

**MINUTES OF THE JOINT BOARD OF DIRECTORS MEETING
FEDERAL RESERVE BANK OF DALLAS**

April 11, 2024

Federal Reserve
Bank of Dallas

The Board of Directors (the “Board”) of the Federal Reserve Bank of Dallas (the “Bank”) held its joint meeting on April 11, 2024, at 8:30 a.m. (CST), with the following directors participating:

Present: Thomas J. Falk, Chair
Claudia Aguirre, Deputy Chair
Kelly Barclay
Pascal Desroches
Robert Hulsey
Joe Quiroga
Cindy Taylor

The following branch directors also participated:

El Paso Branch Directors

Tracy Yellen, Chair
Leila Melendez
Kari Mitchell
Christian Perez-Giese

Houston Branch Directors

Ruth Simmons, Chair
Marc Boom
Ric Campo
Gary Petersen
Peter Rodriguez

San Antonio Branch Directors

Veronica Edwards, Chair
Monica Salinas, Chair Pro-Tem
Brad Barron
Gabe Guerra
Denise Hernandez
Rosa Santana
Tyson Tuttle

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
April 11, 2024

The following chairs of the indicated advisory councils attended a portion of the meeting as presenters:

Community Advisory Council

Carlos Contreras

The following members of the Bank's staff also participated:

Lorie Logan, President and Chief Executive Officer
Robert L. Triplett, First Vice President and Chief Operating Officer
Tommy E. Alsbrooks, Senior Vice President and Chief Information Officer
Glenda S. Balfantz, Senior Vice President and General Auditor
Roberto Coronado, Senior Vice President in Charge, El Paso and San Antonio Branches
Jeffrey L. Garrett, Senior Vice President and Chief Financial and Risk Officer
Emily Greenwald, Senior Vice President
Richard J. Mase Jr., Senior Vice President
Heidi Mitchell, Senior Vice President
Daron Peschel, Senior Vice President in Charge, Houston Branch
Mike Schetzel, Senior Vice President and Chief of Staff
Alison Schmidt, Senior Vice President
Sam Schulhofer-Wohl, Senior Vice President and Senior Advisor to the President
David Teeples, Senior Vice President and General Counsel
Kei-Mu Yi, Senior Vice President
Pia Orrenius, Vice President
Seth Searls, Vice President
Mark A. Wynne, Vice President and Associate Director of Research
Alessio Saretto, Assistant Vice President
Jody Stanley, Assistant Vice President and Corporate Secretary
Tyler Atkinson, Senior Business Economist
Jim Dolmas, Economic Policy Advisor and Senior Economist
Ron Mau, Senior Business Economist
Karel Mertens, Senior Economic Policy Advisor, Interim Director of Research
Anthony Murphy, Senior Economic Policy Advisor
Chris Otrok, Senior Economic Policy Advisor
David Rapson, Economic Policy Advisor
Alex Richter, Economic Advisor and Senior Economist
Jesse Thompson, Senior Business Economist
Adriana Abdullah, Director
Bo Conway, Director
Candi Aulbaugh, Corporate Secretary Associate
Luis Galvan, Cash Operations Specialist

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
April 11, 2024

Devin Giles, BSR Examiner II
Azucena Greggerson, Senior Executive Assistant
Jason Roberts, Supervisor
Paul Schneider, Audio/Visual Specialist
Tim Thomas, Lead Business Operations Analyst and Recorder

WELCOME

Mr. Falk extended a cordial welcome to the Dallas and Branch directors as well as the Advisory Council members. Mr. Falk acknowledged Mr. Mase for his years of service and thanked him for his contributions to the mission of the Federal Reserve. Mr. Falk initiated introductions and all participants followed, proceeding with the agenda thereafter.

Next, Ms. Logan expressed gratitude for the productive week in Houston, highlighting the significance of community engagement and the energy industry's role in strategic priorities. Ms. Logan thanked Ms. Taylor and Ms. Aguirre for organizing an Executive Women's roundtable and Mr. Campo for facilitating yesterday's visit to Port Houston. Ms. Logan acknowledged Ms. Simmons for her leadership and insightful moderation with Daniel Yergin and closed by thanking staff for their contributions to the meeting.

ADMINISTRATIVE MATTERS - APPROVAL OF MINUTES AND RESOLUTION

Upon motion made, the directors voted to adopt the following resolution prepared to recognize Mr. Mase's service to the Bank and the System during his tenure:

RESOLUTION

WHEREAS, [REDACTED]
[REDACTED]
[REDACTED]

WHEREAS, [REDACTED]
[REDACTED]
[REDACTED];

WHEREAS, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED];

WHEREAS, [REDACTED]
[REDACTED]

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
April 11, 2024

[REDACTED]
[REDACTED]
[REDACTED]

WHEREAS, [REDACTED]
[REDACTED]
[REDACTED]

NOW, THEREFORE, BE IT RESOLVED, that we, the directors of the Federal Reserve Bank of Dallas, and on behalf of the directors of its El Paso, Houston, and San Antonio Branches, do express our warm and devoted friendship for

RICHARD J. MASE, JR.

and our grateful appreciation for his significant contributions to the Federal Reserve Bank of Dallas and the Federal Reserve System. We express our genuine regret because of his retirement and offer our sincere wishes for his continued success, health, and happiness.

AND BE IT FURTHER RESOLVED, that a permanent record be made of this resolution and a certified copy thereof be delivered to Richard J. Mase, Jr. as a token of our high esteem and personal affection.

Next, the Dallas directors unanimously approved and adopted the minutes of the Board meeting held on March 14, 2024.

ADVISORY COUNCIL UPDATES

Mr. Contreras provided an update on the Community Advisory Council meeting held on April 4, 2024, noting that discussion at the meeting focused on economic factors impacting organizations' ability to deliver services, barriers to employment for low- to moderate income individuals, childcare challenges, rising costs of essentials like housing and food, and a shortage of middle-skills workers. Concerns were raised about poverty levels, access to healthcare, childcare affordability and quality, as well as the societal responsibilities for childcare. Mr. Contreras also highlighted discussion about the educational and mental health readiness of future workforces, indicating broader societal challenges in providing adequate support systems.

Ms. Greenwald provided an update on the Community Depository Institutions Advisory Council meeting held on March 7, 2024. Ms. Greenwald highlighted member reports on economic conditions, commercial real estate demand and consumer lending trends. She reported on discussion regarding deposit competition leading to increased costs of funds and challenges in maintaining net interest margins. She noted that special topics discussed at the meeting included third-party vendor

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
April 11, 2024

relationships, the payments landscape, and regulatory feedback, with a focus on operational efficiencies and the impact of proposed rules on community banks.

ECONOMICS OF THE ENERGY TRANSITION

Mr. Rapson provided directors an overview of the economics of the energy transition's potential impact on monetary policy. He emphasized that while the Federal Reserve does not make climate policy, the transition could significantly affect financial stability and monetary policy, particularly the neutral interest rate.

Mr. Rapson discussed the energy transition related to government commitments to limit temperature increases and achieve net-zero emissions by 2050, highlighting the substantial investment required to achieve this transition. Mr. Rapson emphasized the complex dynamics between the energy transition and monetary policy. He acknowledged the challenges in predicting the magnitude and direction of these effects and underscored the importance of monitoring and research to inform policy decisions effectively.

REPORT OF ECONOMIC CONDITIONS

Next the Dallas and Branch directors each provided updates and reported on the economic conditions from their respective regions and business sectors. Discussion ensued regarding: (i) positive indicators in manufacturing, alongside challenges in labor availability and geopolitical events, (ii) challenges in the energy sector and slow real estate recovery, (iii) increased demand across industries and concerns over rising medical costs, (iv) declining consumer demand in telecommunications along with wage inflation, (v) key banking sector themes including loan demand and staffing challenges, (vi) growth and challenges in the Southeastern Texas economies, (vii) insights from banking on net interest margins and future rate decisions, (viii) the ongoing minimum wage debate, and (ix) stable consumer demand in essential goods.

DISCUSSION OF ECONOMIC CONDITIONS

Discussion ensued on the economic conditions.

[The advisory council member left the meeting.]

U.S. NATIONAL ECONOMIC UPDATE

Mr. Mau briefed Dallas directors on current U.S. economic conditions and the outlook. The briefing described data on inflation, real economic activity, and the labor market.

The briefer noted that inflation data had been higher than expected in February, a shift from the run of softer reports in the second half of 2023. Six- and twelve-month core and trimmed mean

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
April 11, 2024

PCE inflation rates were all near 3 percent in February, disappointing hopes that prices were already increasing at pace consistent with the 2 percent target.

The briefer also noted the above expectation consumption growth in February. He reported that goods consumption was flat over the month with services consumption continuing robust growth trends that began in 2023. He further stated that job growth accelerated in recent months and is less concentrated by industry than late last year. About two thirds of recent job growth was in previously highlighted government, healthcare, and leisure/hospitality sectors with the remaining spread across other sectors. Measures of labor market slack do not indicate resumed tightening in the labor market and wage growth continues to tick down, although remains above levels consistent with the 2 percent inflation target.

EXECUTIVE SESSION – MANAGEMENT COMMENTS

Ms. Logan provided the directors her perspectives on current economic conditions and restated the main points presented by Mr. Mau. Ms. Logan emphasized the importance of closely monitoring economic indicators, including immigration and wage pressures, before considering future rate adjustments. Finally, Ms. Logan provided her recommendation to continue to wait and watch incoming data, recognizing the risk of remaining at higher inflation levels.

[Mr. Falk called for the Executive Session to begin; all participants left the meeting except Dallas Directors, Branch Directors, members of senior management, Office of the Corporate Secretary staff, and Research Department staff.]

EXECUTIVE SESSION - DISCOUNT RATE ACTION

Following the briefing by Mr. Mau and Ms. Logan's comments, the Dallas directors voted to maintain the primary credit rate at 5.50 percent. In addition, the directors acted to maintain the formulas for calculating the secondary credit rate and the seasonal credit rate.

BANK OPERATIONS REPORT

Mr. Triplett highlighted the following items included in the 11K Review Board of Directors Report: (i) the Bank's year-to-date performance as of March 2024, (ii) positive results from supplier diversity efforts, and (iii) [REDACTED]

[Mr. Falk called for the Special Executive Session to begin; all participants left the meeting except Dallas directors, Lorie Logan, Robert Triplett, Mike Schetzel, Daron Peschel, Roberto Coronado, David Teeple and Office of the Corporate Secretary staff.]

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
April 11, 2024

SPECIAL EXECUTIVE SESSION

Ms. Aguirre reported on the Nominating and Governance Committee (the “Committee”) meeting held earlier that day. Ms. Aguirre briefed the Board on the status of the Class B director vacancy and discussion ensued. [REDACTED]

[REDACTED]. A motion was offered and seconded and the Board unanimously approved Mr. Kelly to be the chair of the Budget Planning Committee.

[Mr. Falk called for the Second Special Executive Session to begin; all participants left the meeting except Dallas directors and Lorie Logan.]

SECOND SPECIAL EXECUTIVE SESSION

The Board met in executive session with Ms. Logan to discuss senior vice president staffing.

MATERIALS FOR REVIEW

Each director received the following documents, which were filed with the Secretary:

- (1) Board of Directors Meeting Minutes – March 14, 2024
- (2) Resolution – Richard Mase
- (3) The Economics of the Energy Transition
- (4) Economic Conditions Update
- (5) 11K Review Board of Directors Report
- (6) 11th District Discount Window Activity
- (7) Texas Economic Indicators

ADJOURNMENT

The meeting adjourned at 11:38 p.m. (CST).

Corporate Secretary

JS:tt

APPROVED: _____ Chair