LINC Commission Meeting

Jan. 28, 2008

LINC heads to Jefferson City for Child Advocacy Day.

LINC
Local Investment Commission

3100 Broadway, Suite 1100 - Kansas City, MO 64111 - (816) 889-5050 - www.kclinc.org

Local Investment Commission (LINC) Vision

Our Shared Vision

A caring community that builds on its strengths to provide meaningful opportunities for children, families and individuals to achieve self-sufficiency, attain their highest potential, and contribute to the public good.

Our Mission

To provide leadership and influence to engage the Kansas City Community in creating the best service delivery system to support and strengthen children, families and individuals, holding that system accountable, and changing public attitudes towards the system.

Our Guiding Principles

1. COMPREHENSIVENESS: Provide ready access to a full array of effective services.
2. PREVENTION: Emphasize "front-end" services that enhance development and prevent problems, rather than "back-end" crisis intervention.
3. OUTCOMES: Measure system performance by improved outcomes for children and families, not simply by the number and kind of services delivered.
4. INTENSITY: Offering services to the needed degree and in the appropriate time.
5. PARTICIPANT INVOLVEMENT: Use the needs, concerns, and opinions of individuals who use the service delivery system to drive improvements in the operation of the system.
6. NEIGHBORHOODS: Decentralize services to the places where people live, wherever appropriate, and utilize services to strengthen neighborhood capacity.
7. FLEXIBILITY AND RESPONSIVENESS: Create a delivery system, including programs and reimbursement mechanisms, that are sufficiently flexible and adaptable to respond to the full spectrum of child, family and individual needs.
8. COLLABORATION: Connect public, private and community resources to create an integrated service delivery system.
9. STRONG FAMILIES: Work to strengthen families, especially the capacity of parents to support and nurture the development of their children.
10. RESPECT AND DIGNITY: Treat families, and the staff who work with them, in a respectful and dignified manner.
11. INTERDEPENDENCE/MUTUAL RESPONSIBILITY: Balance the need for individuals to be accountable and responsible with the obligation of community to enhance the welfare of all citizens.
12. CULTURAL COMPETENCY: Demonstrate the belief that diversity in the historical, cultural, religious and spiritual values of different groups is a source of great strength.
13. CREATIVITY: Encourage and allow participants and staff to think and act innovatively, to take risks, and to learn from their experiences and mistakes.
14. COMPASSION: Display an unconditional regard and a caring, non-judgmental attitude toward, participants that recognizes their strengths and empowers them to meet their own needs.
15. HONESTY: Encourage and allow honesty among all people in the system.

Monday, Jan. 28, 2008
UMKC Administrative Offices, 5115 Oak St.
4 – 6 p.m.
Kansas City, Mo. 64110

Agenda

I. Welcome, Announcements & Recognitions

II. Approvals & Review
a. December minutes (Motion)

III. LINC President's Report

IV. Kansas City Foreclosures Presentation
a. Paul Wenske, Kansas City Star
b. Kelly Edmiston, Kansas City Federal Reserve

V. Partner Report
a. One Economy – Donovan Mouton

VI. Closed Session

VII. Adjournment

DRAFT MINUTES

THE LOCAL INVESTMENT COMMISSION – DECEMBER 12, 2007

The Local Investment Commission met at the Kauffman Foundation, 4801 Rockhill Rd., Kansas City, Mo. **Landon Rowland**, chairman, presided. Commissioners attending were:

Bert Berkley	Bob Glaser
Sharon Cheers	Bart Hakan
Jack Craft	Judy Hunt
Herb Freeman	Rosemary Smith Lowe
SuEllen Fried	David Rock
Kiva Gates	David Ross
Tom Gerke	Gene Standifer

Berkley reported that his book *Giving Back: Connecting You, Business, and Community*, co-authored with Peter Economy, is scheduled for publication in February 2008.

A motion to approve the minutes of the October 22, 2007, LINC Commission meeting was approved unanimously.

David Ross, Treasurer, introduced a presentation on the annual audit of LINC's finances. **Abe Cole** of BKD delivered the required communications pertaining to the audit. The audit is on the LINC website.

A motion to approve receipt of the BKD audit was approved unanimously.

There followed a discussion of the cost of compliance with new requirements of Sarbanes-Oxley.

Gayle A. Hobbs gave the LINC President's Report:

- LINC Caring Communities expansion has gone well, including the newest site, Palestine Neighborhood Caring Communities.
- LINC will be chartering up to five buses for the upcoming Child Advocacy Day, Jan. 29.
- Hobbs introduced Rev. Bob Spradling of Maywood Baptist Church, who reported on a recent presentation by Dr. Bob Lupton of Atlanta, Ga., on building community and revitalizing neighborhoods. A recording of Lupton's presentation is available on the LINC website.

The video report *LINC in Review – November 2007* was shown. The report included segments on:

- Dedication of the Afrikan Centered Education (ACE) Collegium Campus
- Presentation on building community by Dr. Bob Lupton
- Palestine Neighborhood Caring Communities
- Eastern Jackson County Community Center

Rowland introduced **Dr. Audrey Bullard**, Campus Dean of the Afrikan Centered Education Collegium Campus. Bullard thanked LINC for its support of African-centered education in the Kansas City, Mo. School District and introduced ACE staff:

- **Janis Bankston**, Caring Communities Site Coordinator
- **Ann Cunningham**, Caring Communities Link Coordinator
- **Charles Cunningham**, Caring Communities Youth Coordinator
- **Brenda Williams Newsome**, Caring Communities Before & After School Coordinator
- **Marshall Peeples**, High School Academic Coordinator
- **Helen Tellis**, Instructional Coach
- **Kevin Bullard**, Director

The ACE staff gave a presentation on the school's status as a contract school with the Kansas City, Mo. School District, and on the African-centered approach to education.

Hobbs reported that **Dr. Jim Hinson**, Superintendent of the Independence School District, had invited LINC to return to the seven schools in western Independence that are scheduled to be transferred from the Kansas City, Mo. School District to the Independence district in July 2008.

A motion to adopt a resolution agreeing to work with the Independence School District to return to the seven schools was approved unanimously (see attached resolution).

A motion to move to close the meeting to consider matters pertaining to legal actions, causes or action or litigation was approved by all present.

The public meeting was closed.

The public meeting reconvened.

The meeting was adjourned.

KansasCity.com
THE KANSAS CITY STAR.

Sunday, Dec. 30th, 2007

American dreams built on a shaky foundation of subprime loans

By PAUL WENSKE - The Kansas City Star

Willie Clay remembers the day a loan broker showed up and sold him on consolidating his debts by refinancing his south Kansas City home.

The former Vietnam War paratrooper, who lives mainly on government disability checks, jumped at the chance to pay off medical, car and credit-card bills. That was in 2004.

Now he realizes it was “a big mistake.” In October, his 8.2 percent interest rate on the new $101,000 home loan shot to 11.2 percent. It is set to rise to 12.2 percent in March — and higher yet in subsequent months.

“If the rate goes up again, I can’t afford it,” said Clay, who lives in a tidy ranch home in Ruskin Heights with his wife, Ina. “We’ll have to move to an apartment.”

Welcome to subprime hell, where interest rates are going through the roof and the bottom is falling out of home values.

The ZIP code in which Clay lives has had more than 500 foreclosures — one of the highest rates in the city, according to RealtyTrac, a national firm that tracks foreclosures. On his block, many neighbors’ homes are empty. Clay worries his may be next.

Clay, who thought his adjustable rate could go down but would never go up, is another victim of the subprime implosion. He and millions of other low- to moderate-income Americans bought or refinanced homes with creative terms that began with lower “teaser” interest rates designed to rise after several years.

At the time, it seemed like a good deal. Home values were soaring. Lenders seemed to have barrels of money to lend — even to borrowers with less-than-perfect credit — stoking the American dream of homeownership and fueling the torrid housing market from 2004 to 2006.

But housing prices cooled in late 2006, just as adjustable rates started to creep upward. Now many loans are going bad as families find they can’t afford their monthly payments and can’t get refinanced by lenders who have tightened credit. Foreclosures are at record highs, with Kansas City’s foreclosures up 80 percent just since last year.

Thousands of Americans could lose their homes when at least 2 million subprime-loan interest rates are set to rise again this spring. President Bush recently announced a plan to freeze the rates on as many as 1.2 million of those loans. Some experts estimate the eventual cost to the economy will be more than $223 billion.

For many, the help comes too late.

In metropolitan Kansas City, more than 34,290 adjustable-rate loans are ready to reset, putting more homes at risk, according to an analysis of mortgage data by the Center for Responsible Lending.

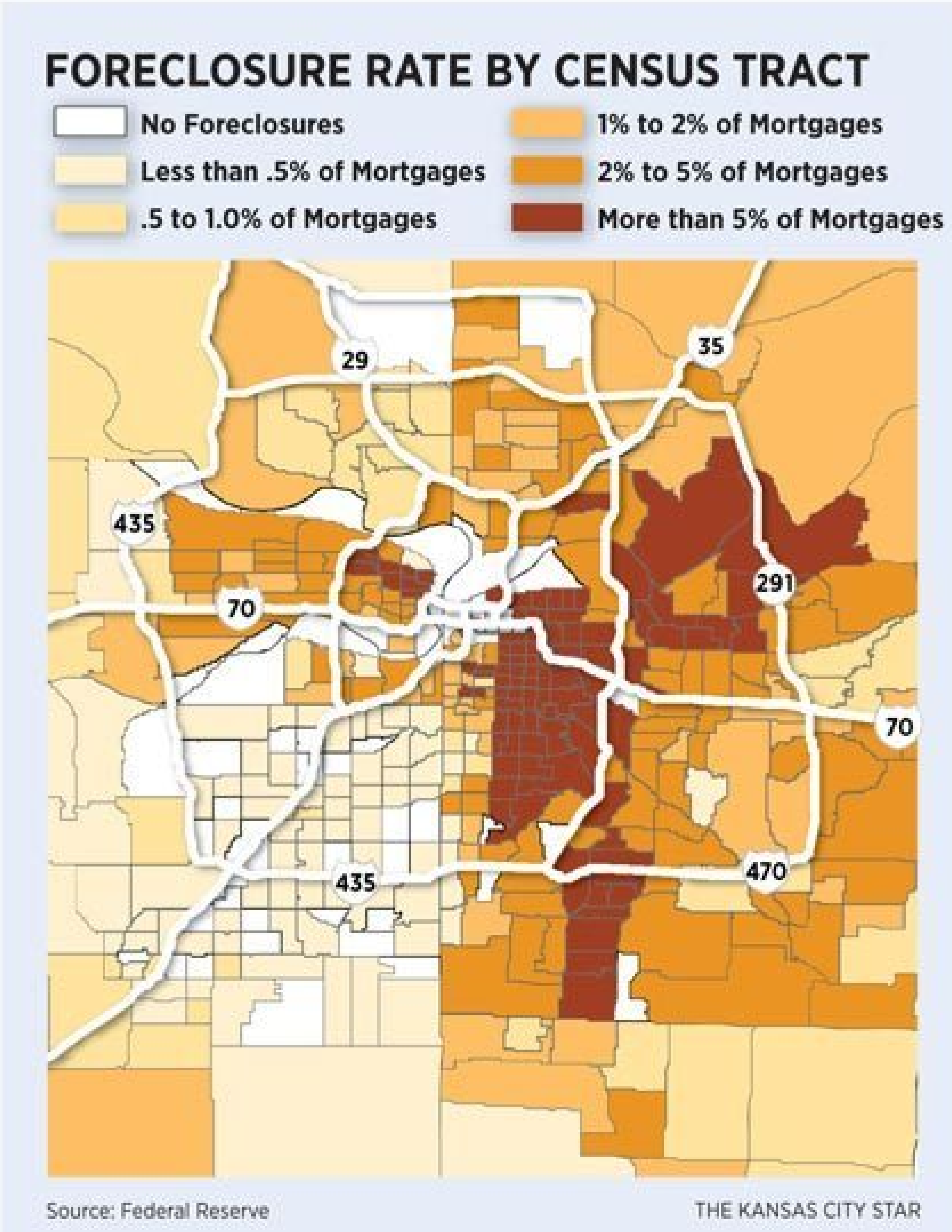
“What this foretells is foreclosures will get worse before getting better,” said Kelly Edmiston, a senior economist at the Federal Reserve Bank of Kansas City, who has crunched the numbers. “We haven’t really seen the peak yet.”

What went wrong?

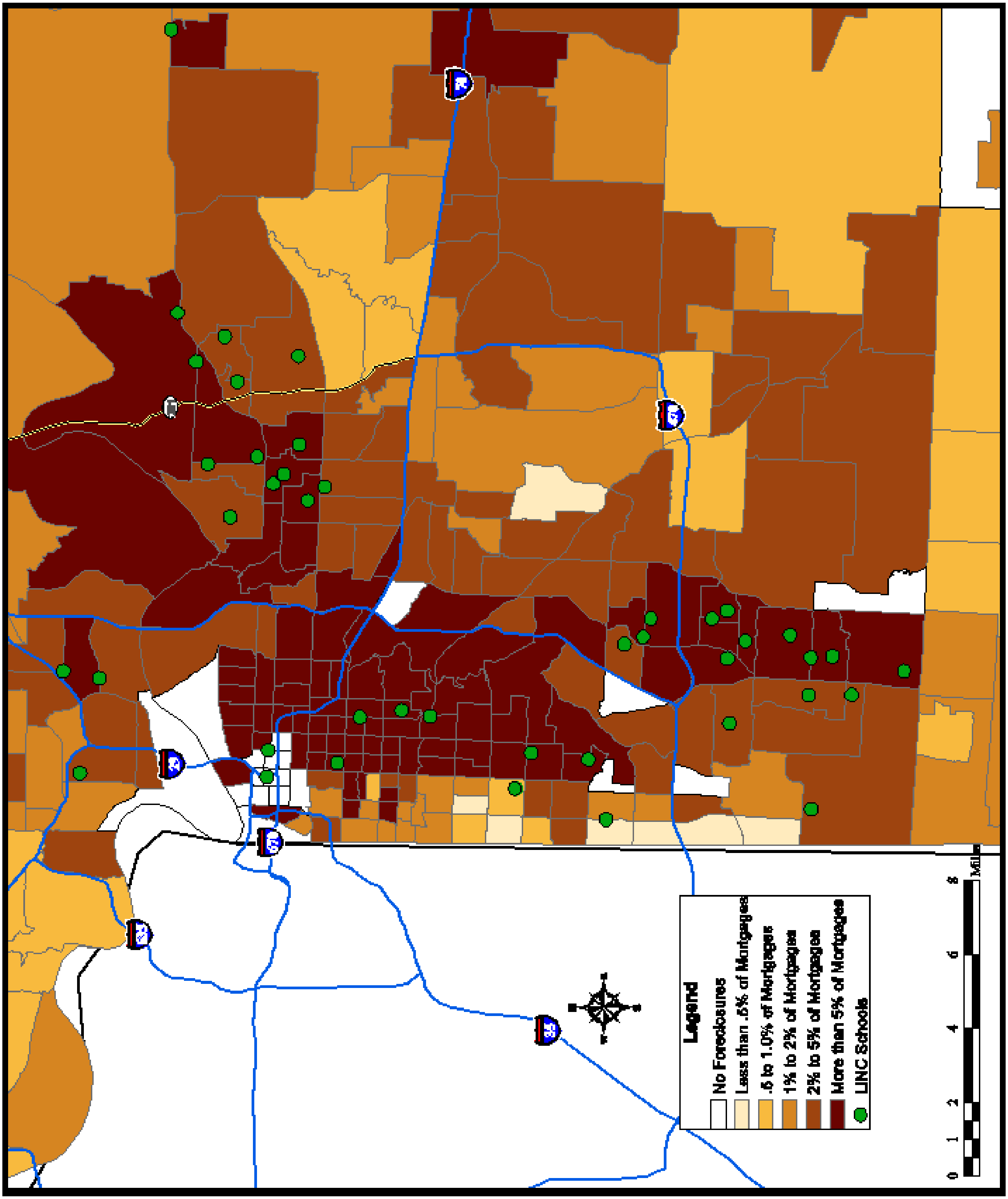
Blame is easy to spread around for the subprime mess, said William M. Dana Jr., the president and CEO of Central Bank of Kansas City and the immediate past chairman of the Missouri Bankers Association.

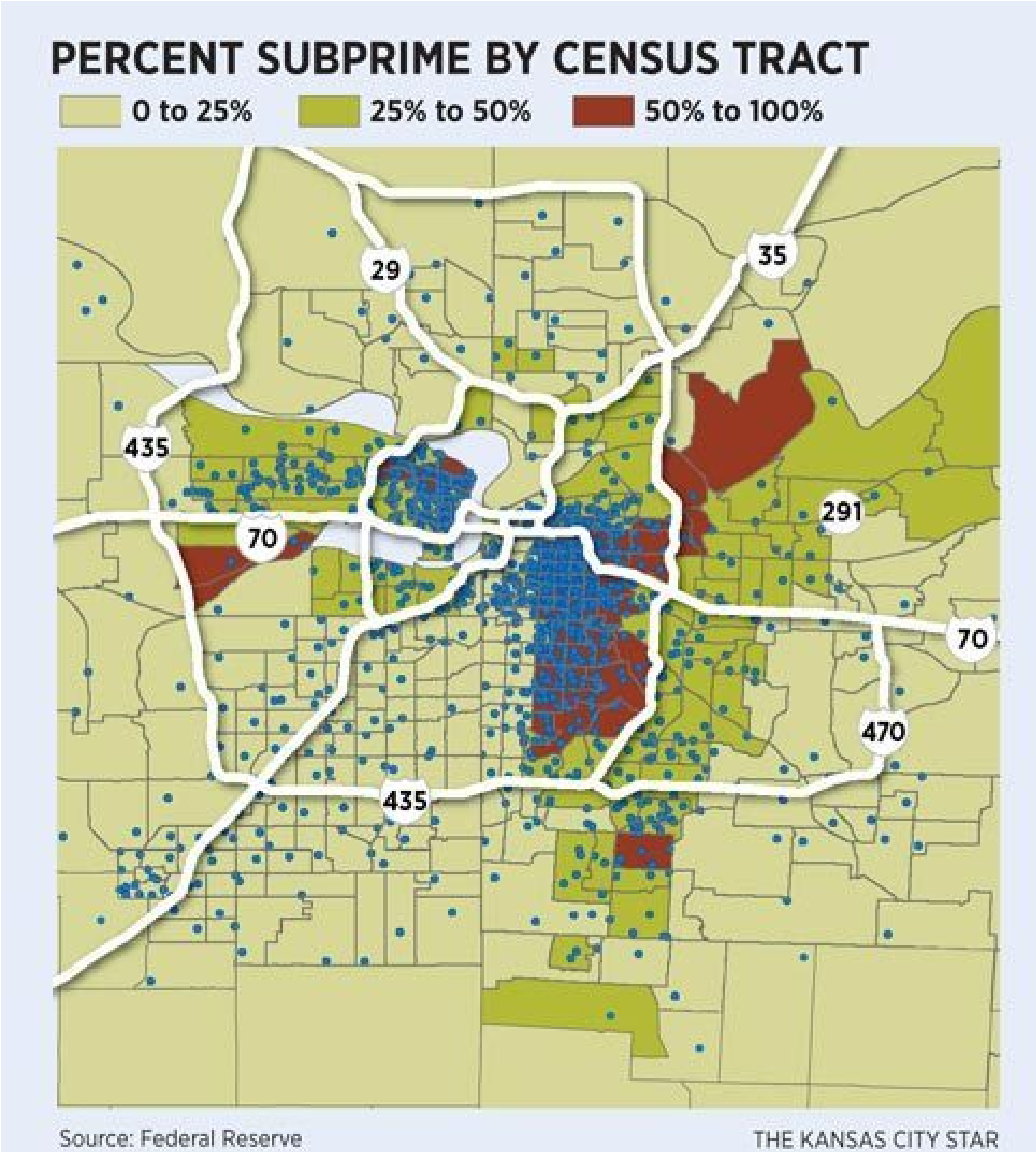
Dana cited lax underwriting standards, borrowers who didn’t understand the terms of their loans, and regulators who weren’t paying enough attention.

Consumer advocates, however, said borrowers with little experience in home buying got caught up in a frenzy, fed mainly by nontraditional lending institutions and thinly regulated brokers who were more intent on making fat commissions than making quality loans. Big national banks also dove into the market with subprime subsidiaries.


FORECLOSURE RATE BY CENSUS TRACT
No Foreclosures
Less than .5% of Mortgages
.5 to 1.0% of Mortgages
1% to 2% of Mortgages
2% to 5% of Mortgages
More than 5% of Mortgages
29
35
435
70
291
70
470
435
Source: Federal Reserve
THE KANSAS CITY STAR

Foreclosures: LINC Caring Communities Sites




PERCENT SUBPRIME BY CENSUS TRACT
0 to 25%
25% to 50%
50% to 100%
29
35
435
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291
70
470
435
Source: Federal Reserve
THE KANSAS CITY STAR

“You had an army of salespeople who were hired to go door to door and sell these things very aggressively,” said Michael Duffy, the managing attorney of Legal Aid of Western Missouri, who noted that subprime loans are more complex than conventional loans, yet borrowers often received less loan-disclosure information.

Elma Warrick, the executive director of the Kansas City Home Ownership Center for HomeFree-USA, said: “People were just happy to be told they could get a home. Quite frankly, they didn’t know what questions to ask.”

Clay acknowledged that he never fully understood how an adjustable rate worked when a Wells Fargo Financial broker sold him on the deal.

“I didn’t have the education to understand it,” Clay said. “And they didn’t explain it to me. I thought if the interest went down, your payment went down. If the interest rate went up, your payment stayed the same.”

What’s more, Clay’s loan included thousands of dollars in added charges and carried a $2,500 prepayment penalty, which tied him to the debt for at least three years.

Steve Carlson, a spokesman for Wells Fargo Financial, a division of Wells Fargo & Co., said that while he could not comment specifically on Clay’s case, the company does not make home loans “unless we believe the customer has the ability to repay the loan.” Carlson said the bank works with customers to avoid foreclosure and find options “based on the customer’s financial ability to repay the debt.”

Adjustable-rate loans aren’t new, but they had been used primarily by borrowers with good credit who didn’t intend to hold on to a house long, because they planned to sell it or move.

In recent years, a new breed of lenders and brokers saw a way to use the subprime market to keep home sales revved up.

Lenders targeted urban neighborhoods where new borrowers were itching for the chance to buy. Because those neighborhoods usually had lower average credit scores, often reflecting riskier credit, lenders felt justified to charge more. And they did.

Nearly 28 percent of the home-purchase loans made in Jackson County from 2004 to 2006 were subprime, federal mortgage records show. That compares with less than 10 percent in more affluent Johnson County.

Teaser rates made the loans appear affordable. “These loans wouldn’t have been made without the teaser rate,” Edmiston said.

From 2003 to 2004, adjustable-rate mortgages nearly doubled — growing to more than 50 percent of all originations in Kansas City, according to Federal Reserve data.

Loan offers became increasingly creative, offering no money down or interest-only payments that began low, but skyrocketed nearly 200 percent in a few years. TV ads induced consumers to borrow against 125 percent of the value of their home — a recipe for disaster for most cash-strapped borrowers.

Subprime sales even took off in middle-income tracts, according to a study of Kansas City’s 5th Congressional District by Compliance Technologies, a Washington firm that provides lending intelligence services to financial institutions.

Critics say that raises questions about whether some borrowers were steered to subprime loans when they might have qualified for cheaper conventional loans.

While most mainstream banks in Kansas City resisted the subprime stampede, newer lenders rushed in. More than 98 percent of the loans that H&R Block’s Option One Mortgage Corp. made in Kansas City from 2004 to 2006 were subprime, federal loan figures show. More than 97 percent of NovaStar Mortgage’s loans were subprime in that time.

In contrast, only a small percentage of loans sold by established local banks were subprime. None of the nearly 1,000 metro loans that Kansas City mortgage banker James B. Nutter & Co. made was subprime.

Ironically, Clay bought his Ruskin Heights home in 2000 with a conventional 30-year loan from Nutter & Co. It was for $76,000 with a fixed 6.5 percent interest rate.

Company president James Nutter Jr. questioned why Clay was directed into a costlier subprime loan when he refinanced his house in 2004. Nutter said that Clay— even with more debt — probably would have qualified for a cheaper conventional loan from his company or another local lender.

“Especially with him being a veteran,” Nutter said, noting that some brokers appeared to steer lower-income borrowers into subprime loans “to make more money.”

Wall Street connection

Soaring subprime profits quickly attracted Wall Street investors.

As fast as brokers sold more teaser-rate loans, they quickly bundled them into packages and sold them like securities to investors, who pumped even more money into the subprime market.

The Compliance Technologies study showed that more than half of the subprime loans made in Kansas City's 5th District were securitized and sold off to investors.

"Originators were making loans based on quantity rather than quality," said Kurt Eggert, a law professor at Chapman University in Orange, Calif., who served on the Federal Reserve's consumer advisory counsel. "They made loans even when they didn't make sense from an underwriting standpoint."

Mark Duda, a research affiliate at Harvard University's Joint Center for Housing Studies, said that because brokers were so intent to quickly sell off loans to investors, they had little incentive to make sure the loans were suitable for borrowers.

"They were setting people up to fail," Duda said.

By sheer numbers, more whites got subprime loans — but as a percentage, blacks were more likely to be steered into subprime loans and usually paid more for them.

An analysis by *The Kansas City Star* of home-purchase loans from 2004 to 2006 in the metro area showed that blacks were placed in subprime loans nearly 50 percent of the time and Hispanics about 32 percent of the time. Whites, however, got subprime loans only 16 percent of the time.

These findings are supported by Compliance Technologies' analysis. Examining a larger pool of both home-purchase and refinance loans in the 5th District, the firm found that last year blacks were placed in subprime home-purchase or refinance loans nearly 66 percent of the time.

That compared with 41 percent for Hispanics and 29 percent for whites.

Blacks also were consistently charged an interest rate that was at least a half a percentage point higher, said Maurice Jourdain-Earl, the managing director of Compliance Technologies — meaning, "all things being equal, their monthly mortgage payments are going to be higher."

U.S. Rep. Emanuel Cleaver, a Democrat who represents the 5th District, contends that brokers knew some minorities were less sophisticated about buying homes.

"This was designed to ensnare Latinos and African-Americans," said Cleaver, a member of the House Financial Services Committee. "These brokers get their money on the front end. So they don't care. They're gone."

Subprime implosion

As adjustable interest rates climbed, many subprime borrowers could not make their payments. In some cases, homeowners and real-estate investors also had tapped all the equity from their homes. As prices fell, they owed more than their homes were worth.

When the new homeowners couldn't sell or refinance their homes, they often walked away from them. As the inventory of unsold houses grew, prices plummeted even more.

In 2004 and 2005, homes nationally were appreciating, on average, more than 12 percent a year, according to Federal Reserve data. By 2007, they were *losing* about 1.5 percent in value each year. Kansas City homes went from appreciating an average of 4.5 percent a year to dipping nearly 1 percent in value.

Wall Street investors now are left holding worthless real-estate securities. Subprime lenders are stuck with billions of dollars in bad loans, which they have had to write off. Many are going broke.

"It's like any Ponzi scheme," said Duffy of Legal Aid. "Artificially high values drive more investments, that drive more artificially high values, that drive more investments, until the values get unrealistically high and the whole scheme collapses. That's what you see now."

Ruben Flores, a Johnson County real-estate investor, worked as a loan officer in NovaStar's loss-mitigation office in May when things started collapsing.

"It was like triage," he recalled.

Flores said that loan officers — each handling portfolios of 200 or more borrowers — worked 70 to 80 hours a week trying to salvage as many souring loans as possible.

But the losses have left once-high-flying NovaStar struggling to stay out of bankruptcy. Option One has shuttered its business and plans to write off $125 million in bad loans. Wells Fargo and other big national banks have cut back or stopped making new subprime loans.

Meanwhile, Congress is grappling with ways to help homeowners clean up the mess and make sure it doesn't happen again — including tougher regulations and penalties.

The good news is that tighter underwriting standards are being restored. The bad news is that foreclosures probably will continue to haunt neighborhoods such as Clay's for at least another year.

Foreclosures, however, ripple throughout communities, lowering home values, decreasing tax revenues, and inviting blight and crime. So even if you didn't have a subprime loan, you probably will feel their pain in 2008.

“Subprime problems have become everyone’s problem,” said Martin Eakes, the chief executive officer of the Center for Responsible Lending.

A look at where subprime loans and foreclosures are most prevalent in the KC metro area. **| A15**

WHAT’S A SUBPRIME LOAN?

Subprime loans are generally defined as those given to borrowers with weak or damaged credit. Lenders charge higher interest rates because the loans are seen as riskier.

METHODOLOGY FOR THE DATA ANALYSIS/MAPS

The home-loan data used for this analysis comes from the Home Mortgage Disclosure Act database, which is compiled by the Federal Financial Institutions Examination Council.

The data include millions of records from all home-loan applications, but for the purposes of this study, much of the information was not considered. The only records that were analyzed were for loans in Kansas or Missouri that were used to purchase a one- to four-family home, which means homes that were not apartment buildings.

Refinancing loans, home-improvement loans and loans not secured by a first lien were not considered.

Only records from 2004 through 2006 were analyzed because prior to 2004 the Federal Financial Institution Examination Council did not have an indicator for subprime loans.

A subprime loan is any loan with an interest rate 3 or more percentage points higher than the Federal Treasury yield on securities, according to the Federal Financial Institutions Examination Council.

The home-mortgage data were joined to the map based on census tract numbers and state and county identifiers. The maps accompanying this story were assembled using census tract shape files obtained from the Missouri Spatial Data Information Service and the Kansas Geospatial Community Commons.

To reach Paul Wenske, call 816-234-4454 or send e-mail to pwenske@kcstar.com. | Mike Pell, special to The Star

The Beehive's Guide to Homeownership
www.theBeehive.org/homes

What is the mission of the Beehive's *Guide to Homeownership*?

The Beehive's *Guide to Homeownership* educates vulnerable and first-time homebuyers about the process of buying a home and helps them avoid foreclosure and predatory sub-prime lending. The Beehive debunks myths about the barriers to homeownership and ensures that new homebuyers understand their rights.

What kind of information and resources are available?

The Beehive's *Guide to Homeownership* provides a comprehensive guide to the process of buying and owning a home, using rich media tools and storytelling to make these issues accessible and easily understood to a lower literacy audience. Information and resources, available now and being rolled out in the coming weeks, include:

1. **Prepare to Buy:** This section, created with support from Citigroup, introduces prospective homebuyers to the often-complicated process of homeownership, focusing on costs to consider and ways to seek help locally. Resources include:
   - **"To the Front Door"**: A video series following the experiences of Kelvin Austin, a first-time homebuyer, and his family
   - **Help for First Time Homeowners**: A state-of-the-art resource locator created in partnership with NeighborWorks
   - **Learn the language:** Understand complicated terms like *equity* in everyday language with step-by-step visual illustrations

2. **How to Buy: The Mortgage Coach:** The Mortgage Coach, created with support from the Surdna Foundation, helps homebuyers identify safe mortgage products, understand the complex home-buying landscape and evaluate risks like sub-prime lending, fraud and foreclosure. Users create a customized profile and receive recommendations on the best mortgage choices for their financial and personal situations.

3. **After You Buy(coming soon):** Developed with support from AT&T Inc., this content helps new and potentially at-risk homeowners understand the responsibilities of owning and maintaining a home: maintenance, repairs and neighborhood issues. Since many Beehive users are coming from a renting history, the content also helps educate users through new experiences, such as dealing with long-term neighbors, helping kids adjust to a new home and owning a pet.

4. **Foreclosure Prevention Center (December 19) :**Funded by Freddie Mac, this section helps at-risk homeowners deal with the intimidating and complicated process of foreclosure. Through interactive loan workouts, simple steps to taking action, a guide to legal rights, and personal testimonies, Beehive users can understand their full range of options, whether that means refinancing to keep the house or selling to avoid foreclosure.

Why did One Economy create the *Guide to Homeownership*?

Homeowners and prospective buyers need relevant information to help them navigate the increasingly complicated process of buying a home—especially at a time when causing working families across the country are losing their homes at an astounding pace. Increasing rates of homeownership and helping vulnerable buyers successfully navigate the process is good for everybody, increasing neighborhood investment, building assets, and strengthening community ties.

Who makes the Beehive's *Guide to Homeownership*?

One Economy Corporation, a global nonprofit organization based in Washington, DC, created the Beehive's *Guide to Homeownership* (www.thebeehive.org/homes) with generous support from the AT&T Foundation, Citigroup, Freddie Mac and the Surdna Foundation to help vulnerable low-income and first-time homebuyers navigate the process of buying a home. *The Guide to Homeownership* is a part of the Beehive (www.Beehive.org), One Economy's multilingual self-help web portal that provides resources and information about the things that matter most: money, health, education, jobs, and family.

One Economy Corporation

About Us

One Economy Corporation is a global nonprofit organization that uses innovative approaches to deliver the power of technology and information to low-income people, giving them valuable tools for building better lives. We help bring broadband into the homes of low-income people, employ youth to train their community members to use technology effectively, and provide socially responsible media properties that offer a wealth of information on education, jobs, health care and other vital issues. Our work has brought broadband to 300,000 Americans and reached more than 11 million people through the Beehive.

Our mission is to maximize the potential of technology to help low-income people improve their lives and enter the economic mainstream.

MEDIA & ONLINE RESOURCES

One Economy's Beehive (www.beehive.org) connects low-income individuals to information and resources targeting the things that matter to them most: health, jobs, money, schools, and family. The Beehive is a self-help web portal that helps users find engaging, accessible, culturally diverse, multilingual content at a literacy level and in languages they can understand. With over 40 local Beehives, cities across the country are benefiting from these tools.

Some of the Beehive's most popular resources are:

- The Entrepreneur's Center
- The Career Coach
- Internet Safety
- Homework Help

Outside the Beehive, One Economy's media team is constantly engaged in creating innovate new online tools. Their latest offerings include:

247TownHall (www.247townhall.org) is an online social media property that is designed to help Americans at all economic levels get involved in policy and government. The interactive civic engagement site will allow people to speak up on local as well national issues, share video and voice clips, rate local government services and learn not only about what is happening in their communities but also specific ways to get involved.

ZipRoad (www.ziproad.org) is a one-of-a-kind education tool that helps students, parents, teachers, and caregivers find education-related resources in their communities. By simply entering their zip codes, individuals are quickly on the path to finding information about schools, as well as quality and affordable after school tutoring and other learning programs in their neighborhoods. Users are able to comment, rate and review these services, thereby sharing their own experiences and expertise.

BROADBAND & HARDWARE

One Economy Corporation helps people connect to the Internet. We work with affordable housing owners, neighborhoods, and municipalities. We provide consulting services and technical assistance to help owners of affordable housing connect their residents to free or low-cost Internet access and low-income communities design and deploy affordable wireless networks. We also work with agencies to develop programs to provide affordable computers to people with low incomes.

Through the work of One Economy, more than 300,000 low-income people now have broadband Internet access and there is more to come:

- Through the National Equity Fund, we offer a resource to pay for computers, training, and five years of Internet access for new affordable housing developments.
- Through AT&T and the AccessAll program we will provide two free years of Internet access to over 30,000 residents of affordable housing in the next three years.
- Through the California Emerging Technology Fund we will connect over 30,000 low-income California residents in the next three years.

YOUTH PROGRAMS

One Economy's Digital Connectors program was created to address the barriers to technology adoption and use, especially among young people in low-income communities. The program is a best practice youth development model that identifies talented young people, immerses them in technology training, and helps them build their leadership and workplace skills to enter the new economy. Youth receive training and participate in community service opportunities in the areas of technology instruction, technical support, digital media, marketing, workforce readiness, and leadership development.

The Digital Connectors model has evolved as a key element of our Digital Communities. To date, over 1,249 youth have completed the program and, since 2001, have provided over 42,000 hours of community service to their respective communities. Currently we have 353 youth on the ground in 10 cities providing over 6,000 hours of community service and learning activities.

PUBLIC POLICY & MUNICIPAL INITIATIVES

One Economy's public policy team works to scale our efforts in a way that will benefit all low- and moderate-income communities and create a framework that challenges both the public and private sectors to invest time, energy and resources in a 21st-century economy that uses technology successfully. To this end, One Economy has produced a national blueprint illustrating technology's important role in shaping the 21st-century economy. This blueprint is a guide to federal, state and local governments for integrating technology-based solutions into their economic infrastructure.

We provide consulting to businesses and local governments interested in offering technology products and services to low-income people; supply technical assistance in the development of local digital inclusion programs; and connect community leaders and technology experts.

INTERNATIONAL DEVELOPMENT

One Economy is working internationally on four continents to implement an integrated, multi-sector approach to alleviating poverty that incorporates asset building, private sector participation, community development and transparency. We harness the power of the technology to expand the benefits of the 21st-century economy to low-income people around the world and bring the world's poor into the economic mainstream.

One Economy's international efforts engage individuals, corporations, governments, and non-governmental organizations in a strategic effort to maximize the potential of technology to facilitate the economic livelihood of the poor. This work has succeeded where others have failed because we combine access with training and content; we focus on the individual and seek meaningful participation in defining local solutions. Our current projects include work in South Africa, Jordan, and Turkey.

KansasCity.com
THE KANSAS CITY STAR.

Wednesday, January 23, 2008

Blunt wont seek re-election

By KIT WAGAR and JASON NOBLE
The Star's Jefferson City correspondents

JEFFERSON CITY | Gov. Matt Blunt, facing a tough re-election fight and a slowing economy, bowed out of the race Tuesday, declaring that he had accomplished all he set out to do.

In a video posted on the YouTube Internet site, Blunt said he decided not to seek re-election because he had little left to achieve.

"The desire to prove oneself in the next election is strong," Blunt said. "But after a great deal of thought and prayer, and with the knowledge that we have achieved virtually everything that I set out to accomplish and more, I will not seek a second term in the upcoming election. Because I feel we have changed what I wanted to change in the first term, there is not the same sense of mission for a second."

Reaction across the political spectrum was one of shock and disbelief.

"You could have knocked me over with a feather," said Rep. Margaret Donnelly, a St. Louis County Democrat who is running for attorney general.

The announcement came just a week after Blunt's campaign filed a quarterly fundraising report showing he had raised $9.88 million for his re-election bid.

Even the Republican leadership, including House Speaker Rod Jetton, learned of Blunt's decision in a conference call just minutes before the video was released.

"I don't think anybody knew this," said Jetton. "It's hard to keep secrets in Jeff City, but when we walked into the Capitol today, I don't think anybody had any idea."

Attorney General Jay Nixon, a Democrat who has sparred with Blunt for the last two years as the two girded for a nasty showdown in the fall, issued a brief statement wishing Blunt and his family well.

"My campaign for governor has always been about moving Missouri forward," Nixon said. "I will continue to focus on changing the direction of our state so that more Missourians have access to health care, more Missourians can find good-paying jobs and more Missouri children can get the quality education they deserve."

In the video, Blunt touted a wide-ranging record of accomplishment.

He claimed credit for three years of strong government revenue, for boosting funding for education and reworking the state Medicaid programs to build "a network of care offering vulnerable Missourians healthier lives at a cost taxpayers can afford.

"What we set out to achieve four years ago has been accomplished," Blunt said.

Democrats scoffed at such claims. "I think he must have seen the handwriting on the wall," Donnelly said. "His agenda had disappointed and angered so many Missourians."

House Minority Leader Paul LeVota, an Independence Democrat, last week said Blunt produced budget surpluses by cutting health care for the poor and disabled and by starving colleges.

Virtually all Blunt's major accomplishments were decidedly partisan and deeply controversial.

He was widely criticized for turning 11 state-run motor vehicle license offices over to political cronies.

He championed legislation that made it harder to file frivolous lawsuits. But the change also made it harder for injured people to obtain compensation.

He championed changes in the workers' compensation system that saved businesses millions. But labor groups said the changes also left some injured workers without help.

Under Blunt, the state greatly expanded government subsidies to business and gave insurance companies and real estate brokers new powers to fight consumer complaints and stifle competition.

His plan to sell the state's student loan authority went through numerous changes. In the end, the partial sale of the authority provided $350 million for the state, but little went toward the great leap forward in life sciences that Blunt had envisioned.

Most recently, Blunt was embroiled in a scandal over allegations that his office routinely destroyed e-mail public records that the law requires officeholders to retain. His former deputy legal counsel has sued him and four state officials, alleging that they engaged in a conspiracy to destroy public records in an effort to hide political maneuvering by his staff.

But none of those controversies compared to Blunt's signature move: the 2005 cuts in the Medicaid program, which eliminated many medical services and threw 90,600 poor people off the program. They also shifted higher costs to nearly 16,000 disabled people and to the families of 47,000 moderate-income children.

The cuts helped turn the state's three-year budget crunch into a healthy budget surplus in two years. But they caused real hardship by deeming that a single mother with two children would have no Medicaid coverage if her income exceeded about $350 a month.

Blunt was facing a tough re-election campaign against Nixon, who has pounded Blunt over the cuts in Medicaid, the partial sale of Missouri's student loan agency and his handling of the governor's office.

Neither Blunt nor his staff was available Tuesday, but the governor scheduled a news conference for 9:30 a.m. today. In the video, Blunt said he did not want people to think that his decision not to seek re-election was "a retirement from the effort to improve the lives of Missourians."

"I never wanted to run for any office just to hold it," Blunt said. "I did not run for governor to have a title, but to bring change to state government."

After 10 years in elected office, Blunt said he wanted to spend more time with his wife and nearly 3-year-old son.

"Melanie and our son William Branch mean the world to me," Blunt said in the video. "I have spent more time away from them than I would like. We are ready for the next chapter in our lives."

Lawmakers were divided over what effect Blunt's announcement would have on the legislative agenda he laid out just last week in his State of the State address.

Jetton, a Marble Hill Republican, said he saw no evidence over the last few weeks that the governor planned to drop out of the re-election campaign. Blunt had been more engaged than ever this session in forming legislative priorities and crafting legislation, he said.

The governor's new lame-duck status doesn't necessarily sink his legislative priorities for the year, Jetton said.

"There are some advantages being a lame duck," Jetton said. "…You can do whatever you feel like you need to do and you don't have to worry about an election or a vote — you just do it."

Donnelly disagreed.

"I can't imagine how he can have any influence on this session," Donnelly said.

LeVota said the governor's decision won't change Democrats' strategy for the coming election.

"We are still going to talk about the failed policies of the last four years, even though Gov. Blunt won't be continuing on," LeVota said. "The Republican leadership in the legislature has done exactly as the governor wanted them to do. … There's no indication that things will be different with a new Republican nominee."

In retrospect, Blunt may have foreshadowed his exit from the race last week in his State of the State address. The speech, dominated by a litany of Blunt's accomplishments, had the feel more of a valedictory address that one inspired by a vision for the future.

And in the video announcing his exit from the campaign, Blunt made only passing reference to the tasks awaiting his last year in office.

"There are new and important initiatives we can achieve this year," Blunt said. "Their success will help keep the change working for Missouri families. I will focus on these initiatives."

Key dates in the life of Gov. Matt Blunt

Nov. 20, 1970: Born in Greene County to Roseann and Roy Blunt. His father, now a U.S. congressman, was elected Missouri's secretary of state in 1984.

1993-1998: After graduating from the U.S. Naval Academy, he served on active duty in the Navy. Since 1998, he has been an officer in the Naval Reserve and is a lieutenant commander.

1999-2001: Served in the Missouri House.

2001-2005: Served as secretary of state.

Oct. 9, 2001: Became the first statewide elected official in the history of Missouri to be called into active military duty, serving six months in the United Kingdom in support of Operation Enduring Freedom.

January 2005: Began serving as Missouri's 54th governor, the second-youngest in the state's history.

Jan. 22, 2008: Announced that he would not run for re-election.

The governor's record
Gov. Matt Blunt has accomplished much of what he set out to do, but not without controversy.

Medicaid cuts Blunt is perhaps best known for one of his first acts in office: eliminating or reducing Medicaid benefits to thousands of low-income Missourians to balance the budget. He cut more than 90,000 people from state-paid health care and reduced others' benefits. He made changes that left nearly 25,000 additional children without coverage.

Blunt considers the cuts one of his biggest achievements because they allowed him to turn a potentially massive budget shortfall into budget surpluses.

Higher education Blunt's most ambitious higher-education plan was his proposal to sell Missouri's student loan agency and use the proceeds for university building projects, scholarships and business incubators near college campuses. After 16 months, lawmakers passed a much-modified version of his plan by agreeing that the Missouri Higher Education Loan Authority would pay $350 million over six years to the state. Most of the money will go to buildings at public colleges and universities.

In the end, Blunt dropped his plan to use MoHELA money to boost life-science research at state universities after opponents of stem-cell research complained. And rather than creating state-of-the-art laboratories to attract scientists, the final plan will spend $30 million for maintenance and repairs at community colleges.

Other accomplishments Blunt's restrictions on liability lawsuits and workplace injury claims were lauded by business. He reformed the method of funding schools and increased funding for local schools. He also dramatically increased college scholarships for low-income students. He proposed increasing such aid by $27.9 million next year on top of a $45 million increase in the current year. If adopted, it would bring total scholarship spending to $100.4 million next year, a nearly fourfold increase in two years.

Blunt says he has added 90,000 jobs after record job losses in previous years.

He steered through tougher penalties on child-sex offenders and more- stringent laws targeting methamphetamine makers. He got passed an ethanol mandate for gasoline and more protections against the use of eminent domain.

Some controversies have kept the governor in the spotlight.

E-mail controversy Earlier this month, Blunt was sued by a former staff attorney who claims he was fired and defamed in retaliation for pointing out that Blunt's office was destroying e-mails in violation of Missouri's open-records law. Blunt has defended the September firing of Scott Eckersley but has declined to comment on allegations that his office intentionally purged e-mails as a way to avoid providing information under a Sunshine Law request.

Agriculture director Blunt was criticized for not firing Fred Ferrell, his agriculture director, until nine months after Blunt read an investigative report that found numerous instances of Ferrell's offensive behavior toward women in his office. After the report became public, Blunt fired Ferrell.

Fee offices Blunt set off controversy when he turned over 11 state-run motor-vehicle offices to political supporters. In the past, private fee offices were run by political appointees, but Blunt went further in turning over the state-run offices to supporters.

Taum Sauk Blunt's staff in June pressed the Missouri Highway Patrol to issue a public statement criticizing Attorney General Jay Nixon, who at the time was Blunt's likely Democratic challenger.

E-mails obtained by *The Kansas City Star* detail how deeply Blunt's office was involved in crafting a June 7 patrol statement that bolstered Republican criticism of Nixon for deciding not to file criminal charges in the December 2005 Taum Sauk reservoir collapse, which released more than a billion gallons of water and heavily damaged Johnson's Shut-Ins State Park. The patrol's statement contradicted the agency's own investigative report that said there were no criminal suspects in the case, as well as previous public statements by patrol spokesmen.

@Go to **KansasCity.com** and **Prime Buzz** to watch Gov. Matt Blunt's video announcement and to share your opinion.

To reach Kit Wagar, call 816-234-4440 or send e-mail to kwagar@kcstar.com.

Posted on Wed, Jan. 23, 2008

Blunt reiterates: Mission accomplished

By KIT WAGAR
The Kansas City Star

JEFFERSON CITY | Gov Matt Blunt, appearing relaxed and cheerful, faced reporters for an hour Wednesday morning, answering questions about his stunning decision to quit his campaign for re-election.

Blunt said he began thinking earlier this month about whether he still had the fire to run for re-election. After several days of thinking and praying, he taped a video message Monday night at the governor's mansion announcing that he would not seek re-election because he had accomplished virtually everything that he had set out to do.

"I really did decide I didn't have the same sense of mission for a second term," he said. "When you're spending more time in the speeches talking about what you've done than what you're going to do, I think it's time to move on."

His comments Wednesday reiterated the major points he made on the video, which was posted Tuesday to the YouTube internet site. In the video, Blunt boasted of a wide-ranging record of accomplishment that was creating "a future of greater opportunity for all Missourians."

He claimed credit for three years of strong government revenue, for boosting funding for education and reworking the state Medicaid programs to build "a network of care offering vulnerable Missourians healthier lives at a cost taxpayers can afford."

"What we set-out to achieve four years ago has been accomplished," Blunt said.

Blunt had raised nearly $10 million for his re-election bid. The big questions that emerge are why would Blunt bow out after weathering three years of controversy and who is likely to emerge as the GOP standard bearer in November.

Blunt's announcement immediately set off speculation about who would enter the GOP primary for governor. Attention quickly focused on six-term congressman Kenny Hulshof of Columbia and former U.S. Sen. Jim Talent of Chesterfield.

Lt. Gov. Peter Kinder of Cape Girardeau jumped into the race within hours of Blunt's announcement.

Other potential contenders include state Treasurer Sarah Steelman, former state Rep. Jack Jackson and U.S. attorney and former House Speaker Catherine Hanaway.

Almost any established politician who enters the race creates a domino effect that potentially shakes up both the GOP and Democratic slates. Kinder's decision to run for governor rather than seek re-election, for example, gives a boost to Democratic Rep. Sam Page, who is running for Kinder's job and appeared ready to give Kinder a tough re-election challenge.

If Hulshof were to enter the governor's race, it would greatly enhance the chances of Democratic state Rep. Judy Baker, who already announced that she would run for Hulshof's seat in Congress.

The decision also tends to undercut Blunt's influence with the legislation heading into his final year in office. But one at least one GOP lawmaker, Senate leader Michael Gibbons of St. Louis County, said said Blunt's move could lower the political temperature and actually help get legislation passed.

"Because of the nature of this election and the acrimony between Jay Nixon and Matt Blunt, one of the concerns I had was how much of an effort would be made to politicize this session to deny Matt Blunt in any kind of victory going into the election," Gibbons said. "Now that really isn't a factor."

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KANSAS CITY BUSINESS JOURNAL

Friday, January 4, 2008

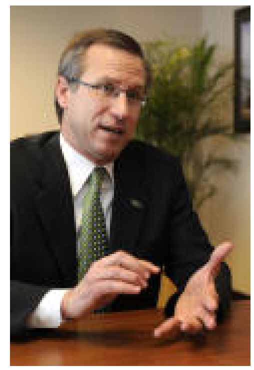
Embarq's Gerke ready to make tough calls

Interim CEO says company must 'focus on being feisty'

Kansas City Business Journal - by Todd Natenberg Staff Writer

Dave Kaup | KCBJ

Embarq Interim CEO Tom Gerke says innovation and integration are keys for the company.



Tom Gerke was there on June 1, 2006, when Embarq Corp. executives rang the bell of the New York Stock Exchange to begin public trading of the Sprint spinoff's stock. Then general counsel of Embarq, Gerke recalls the pride he felt that day.

"Day one wasn't a ribbon-cutting at a local retail shop," Gerke said. "It was a Fortune 500 company basically on day one. I was very proud of the accomplishment."

A year and a half later, Gerke has another accomplishment in which to take pride. He was named as interim CEO of Embarq when Dan Hesse left the post to become CEO of Sprint Nextel Corp.

Embarq officials haven't said when a permanent successor will be named. But Chairman Bill Owens has called Gerke a "strong candidate," and in an e-mail notifying Embarq employees of his departure, Hesse included what could be seen as a ringing endorsement.

"Tom is an outstanding leader. I have been impressed by his grasp of issues, his interpersonal skills, his ability to consistently produce great results and his drive and initiative," Hesse wrote. "Tom and I will be great partners, important for both of our companies given the tremendous interdependencies between Embarq and Sprint."

Sitting in his office, wearing a black suit with a green and yellow dotted tie and Embarq lapel pin, Gerke spoke about his plans to take Embarq to the next level. Sounding more like a football coach than a top executive of an 18,000-employee company, he emphasized teamwork, leadership and the importance of "playing by the rules."

Gerke proudly displays awards Embarq has received, including a gold-and-black trophy from J.D. Power and Associates in honor of a top satisfaction ranking from large enterprise customers. Scenic artwork of various locations where Embarq has operations -- including North Carolina, Florida, Pennsylvania and Oregon -- hangs on the wall. They remind Gerke that although his customers may be far from his office, they are what matter most.

"We have to be more innovative. We have to be feistier," Gerke, 51, said. "If you wind the clock back 10 or 20 years, we went out and disconnected a phone when somebody moved out of the house, and we went out and reconnected a phone when somebody moved in. Now, we have to compete for every customer. So it's a focus on being feisty.

It's a focus on innovation and integration, innovation on products, integration of our existing products so they work better together."

Although he's a lawyer and most recently served as general counsel for Embarq, Gerke's background ventures are heavy on business matters, too. At Sprint, his jobs included serving as vice president of business development for strategic planning and alliance for Sprint's Global Markets Group.

In assuming the CEO position, Gerke is looking forward to being "closer to the decision-making process."

"As a CEO, you can't get any closer to the decision-making," Gerke said. "As a general counsel, I liked the legal aspects, but I really liked being part of the team, as far as putting together the relevant data and making a quality business decision."

Embarq CFO Gene Betts remembers his first impression of Gerke, made at an internal meeting in New York years ago.

"I didn't even know he was with the company," Betts said. "I was like, 'Who's the guy asking good questions?'"

Among the questions confronting Gerke in his new role is where to locate Embarq. The company now has two locations. It owns its headquarters building in Overland Park but also leases space on the nearby Sprint Nextel campus. Real estate brokers and city officials have salivated at the prospect of Embarq either building a new corporate headquarters or moving its employees from the Sprint campus to other leased space.

Gerke declined to discuss where or if Embarq might make a move, saying his top priority is getting more revenue from the company's customer base.

The Rev. Thomas Curran, president of Rockhurst University, can attest to Gerke's head for numbers. Gerke serves as secretary of the university's board of trustees.

"Tom is exceptionally bright and very thoughtful. He's very insightful," Curran said. "He recognizes we are not about maximizing shareholder value, but at the same time, he's one of those folks that recognizes while we are a not-for-profit, we are not a 'for-loss.' That's an important balance."

Gerke's diverse background -- coupled with his strong relationship with Hesse -- could play a large part in whether he takes the reins at Embarq on a permanent basis.

"Tom Gerke worked well with Dan Hesse and helped Embarq grow and improve over the last year or two," said Jeff Kagan, a telecommunications analyst. "The question is: Will Tom Gerke continue on the same path that Dan Hesse introduced to the company since it is so successful?"

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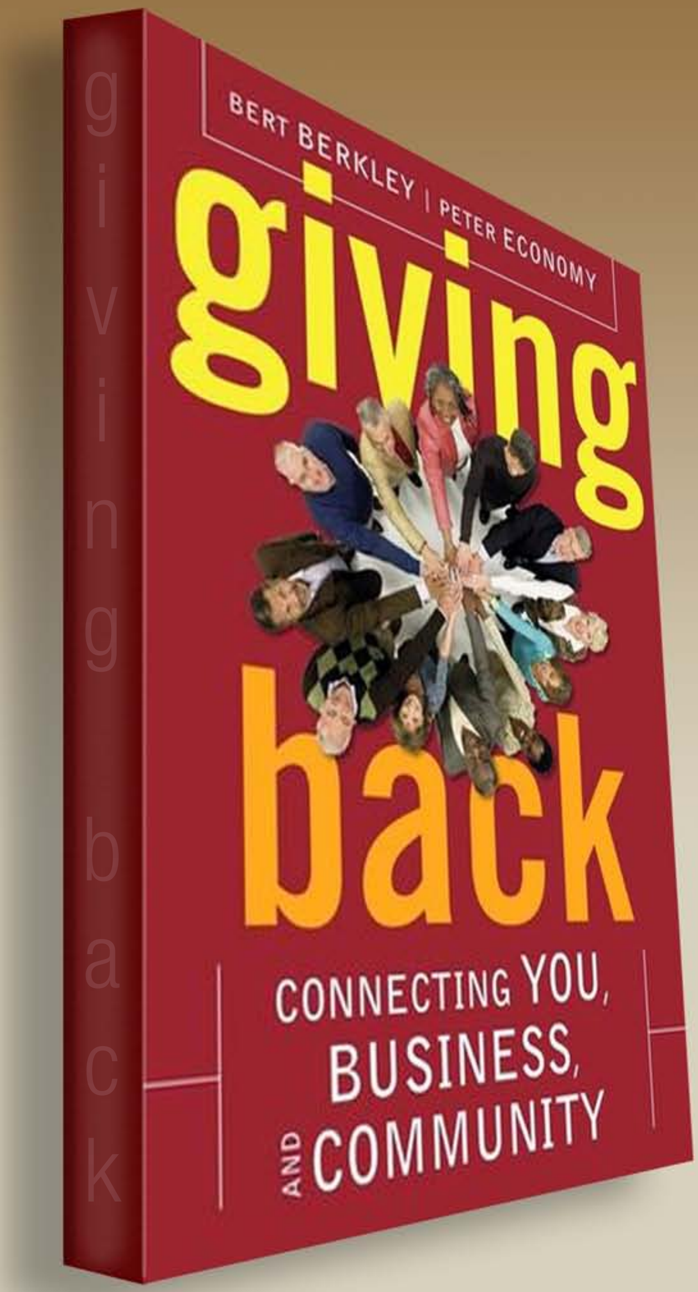

Available
Spring 2008

LINC Founder To Publish Book

LINC Founder Bert Berkley is co-author of a book, Giving Back, Connecting You, Business and Community. It will be published next spring.

The book, according to the publisher, will be a "a powerful catalyst for change for businesspeople who want to have a positive impact on the world around them."

The book is co-authored by Peter Economy, a well-established author who writes about leadership, entrepreneurship and business. Economy is associate editor for Leader to Leader magazine.

The 176-page book is scheduled for publication in February 2008 and includes a chapter on the Local Investment Commission (LINC) which Berkley founded in 1992. Wiley is the publisher.

"Giving Back focuses on the new consciousness that is teaching social responsibility to today's businesses, using powerful real-world case examples to show how anyone in business can give back - and in the process change the world for the better," the publisher states.

The book looks at other inspiring examples of how businesses are making a difference in their community from all across the country.

Bert Berkley (Kansas City, MO) is Chairman of Tension Envelope Corporation and the founder and recent chairman of the Local Investment Commission (LINC), an organization that has nothing to do with stocks and bonds, but everything to do with investing in children and families.

LINC
Local Investment Commission

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