of Directors of the Kansas City Fed’s Oklahoma City Branch since March 2006 and is currently its chair.

His connections proved valuable during the most recent financial crisis.

“I truly believe there was an expectation that we could determine, through contacts in the energy industry, when significant changes were about to occur,” Agee says. “When we began to experience the decline in the general economy in 2008, I watched for signs of change in the energy industry.”

Those signs included applications for what is known as “intents to drill” and staking of wells for locations to be drilled. Agee, who is in close contact with those in the energy industry, also monitored weekly reports of rig activity.

“As it turned out, we were able to predict, with extraordinary accuracy, the timing of the decline in the energy sector and the impact of falling oil and natural gas prices on gross production tax revenue—a critical component of state revenue in Oklahoma,” Agee says.

As an economics professor, Agee was extremely familiar with the Fed’s role prior to joining the Oklahoma City Branch Board. He also believes very strongly in the Fed’s regional structure and takes pride in noting that Oklahoma Sen. Robert Owen played a critical role in getting the Federal Reserve Act approved in 1913.

“Fortunately, the Federal Reserve Act

established a regional system with a central board located in Washington, D.C., essentially a compromise regarding the balance of power,” Agee says. “We still need the regional reserve banks to maintain this balance.”

TODD ADAMS

Todd Adams is the Federal Reserve’s connection to western Nebraska.

Adams is the CEO of Adams Bank & Trust in Ogallala, Neb. It is a fourth generation family-owned bank with locations in Nebraska and Colorado. Since joining the Board of Directors of the Kansas City Fed’s Omaha Branch in 2007, Adams says he has worked to keep the Federal Reserve apprised of the insight he gains on local economic issues while also keeping his community aware of what the Fed does and its role, especially during the financial crisis.

Adams says that, as a community banker, he also believes it is critical to “become involved and to nurture and defend the Federal Reserve System” particularly as some suggest the need for change in the central bank’s structure.

“The regional Federal Reserve Banks continue to give the Fed the legitimacy it needs

to be the nation’s independent central bank,” Adams says. “The citizens in our District want to make sure that their interests are being considered and that the Fed’s policies benefit Main Street as well as Wall Street.”

As a banker, Adams was familiar with the Federal Reserve before joining the Omaha Board, but says he now has a more comprehensive understanding of the important role that he and others play in keeping the Federal Reserve connected to the nation’s communities.

“I have become aware of the diversity of opinion the Fed solicits in formulating monetary policy from its directors, and how crucial this is to the Fed performing its role in formulating policy that benefits all Americans,” Adams says.

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FOR MORE INFORMATION on the Kansas City Fed’s directors, bios and more, visit KansasCityFed.org/aboutus/leadership.



TODD ADAMS
OMAHA DIRECTOR

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