

**MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS**
July 25, 2024



Federal Reserve
Bank of Dallas

The Board of Directors (the “Board”) of the Federal Reserve Bank of Dallas (the “Bank”) held its regular meeting on July 25, 2024, at 8:30 a.m. (CDT), with the following directors participating:

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

The following branch directors also participated:

El Paso Branch Directors
Leila Melendez

Houston Branch Directors
Mark Boom

San Antonio Branch Directors
Rosa Santana

The following member of the indicated advisory council attended a portion of the meeting as presenter:

Energy Advisory Council
Gary Peterson

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
Glenda S. Balfantz, Senior Vice President and General Auditor
Roberto Coronado, Senior Vice President in Charge
Branches
Jeffrey L. Garrett, Senior Vice President and Chief Financial and Risk Officer
Mark Gould, Chief Payments Executive (special guest)
Emily Greenwald, Senior Vice President

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
July 25, 2024

Karel Mertens, Senior Vice President and Director of Research
Heidi Mitchell, Senior Vice President
Daron Peschel, Senior Vice President in Charge, Houston Branch
Mike Schetzel, Senior Vice President and Chief of Staff
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
Jason Keegan, Officer Supervision & Regulation (special guest)
Sai Nori, Assistant Vice President & Deputy Chief of Staff
Armida Riojas, Assistant Vice President, Regional Executive for the San Antonio Branch
Jody Stanley, Assistant Vice President and Corporate Secretary
Tyler Atkinson, Senior Business Economist
Jim Dolmas, Economic Policy Advisor and Senior Economist
Anthony Murphy, Senior Economic Policy Advisor
Alex Richter, Economic Advisor and Senior Economist
Adriana Abdullah, Director and Recorder
Candi Aulbaugh, Corporate Secretary Associate
Darryl Chapman, Senior IT Support Analyst
Labon Cook, Audio/Visual Specialist
Natasha Gay, Senior Quality Assurance Analyst
Travis Hudson, Manager External Communications
Paige Montgomery, Lead Owner's Representative
Diego Morales-Burnett, Research Analyst
Sam Rawson, Credit Risk Analyst II
Olugbolade (GT) Taiwo, M&A Analyst III

WELCOME

Mr. Falk extended a cordial welcome to the Dallas directors, Branch directors, new director, Academic Advisory Council representative and special guests, and called the meeting to order at 8:30 a.m.

ADMINISTRATIVE MATTERS

The Dallas directors unanimously approved and adopted the minutes of the Audit Committee meeting held on March 6, 2024, the Board of Directors meeting held on June 6, 2024, the Executive Committee meeting held on June 20, 2024, the Nominating and Governance Committee meeting held on June 20, 2024, and the Executive Committee meeting held on July 18, 2024.

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
July 25, 2024

ENERGY ADVISORY COUNCIL REPORT

Mr. Petersen provided an update on the Energy Advisory Council meeting that took place on July 10, 2024. He highlighted the three key topics covered in the meeting: (i) U.S. power consumption growth expectation over the next decade and the associated concerns on affordability, reliability and sustainability, (ii) U.S. production growth and the associated drivers, and (iii) the increasingly complex geopolitical situation as it relates to energy. Discussion ensued.

BANK OPERATIONS REPORT

Mr. Triplett highlighted the Bank's year-to-date financial performance as of June 2024 included in the 11K Review Board of Directors Report. He indicated that the main drivers in the underrun are due to higher-than-budgeted vacancies and fewer expenses being billed from National IT.

[REDACTED]

[REDACTED]

[REDACTED]

AUDIT COMMITTEE CHAIR REPORT

Mr. Quiroga provided the directors an update on the Audit Committee meeting that took place on July 18, 2024. He highlighted the following items that were discussed at the meeting: [REDACTED]

[REDACTED]

[REDACTED]

THE FUTURE OF PAYMENTS

Mr. Gould provided the directors an overview on the future of payments. He discussed the new FedNow payment system that went live in July of 2024. Additionally, he provided an overview of plans to continue to expand the FedNow network, grow volume and to continually update software and features. Discussion ensued.

U.S. NATIONAL ECONOMIC UPDATE

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

The briefer noted that monthly inflation readings for May and June were softer than the first four months of the year. He opined that year over year inflation rates are expected to be stable through the remainder of the year around 2.5 to 3 percent due to the base effects from low monthly inflation in the second half of last year, but then slow closer to 2 percent next year.

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
July 25, 2024

The briefer further highlighted that the recent employment reports were also consistent with a cooling economy, as job growth slowed and was revised down. He explained that the unemployment rate increased from around 3.5 percent in the middle of last year to 4.0 percent in the second quarter.

Furthermore, the briefer indicated that evidence on economic activity was mixed, as gross domestic product ("GDP") growth slowed from a fast pace in the second half of last year, but growth in the second quarter rebounded to 2.8 percent annualized, with signals of solid momentum going forward. He noted that while there have been signs of increasing stress for lower income consumers, like increasing credit card delinquency rates, most indicators of household balance sheets remain solid, having normalized from very strong levels following the pandemic. The briefer noted that consumer spending continues to increase at a solid pace.

Finally, Mr. Atkinson indicated that forecasters expect only a modest further increase in unemployment and inflation slowing to near 2 percent next year. The briefer noted that the upside risks to growth and inflation have declined from earlier in the year, but growth remains solid and the labor market strong.

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) the manufacturing landscape, (ii) labor market challenges, (iii) energy sector trends, (iv) consumer trends, (v) trends in government contracting, (vi) real estate market, both residential and commercial, (vii) not-for-profit impacts due to recent storms, (viii) higher education, (ix) airline industry, and (x) regional trends around the state of Texas.

DISCUSSION OF ECONOMIC CONDITIONS

The Chair opened the floor for discussion and a conversation ensued on the economic conditions.

[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, FOMC Class I access staff and Research Department staff.]

EXECUTIVE SESSION - DISCOUNT RATE ACTION

Ms. Logan provided the directors her perspectives on current economic conditions and recommended to continue to hold the rate until after the meeting at Jackson Hole Symposium where Chair Jerome Powell is expected to speak.

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
July 25, 2024

Following Ms. Logan's comments, the 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.

MATERIALS FOR REVIEW

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

- (1) Audit Committee Meeting Minutes - March 6, 2024
- (2) Board of Directors Meeting Minutes - June 6, 2024
- (3) Executive Committee Meeting Minutes - June 20, 2024
- (4) Nominating and Governance Committee Meeting Minutes - June 20, 2024
- (5) Executive Committee Meeting Minutes held on July 18, 2024
- (6) 11th District Activity – Discount Window
- (7) 11K Review Board of Directors Report
- (8) The Federal Reserve Financial Services Report
- (9) Economic Conditions Update

ADJOURNMENT

The meeting adjourned at 11:30 a.m.

Corporate Secretary

JS:aa

APPROVED: _____ Chair