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August 2010

FEDERAL RESERVE BANK of KANSAS CITY

KANSAS CITY FED TO HOST NATIONAL ECONOMIC DEVELOPMENT CONFERENCE

The Kansas City Fed is hosting a national conference Sept. 9-10 in Kansas City that will highlight the latest research and best practices in the application of economic development policy in underserved rural and low- and moderate-income urban communities. The conference, titled “[Economic Development in Underserved Communities: Where Research and Practice Meet](#),” will explore the groundwork necessary for transitioning these communities into a new knowledge-based economy.

Keynote speakers include Gary Burtless, senior fellow in economic studies at the Brookings Institution; Mark Partridge, chair of Rural-Urban Policy at The Ohio State University; and Carol Marinovich, former mayor of the Unified Government of Wyandotte County and Kansas City, Kan.

The registration deadline is Friday, Aug. 20. For more information, including an agenda and registration details, visit the [conference website](#).

SURVEY SHOWS SLOWER DECLINE IN LMI POPULATIONS’ FINANCIAL CONDITIONS

More nonprofit organizations reported a decrease in funding, according to the Kansas City Fed’s latest [Low- and Moderate-Income Survey](#). Also, financial conditions for low- and moderate-income (LMI) populations continued to deteriorate moderately, though at a slower rate than last year.

The quarterly survey measures the economic conditions of LMI populations and the organizations that serve them. Survey results are used to construct five indicators of economic conditions in LMI communities and two indicators of the condition of organizations that serve them. The goal is to provide service providers, policymakers and others a gauge to assess changes in the economic conditions of the LMI population over time.

DISTRICT ECONOMY The Tenth District economy generally held steady in June and early
HOLDS STEADY July, despite weak real estate conditions, according to the latest edition
of the Fed's [Beige Book](#). Consumer spending remained higher than
year-ago levels and was expected to rise over the next three months,
while transportation and high-tech firms reported increased activity. As
expected, residential real estate activity contracted sharply in response
to the expiration of tax credits.

Nationally, economic activity has continued to increase, on
balance, since the previous survey. Among those Districts reporting
improvements in economic activity, a number of them noted that the
increases were modest, and two Districts, Atlanta and Chicago, said the
pace of economic activity had slowed recently.

LATEST EDITION OF *COMMUNITY* The latest edition of the Kansas City Fed Community Affairs
CONNECTIONS NOW AVAILABLE newsletter, [Community Connections](#), features articles on research, events
and emerging trends across the Tenth District, including a look at how
the Kansas City Fed is helping nonprofits in the Tenth District address
funding challenges.

DISTRICT MANUFACTURING Tenth District manufacturing activity rebounded moderately in July, and
ACTIVITY REBOUNDS expectations for future production remained positive, according to the latest
[Survey of Tenth District Manufacturers](#). However, plans for future hiring and
capital spending were essentially flat. Price indexes were mostly unchanged.

The Bank's monthly survey provides information on current
manufacturing activity in the Tenth District and monitors manufacturing
plants selected according to geographic distribution, industry mix and
size. Survey results reveal changes in several indicators of manufacturing
activity, including production and shipments, and identify changes in
prices of raw materials and finished products.

HOLIDAY REMINDER The Kansas City Fed will be closed Monday, Sept. 6, for Labor Day. A
full holiday schedule is available at the [FRB Financial Services website](#).

CHAIR AND DEPUTY CHAIR
DESIGNATED FOR KANSAS CITY
FED'S BOARD OF DIRECTORS

The Federal Reserve Board on July 19 **announced** the designation of the chairs and deputy chairs of the 12 Federal Reserve Banks for 2011. Each Reserve Bank has a nine-member board of directors. The Board of Governors in Washington, D.C., appoints three of these directors and each year designates one of its appointees as chair and a second as deputy chair.

The Board of Governors announced the following appointments for the Kansas City Fed for 2011:

- Paul DeBruce, chief executive officer, chairman and founder of DeBruce Grain Inc., Kansas City, Mo., was named chairman. He has served as deputy chairman since 2008 and previously served on the Bank's Economic Advisory Council.
- Lu Córdova, chief executive officer of Corlund Industries and president and general manager of Almacen Storage Group, Boulder, Colo., was named deputy chair. She is completing a three-year term as board chairman and is not eligible for a second term. She has served on the board since 2005 and previously served on the Bank's Economic Advisory Council.

BOARD OF GOVERNORS SEEKS
CONSUMER ADVISORY COUNCIL
NOMINATIONS

The Federal Reserve Board is seeking nominations for appointments to its Consumer Advisory Council. The Council advises the Board on the exercise of its responsibilities under various consumer financial services laws and on other matters. Its membership represents the interests of consumers, communities and the financial services industry. The group meets in Washington, D.C., three times a year.

The Board plans to appoint up to 10 members for terms that will begin in January 2011. Appointments are typically for three years. However, the duration of members' terms may be subject to change pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Board will continue to use the Council's advice and expertise during the implementation of the Act.

Nominations must be received by Sept. 10, 2010, to be considered. **[More information and a nomination form](#)** are available from the Board's website. Electronic nominations are preferred. For further information, contact Jennifer Kerslake, secretary of the Council, at (202) 452-6470.

REGULATORY DEVELOPMENTS
*Changes to payment system risk policy
to be implemented*

The Federal Reserve will implement **changes** to its Payment System Risk (PSR) policy in early 2011. The revised PSR policy explicitly recognizes the role of the central bank in providing intraday credit to healthy depository institutions predominantly through collateralized daylight overdrafts.

The policy encourages institutions to pledge collateral to cover daylight overdrafts by providing collateralized daylight overdrafts at a zero fee and by raising the fee for uncollateralized daylight overdrafts to 50 basis points. A specific implementation date will be announced at least 90 days in advance.

*Revised examination procedures for
Regulation Z approved*

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council has approved **revised examination procedures** for Regulation Z – Truth in Lending. The procedures include regulatory changes effective July 1, 2010, which revise the requirements for credit card and other non-home secured open-end credit disclosures provided with applications at account opening and on periodic statements. These revised examination procedures supersede all previous procedures and are transmitted by the Federal Reserve Board under Consumer Affairs Letter (CA) 10-6.

*Revised examination procedures for
Regulation E approved*

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council has approved **revised examination procedures** for Regulation E – Electronic Fund Transfer. The procedures include regulatory changes effective July 1, 2010, which prohibit financial institutions from charging fees for paying overdrafts on automated teller machine (ATM) and one-time debit card transactions unless a consumer opts-in to the overdraft service for these transactions.

The procedures also include changes effective Aug. 22, 2010, which restrict the fees and expiration dates that apply to gift cards. These revised examination procedures supersede all previous procedures and are transmitted by the Federal Reserve Board under Consumer Affairs Letter (CA) 10-7.

*First quarter 2010 District banking
conditions released*

Bank earnings showed some improvement in the **first quarter of 2010**, with many banks posting a gain. Loan loss provisions decreased; however, asset quality continued to deteriorate as noncurrent loans increased. The rise in noncurrent loans continued to be driven by construction and land development and one- to four-family residential loans.

*Updated examination procedures for
Regulation DD approved*

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council has approved **updated examination procedures** for Regulation DD. The procedures incorporate technical regulatory amendments effective July 6, 2010. These amendments include requiring the use of the term “Total Overdraft Fees” when disclosing such fees on periodic statements and the balance disclosure requirements for retail sweep accounts.

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