

**MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
FEDERAL RESERVE BANK OF DALLAS**
June 6, 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 virtually on June 6, 2024, at 8:30 a.m. (CDT), with the following directors participating:

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

The following branch directors also participated:

El Paso Branch Directors
Christian Perez-Giese

Houston Branch Directors
Bob Patel

San Antonio Branch Directors
Monica Salinas

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

Academic Advisory Council
Don Kohn

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
Jeffrey L. Garrett, Senior Vice President and Chief Financial and Risk Officer
Emily Greenwald, Senior Vice President

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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
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
Pia Orrenius, Vice President
Seth Searls, Vice President
Ed Skelton, Vice President
Mark A. Wynne, Vice President and Associate Director of Research
Christina Gonzalez, Assistant Vice President
Sai Nori, Assistant Vice President & Deputy Chief of Staff
Armida Riojas, Assistant Vice President
Jody Stanley, Assistant Vice President and Corporate Secretary
Tyler Atkinson, Senior Business Economist
Jim Dolmas, Economic Policy Advisor and Senior Economist
Sewon Hur, Principal Research Economist
Ron Mau, Senior Business Economist
Alex Richter, Economic Advisor and Senior Economist
Yichen Su, Senior Research Economist
Adriana Abdullah, Director and Recorder
Candi Aulbaugh, Corporate Secretary Associate
Andrea Bellucci, Director
Labon Cook, Audio/Visual Specialist
Taylor Dedeke, Senior Owners Representative
Azucena Greggerson, Senior Executive Assistant
Paige Montgomery, Lead Owners Representative
Diego Morales-Burnett, Research Analyst
Astrid Torres, Manager
Ivan Resendiz, Audio/Visual Specialist

WELCOME

Mr. Falk extended a cordial welcome to the Dallas directors, Branch directors and the Academic Advisory Council representative and called the meeting to order at 8:30 a.m. (CST).

ADMINISTRATIVE MATTERS

The Dallas directors unanimously approved and adopted the minutes of the Joint Board meeting held on April 11, 2024, the Executive Committee meeting held on May 23, 2024, and the Nominating and Governance Committee meeting held on April 11, 2024.

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ADVISORY COUNCIL REPORTS

Mr. Schulhofer-Wohl provided an update on the Financial Sector Advisory Council meeting that took place on May 29, 2024. He highlighted the two key topics covered in the meeting: (i) economic and policy outlook and (ii) rapid expansion of private credit.

Mr. Falk introduced the Academic Advisory Council (“AAC”) and Mr. Kohn noted that this report out is from the AAC’s first meeting that took place on April 19, 2024. Mr. Kohn then highlighted the following discussion topics from the meeting: (i) changing behavior of the labor market since the pandemic and its implications for inflation and monetary policy, (ii) policy tools, and (iii) policy communication framework. After Mr. Kohn’s report, Ms. Logan thanked Mr. Mertens who helped establish the new AAC and thanked Mr. Kohn for chairing the council.

Ms. Greenwald provided an update on the Community Depository Institutions Advisory Council meeting that took place on May 21, 2024, through May 23, 2024. She highlighted the following topics covered in the meeting: (i) the economic landscape presents a mixed picture and there is indication that lower income consumers are shifting towards less expensive alternatives, (ii) the labor market is experiencing labor shortages and wage pressures are easing but remain high, (iii) loan markets indicate that banks are more willing to lend to consumers but loan demand remains soft, (iv) Federal Reserve policy is viewed as appropriately restrictive, and (v) rising popularity on the use of “buy now, pay later” lending is offering consumers new credit options.

[Mr. Kohn left the meeting.]

BANK OPERATIONS REPORT

Mr. Triplett highlighted the Bank’s year-to-date financial performance as of April 2024 included in the 11K Review Board of Directors Report. He indicated that the main drivers in the underrun are due to unrealized expenses. Additionally, Mr. Triplett commented on the recent report from the Board of Governors indicating that our general operations are performing effectively and congratulated the departments on the great work on this most recent review.

DIVIDEND RESOLUTION

Mr. Triplett presented the dividend resolution and provided a brief overview on the how the dividend is calculated and the frequency of payment. Upon motion made, the Dallas directors voted unanimously to adopt the following dividend resolution and to incorporate it into the minutes as follows:

WHEREAS, it appears from estimates projected for the Bank’s June 30, 2024, balance sheet that, the accrued dividends which will be due to stockholders will amount to approximately \$ 23,322,212; and

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WHEREAS, section 7 of the Federal Reserve Act requires that, after all necessary expenses of the Bank have been paid or provided for, the stockholders of the Bank shall be entitled to receive a dividend on paid-in capital stock.

NOW, THEREFORE, BE IT RESOLVED, that a dividend on paid-in capital stock for the six-month period ending June 30, 2024, at the per annum rate of:

- a) In the case of a stockholder with total consolidated assets of more than \$12,517,000,000, the smaller of:
 - a. The rate equal to the high yield of the 10-year Treasury note auctioned at the last auction held prior to the payment of the dividend; and
 - b. 6 percent; and
- b) In the case of a stockholder with total consolidated assets of \$12,517,000,000 or less, 6 percent;

payable on June 28, 2024, is hereby declared to all stockholders of this Bank as shown by the books of the Bank on that date.

CONFERENCE OF CHAIRS REPORT

Ms. Aguirre provided the directors an update on the Conference of Chairs meeting that took place on May 8, 2024, through May 9, 2024. She highlighted the following items that were discussed at the meeting: (i) Reserve Bank vitality, (ii) international trade conditions and the competition from Chinese firms, and (iii) immigration reform and the impact to the economy. Discussion ensued.

THE ECONOMICS OF HYBRID WORK

Mr. Su and Mr. Hur presented a presentation titled The Rise of Remote Work and Its Impact on the Economy. In the presentation they covered the following key items: (i) work from home (“WFH”) is likely to stay and why it matters, (ii) the implications WFH has on productivity and price/wage growth, and (iii) the unequal effects WFH has on wages and well-being. Discussion ensued.

U.S. NATIONAL ECONOMIC UPDATE

Mr. Mau briefed the directors on current U.S. economic conditions and the outlook. The briefing described data on inflation, real economic activity, and the labor market, as well as current consumer expectations for future financial and labor market outcomes.

The briefer noted that inflation data in April was softer than the upside surprises throughout the first quarter, and that underlying details in the April personal consumption expenditure (“PCE”) inflation report were encouraging. He further discussed that the distribution of price changes across PCE core services ex housing categories was more consistent with the prepandemic distribution of

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price changes within these categories that the first quarter data. He noted that this distribution had shifted to the right of the prepandemic data in the first quarter of 2024.

The briefer also highlighted the revision to first quarter 2024 real gross domestic product (“GDP”) growth upon the second release of this data, with revised first quarter 2024 real GDP growth at 1.3 percent, and the April tick up in the unemployment rate. He explained that the 3-month moving average unemployment rate now sits at its highest level in two years.

Finally, the Mr. Mau provided an update on household balance sheet health and consumer expectations for financial and labor market outcomes. He noted that while the average household balance sheet appears healthy with revolving credit as a share of personal income below prepandemic levels, transitions into delinquency have picked up across loan categories. He further reported that credit card and auto loan delinquency rates have risen most notably with the delinquent share of total balances for these loan types above prepandemic levels. The briefer noted that delinquencies appear to be concentrated among low income and young consumers and that low-income consumers expect to face tougher labor market outcomes in the year ahead.

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 floor was opened for the directors 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 indicated that we need to continue monitoring the consumer over the summer. She recommended to continue to hold the rate and remain flexible, keeping all options on the table as we continue to monitor the data in the coming months.

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Additionally, Ms. Logan commented on her visit to El Paso, Ciudad Juarez, and New Mexico as part of 360° in 365 Listening Tour.

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.

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

SPECIAL EXECUTIVE SESSION - DIRECTOR SELECTION AND SUCCESSION UPDATE

Ms. Stanley provided the directors an update on the nomination phase that is scheduled to close on June 18, 2024. She indicated that as of the date of this meeting, Dr. Ruth Simmons and Mr. James Hill are the two candidates who have received nominations. Ms. Stanley also provided the directors the logistics for a contested nomination, next steps and background and professional qualifications information on Mr. Hill. Discussion ensued.

MATERIALS FOR REVIEW

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

- (1) Joint Board of Directors Meeting Minutes – April 11, 2024
- (2) Executive Committee Meeting Minutes – May 23, 2024
- (3) Nominating and Governance Committee Meeting Minutes – April 11, 2024
- (4) 11K Review Board of Directors Report
- (5) 11th District Activity – Discount Window
- (6) Dividend Resolution
- (7) The Rise of Remote Work and Its Impact on the Economy
- (8) Economic Conditions Update
- (9) Texas Economic Indicators
- (10) Open Market Operations

ADJOURNMENT

The meeting adjourned at 11:59 a.m. (CST).

Corporate Secretary

JS:aa

APPROVED: _____ Chair