

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 critical 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 GARY BARBER

JOHN T. STOUT JR.
KANSAS CITY DIRECTOR

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John Stout's contributions to the Federal Reserve Bank of Kansas City started years before he began serving on the Board of Directors in 2010, and even before he served on the Fed's Economic Advisory Council in 2004.

A former Kansas City Fed chairman, Terry Dunn, would often meet with Kansas City executives, including Stout, who is the CEO of Plaza Belmont Management Group in Shawnee Mission, Kan. The company manages private equity funds and sponsors financings for middle market food manufacturing companies, including some well-known brands.

Dunn asked these members of the business community about hiring, wages, expenditures, growth and more. The data and anecdotal observations were one source of information used in forming monetary policy at Federal Open Market Committee (FOMC) meetings—a contribution Stout says he was honored to be a part of.

Now, as a director, Stout says the role of board members is vital to the Federal Reserve's success.

"One of the most important roles of a director is to serve as a conduit of information and opinions from the Tenth District Community to the Federal Reserve System," Stout says. "In this role, we not only collect and provide real-time and forward-looking economic data from members of our District, but we also serve as the voice for the community to our Reserve Bank."

Directors contribute their vast experience, relationships and knowledge in helping form both monetary policy and the direction of the Reserve Bank. Kansas City Fed directors' backgrounds are varied.

"We are a diverse and committed group," Stout says. "And that diversity provides strength to our Bank and the Federal Reserve System."

NATALIA PEART

When it comes to getting a clear, accurate picture of regional economic conditions, numbers in reports don't tell the whole story, says Omaha Branch Board member Natalia Peart.

"One important role of the Kansas City Fed directors is to help spot trends and to give voice to critical issues of the constituencies we serve that may not be evident in the data," says Peart, who joined the Omaha Branch Board in January 2011.

Peart is the president and CEO of the nonprofit Women's Center for Advancement (WCA) in Omaha. WCA provides essential community services such as domestic violence and sexual assault programs. Over the past few years, however, Peart has been working to expand WCA's direction to now be reflective of other issues important to the local community, such as enhancing financial literacy, economic self-sufficiency and basic work skills. WCA also offers career empowerment services, including a Career Clothing Closet fed by donations.

Her collaborative work with community stakeholders to advance that mission provides



PHOTO BY BOB GREENSPAN

NATALIA PEART
OMAHA DIRECTOR



LARISSA HERDA
DENVER DIRECTOR

her with a rich mix of information and insights she in turn brings to the Kansas City Fed.

“In my agency, I work with a broad number of community partners, funders, corporations and clients from every part of this city and from every socioeconomic group,” she says. “That gives me some insight into common points of pain, as well as access to a better understanding of unique issues some groups might be facing.”

The Omaha Branch Board provides Peart with another opportunity to collaborate with her peers from varying industries and areas of Nebraska—something she sees as a great benefit of service.

“It is an honor to serve my community as a director, as I always learn from what others are experiencing in their sectors.”

LARISSA HERDA

Larissa Herda is chairman, CEO and president of tw telecom inc. in Denver. The organization is the backbone for many businesses’ telecommunication needs. Her company connects people and information—

similar to her role as a board member.

Since she joined the Kansas City Fed’s Denver Branch Board of Directors in 2009, Herda has linked the Fed’s analytical process with her real-time input of the state of business on the local level.

“I can give them a current snapshot, or, even better, a look into the future regarding the plans and direction of my business and others in the community,” Herda says. “It is not just the data, which is the past, but future forecasts. I think this creates a more holistic view of business for the Fed to use.”

Herda gives the Fed a different perspective and insight into business activities.

“Providing the motivations and knowledge of a company’s future actions gives the Fed a view into the issues beyond the numbers,” Herda says.

She says she has learned a lot as a Fed director, especially about the organization itself. The on-the-job-training is something she enjoys, as she learns about agriculture, energy, banking and more.

“I am helping to introduce and educate other community and business leaders to who the Fed is and what it does,” Herda says. “It’s amazing how my connection to others in Colorado has opened the lines of communication and built relationships for both sides.”

JIM DUNN

Jim Dunn’s interest in the Federal Reserve precedes his service on the Oklahoma City Branch board, which began in 2008. It started during graduate school at Stanford University.

“Stanford taught me the Fed is a complicated national organization, but what I have since learned is that it offers resources and support from a local Branch,” explains the

chairman of Mill Creek Lumber and Supply Company, Inc., headquartered in Tulsa. “I also learned that the Fed takes an autonomous look at the national and regional economy before going to the Federal Open Market Committee meeting.”

This is a lesson he shares with many of his colleagues.

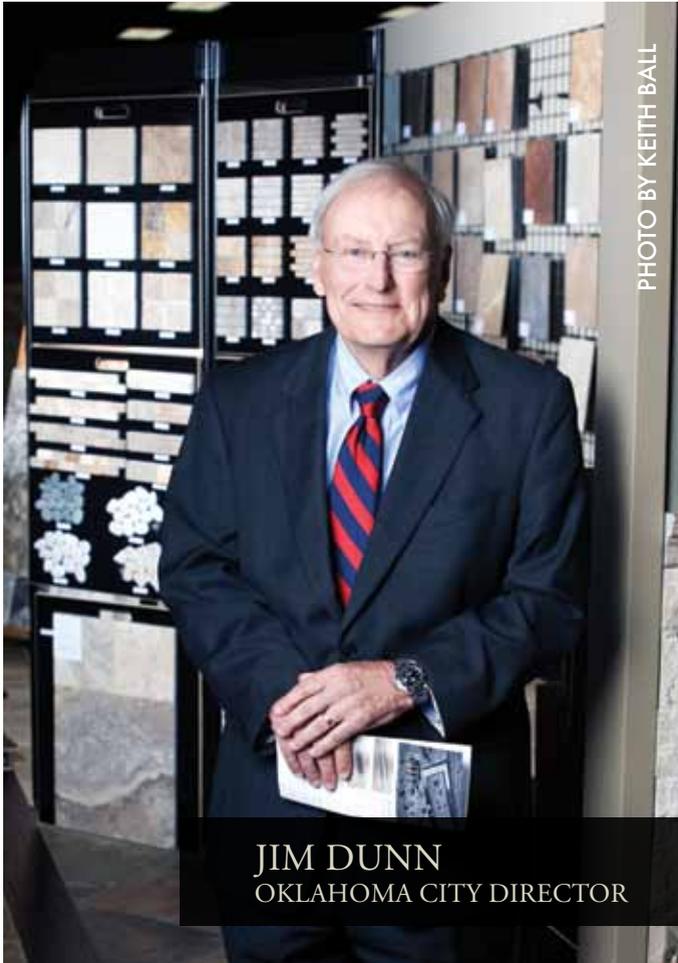
“Many business leaders don’t know very much about the Fed,” Dunn said. “All they know is what they read in the paper. I’ve taken it upon myself to explain that entities can give the Fed input that can affect the policy decisions for the region.”

Being a liaison between the policymakers and the community is a role he fits into naturally having long proactively engaged in the community.

“As a director, I like being able to go out and visit different entities to accumulate the anecdotal economic information and learn what is going on,” he said. “I also enjoy getting insight about the local economy and regulation from the Fed, which in turn allows me to reciprocate with my contacts by explaining complex issues.”

He points to another, more unique aspect of being a Kansas City Fed director: diverse perspective.

“We have a wide diversity of directors, and we gain valuable perspective from the different groups and industries each person represents,” he said. “Most boards I have served on are almost monolithic. I’m just amazed how diverse our directors are and what they bring to the table.”



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