PUBLIC/OFFICIAL RELEASE // EXTERNAL

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS

September 11, 2025

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 September 11, 2025, at 8:30 a.m. (CST), with the following directors participating:

Present: Claudia Aguirre, Chair
Gary Kelly, Deputy Chair
Pascal Desroches
James Hill
Robert Hulsey
Victor Pierson
Joe Quiroga
Ruth Simmons (Virtual)
Cindy Taylor

The following branch directors also participated:

<u>El Paso Branch</u>
Brad Beasley

<u>Houston Branch</u>
Bob Patel

<u>San Antonio Branch</u>
Rosa Santana

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

<u>Federal Advisory Council</u>
Phil Green

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 Alsbrooks, Senior Vice President and Chief Information Officer
Glenda S. Balfantz, Senior Vice President and General Auditor
Roberto Coronado, Senior Vice President and Senior Economist
Jeffrey L. Garrett, Senior Vice President and Chief Financial and Risk Officer

Emily Greenwald, Senior Vice President
Karel Mertens, Senior Vice President and Director of Research
Heidi Mitchell, Senior Vice President
Daron Peschel, Senior Vice President in Charge, Houston Branch
Sam Schulhofer-Wohl, Senior Vice President and Senior Advisor to the President
David Teeples, Senior Vice President, General Counsel, and Interim Corporate Secretary
Katherine Sedgwick, Senior Vice President
Rebecca Zarutskie, Senior Vice President
Donald Bowers, Vice President and Regional Executive
Christine Docherty, Vice President and Deputy General Counsel
Gina Gadson-Richards, Vice President and Deputy Chief of Staff
Pia Orrenius, Vice President
Sai Nori, Vice President and Deputy Chief of Staff
Seth Searls, Vice President
Mark Wynne, Vice President, Associate Director of Research
Missy Luton, Assistant Vice President and Associate General Counsel
Enrique Martinez- Garcia, Assistant Vice President
Armida Riojas, Assistant Vice President and Regional Executive
Anthony Murphy, Senior Economic Policy Advisor
Alex Ritcher, Economic Advisor and Senior Economist
Sam Parson, Senior Counsel and Recorder
Tyler Atkinson, Senior Business Economist
Roger Brooks, Senior Manager
Jim Dolmas, Economic Policy Advisor and Senior Economist
Ron Mau, Senior Business Economist II
Ethan Dixon, Research Analyst
Robert Leigh, Research Analyst
Diego Morales-Burnett, Research Analyst
Labon Cook, Audio/Visual Specialist
Azucena Greggerson, Senior Executive Assistant

WELCOME

Ms. Aguirre extended a cordial welcome to the Dallas directors and Branch directors 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 June 11, 2025, the Board of Directors meeting held on July 24, 2025, the Special Audit

Committee meeting held on August 18,2025 and the Special Board of Directors meeting held on August 21, 2025.

The Dallas directors unanimously approved and adopted a resolution honoring retiring Senior Vice President Alison Schmidt.

OPENING REMARKS

Ms. Logan provided an update on the Bank's expansion of onsite work transition. Ms. Logan stated that the Bank is hosting more in-person events. Ms. Logan highlighted the recent Artificial Intelligence event, and the Integrated Policy Team showcase day. Ms. Logan then provided insights from recent outreach events and welcomed everyone to the meeting.

DISCUSSION ON SHORING UP WATER SUPPLY, CURBING DEMAND ARE KEY TO TEXAS; FUTURE GROWTH

Ms. Orrenius presented a report on water supply in Texas and potential economic implications. She provided an overview of water usage in Texas and highlighted the fact that in Texas water supply and demand are roughly balanced as long as there are no widespread droughts. Ms. Orrenius highlighted that most Texas water goes to low value-added uses and policy makers should consider expanding water markets which could make water use more efficient and ensure larger supply in the future. Discussion ensued.

FEDERAL ADVISORY COUNCIL REPORT

Mr. Green reported on the Federal Advisory Council meeting that took place on September 2, 2025. He highlighted the key topics covered in the meeting, including: (i) consumer spending, (ii) labor markets, (iii) bank lending, (iv) fraud, (v) inflation, and (vi) artificial intelligence in the banking industry. Discussion ensued.

FINANCIAL SECTOR ADVISORY COUNCIL

Mr. Searls provided an update on the Financial Sector Advisory Council meeting that took place on September 5, 2025. He highlighted key topics covered in the meeting: (i) stablecoins (ii) expansion of private credit and (iii) potential impacts of artificial intelligence in the financial sector.

U.S. NATIONAL ECONOMIC UPDATE

Mr. Mau briefed Dallas directors on current U.S. economic conditions and the outlook.

He noted that incoming price data over the intermeeting period showed that 12-month core Personal Consumption Expenditures ("PCE") inflation is 2.9 percent and has been above the 2 percent price stability target since March 2021. Tariff policy changes are likely impacting prices so far this year and could continue to do so. He also noted that estimates of tariff-driven price increases are highly uncertain.

Mr. Mau noted that data releases related to the labor market over the intermeeting period indicate that the labor market has continued to gradually cool. He stated that the recent trend in payroll employment growth shows that the economy has added 29 thousand jobs per month on average over the three months ending in August. Additionally, the unemployment rate has continued to tick up slightly and is now 4.3 percent. Mr. Mau suggested that a convoluting factor to evaluating the state of the labor market is the potential impact of immigration policy changes on employment growth. Mr. Mau provided estimates of the breakeven rate that account for population growth changes this year and highlighted that the breakeven rate has likely fallen below its pre-pandemic level due to reduced population growth.

Mr. Mau highlighted that spending data for July was strong, particularly for personal consumption expenditures, implying that current estimates for third quarter real Gross Domestic Product (GDP) growth show more strength than in the first half of the year.

REPORT OF ECONOMIC CONDITIONS

Next the Dallas and Branch directors each provided updates and reported on the economic conditions in their respective regions and business sectors. Discussion ensued regarding: (i) tariffs, (ii) banking industry, (iii) manufacturing landscape, (iv) labor markets, (v) increased constructions costs, (vi) consumer trends, (vii) real estate markets, both residential and commercial, (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.

FIRST EXECUTIVE SESSION - DISCOUNT RATE ACTION

Ms. Logan thanked the directors for the insights provided from their respective industries and regions. She then provided her perspective on current economic conditions. Finally, Ms. Logan recommended reducing the primary credit rate by 0.25 percentage points to 4.25 percent. Discussion ensued.

Following the discussion, the directors voted to maintain the primary credit rate at 4.25 percent. In addition, the directors acted to maintain the formulas for calculating the secondary credit rate and the seasonal credit rate.

MINUTES OF REGULAR MEETING, BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
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BANK OPERATIONS REPORT

Mr. Triplett highlighted the Bank's financial performance, which was included in the 11K Review Board of Directors Report. He reviewed the Bank's current budget status with the directors, providing additional context on the financials. Mr. Triplett informed the directors that the Bank's Treasury Services team was scheduled to receive the 2025 Service to Citizen Award in recognition for their work supporting the U.S. Department of the Treasury's Bureau of Fiscal Services. Lastly, Mr. Triplett provided an update on the Global Institute, which has been open for about ten months and has already completed 13 new academic papers on energy markets helping to inform monetary policy.

[Ms. Aguirre called for the Second Executive Session to begin; all participants left the meeting except Dallas directors, Lorie Logan, Robert Triplett, Glenda Balfantz, Katherine Sedgwick, Daron Peschel, David Teeples and Office of the Corporate Secretary staff]

SECOND EXECUTIVE SESSION

Mr. Teeples [redacted] informed the Board of the election timeline, and provided an update regarding a director appointment.

[All participants left the meeting except Dallas directors, Lorie Logan, Robert Triplett, Glenda Balfantz, Katherine Sedgwick, and David Teeples]

Ms. Aguirre and Mr. Kelly provided an update on the Conference of Chairs meeting that was held on August 6, 2025.

Ms. Taylor provided an update on the Audit committee meeting that was held on September 10, 2025.

[Ms. Aguirre called for the Third Executive Session to begin; all participants left the meeting except Dallas directors, Lorie Logan, Robert Triplett, and David Teeples]

THIRD EXECUTIVE SESSION

[redacted]

[Ms. Aguirre called for the Fourth Executive Session to begin; all participants left the meeting except Dallas directors, and Lorie Logan.]

FOURTH EXECUTIVE SESSION

The Board met in executive session with Ms. Logan

[Ms. Aguirre called for the Fifth Executive Session to begin; all participants left the meeting except Class B and Class C directors]

FIFTH EXECUTIVE SESSION

Ms. Aguirre provided an update on the timeline of the President and First Vice President reappointment process.

MATERIALS FOR REVIEW

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

(1) Audit Committee Meeting Minutes – June 11, 2025
(2) Board of Directors Meeting Minutes – July 24, 2025
(3) Audit Committee Special Meeting – August 18, 2025
(4) Board of Directors Special Meeting – August 21, 2025
(5) Resolution for Retiring Senior Vice President, Alison Scmidt
(6) Water in Texas: Demand, Supply, and Addressing Future Needs
(7) National Economic Update
(8) 11K Review Board of Directors Report
(9) 11K District Activity – Discount Window
(10) San Antonio Board of Directors Meeting Summary – August 26, 2025
(11) El Paso Board of Directors Meeting Summary – August 27, 2025
(12) Houston Board of Directors Meeting Summary – September 11, 2025
(13) Texas Economic Indicators

ADJOURNMENT

The meeting adjourned at 12:16 p.m.

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Interim Corporate Secretary DT: sp

APPROVED: ______________________________ Chair