PUBLIC/OFFICIAL RELEASE // EXTERNAL

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS
October 23, 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 October 23, 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:

El Paso Branch
James Walter

Houston Branch
Cynthia Colbert

San Antonio Branch
Brad Barron

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

Community Depository Institutions Advisory Council
Bryon Bexley

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 and Senior Economist
Emily Greenwald, Senior Vice President
Melissa Hunt, 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 (virtual)
Katherine Sedgwick, Senior Vice President
David Teeples, Senior Vice President, General Counsel, and Interim Corporate Secretary
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
Lutz Kilian, Vice President
Anthony Murphy, Vice President
Sai Nori, Vice President and Deputy Chief of Staff
Pia Orrenius, Vice President
Alex Ritcher, Vice President
Seth Searls, Vice President
Guhan Venkatu, Vice President and Regional Executive
Mark Wynne, Vice President, Associate Director of Research
Jim Dolmas, Assistant Vice President
Missy Luton, Assistant Vice President and Associate General Counsel
Leah Robinson, Assistant Vice President
Armida Riojas, Assistant Vice President and Regional Executive
Alessio Saretto, Assistant Vice President
Sam Parson, Senior Counsel and Recorder
Tyler Atkinson, Senior Business Economist
Travis Hudson, Manager
Ron Mau, Senior Business Economist II
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 Board of Directors meeting held on September 11, 2025, the Budget Planning Committee meeting held on October 1, 2025, and the Executive Committee meeting held on October 9, 2025.

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The Dallas directors unanimously approved and adopted a resolution honoring retiring Senior Vice President Glenda Balfantz.

OPENING REMARKS

Ms. Logan thanked Ms. Balfantz for her service at the Bank and wished her well in her retirement. Ms. Logan highlighted the recent appreciation event for respondents of the Bank's surveys and emphasized the importance of the surveys in providing a valuable component of regional economic analysis. Ms. Logan then provided insights from recent outreach events, previewed upcoming events and welcomed everyone to the meeting.

DISCUSSION ON MONEY MARKET DEVELOPMENTS AND THE FEDERAL RESERVE'S BALANCE SHEET

Mr. Searls presented a report on recent money market developments and the Federal Reserve's balance sheet. He provided an overview of the Federal Reserve's plan for reducing the balance sheet which commenced in 2022 and seeking to return to ample reserves. Mr. Searls stated that since the balance sheet reduction, the overnight reverse repo has absorbed most of the net liquidity drain from runoff. Mr. Searls then stated that money market rates are now much closer to the rate paid on reserve balances ("IORB"). Mr. Searls highlighted that usage of the Standing Repo Facility ("SRF") is becoming more frequent, albeit small in recent weeks. Mr. Searls noted the minimum bid rate on SRF is the top of Fed Funds range (IORB + 10 basis points) and that market participants generally expect runoff to conclude around year end. Mr. Searls further stated that after the runoff ends, reserves will continue to decline from growth in currency until the Federal Reserve deems reserves are ample and begins reserve management purchases. Discussion ensued.

U.S. NATIONAL ECONOMIC UPDATE

Mr. Mau briefed on current U.S. economic conditions and the outlook. He noted that incoming data over the intermeeting period was limited due to the government shutdown. Mr. Mau stated that August Personal Consumption Expenditures ("PCE") data shows the 12-month headline PCE inflation is at 2.7 percent with 12-month core PCE inflation slightly higher at 2.9 percent. Mr. Mau then stated that the excess 12-month core PCE inflation relative to the 2 percent target through August is distributed across all three major components (core goods, housing services, and non-housing core services).

Mr. Mau stated there are alternative data sources to conventional public releases on the labor market. Mr. Mau noted estimates of payroll job growth based on private sources (ADP and Revelio Labs) as well as estimates based on Federal Reserve Bank surveys indicate that payroll job gains in September were likely at a similar pace to August. Mr. Mau stated this could mean the labor market has continued to gradually cool and that the unemployment rate in September is likely close to the August level of 4.3 percent. Mr. Mau noted that spending data in hand prior to the shutdown indicates that third quarter 2025 GDP growth has likely been stronger than in the first half of the year, but that this is based only on partial data.

Lastly Mr. Mau discussed current wage and consumption growth dynamics across the income distribution, as well as current credit conditions including delinquency rates on credit card and auto loan balances.

COMMUNITY DEPOSITORY INSTITUTIONS ADVISORY COUNCIL REPORT

Mr. Bexley reported on the Community Depository Institutions Advisory Council meeting that took place on October 8, 2025. He highlighted the key topics covered in the meeting, including: (i) consumer spending, (ii) labor markets, (iii) bank lending, (iv) fraud, (v) impacts of tariffs, and (vi) stable coins. Discussion ensued.

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) energy industry, (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.

[Ms. Aguirre called for the Executive Session to begin; all participants left the meeting except Dallas directors, Branch directors, members of senior management, Regional Executives, Office of the Corporate Secretary staff and Research Department staff.]

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, including her views on the discount rate. Discussion ensued.

Following the discussion, the directors voted to reduce the primary credit rate by 0.25 to 4.00%, subject to review and determination by the Federal Reserve Board of Governors. 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 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. [redacted] Lastly, Mr. Triplett provided an update on the Chief Operating Officer ("COO") forum which seeks to build relationships with C-suite executives in the 11th District and provides a forum to share best practices for operational efficiency.

[Ms. Aguirre called for the Second Executive Session to begin. Ms. Robinson rejoined the meeting]

SECOND EXECUTIVE SESSION

Mr. Quiroga reported that the Budget Planning Committee (the "Committee") met with Bank staff to review the Bank's 2026 Financial Plan on October 1, 2025. Mr. Quiroga highlighted the key budget drivers for 2025 and the expected budget drivers for 2026 that were presented by management at the Committee meeting. Mr. Quiroga advised the Board that the Committee endorsed the 2026 Financial Plan.

Following the discussion, the Board unanimously approved and endorsed the recommendation that the Board of Governors approve the 2026 Financial Plan excluding that portion of the budget allocated to Banking Supervision. Next, the Board, excluding the Class A directors, unanimously approved and endorsed the recommendation that the Board of Governors approve the 2026 Financial Plan including budget allocated to Banking Supervision (Class A directors abstained).

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

THIRD EXECUTIVE SESSION

The Board met in executive session with Ms. Logan.

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MATERIALS FOR REVIEW

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

(1) Board of Directors Meeting Minutes – September 11, 2025
(2) Budget Planning Committee Meeting – October 1, 2025
(3) Executive Committee Meeting – October 9, 2025
(4) Resolution for Retiring Senior Vice President, Glenda Balfantz
(5) Money Market Developments and the Federal Reserve's Balance Sheet
(6) Geopolitical Oil Price Risk and Economic Fluctuations
(7) National Economic Update
(8) Government Shutdown Economic Impacts Memorandum
(9) 11K Review Board of Directors Report
(10) 11K District Activity – Discount Window
(11) 2026 Financial Plan
(12) San Antonio Board of Directors Meeting Summary – October 7, 2025
(13) El Paso Board of Directors Meeting Summary – October 8, 2025
(14) Houston Board of Directors Meeting Summary – October 23, 2025
(15) Texas Economic Indicators

ADJOURNMENT

The meeting adjourned at 11:43 a.m.

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Interim Corporate Secretary DT: sp

APPROVED: ______________________________ Chair