

**Minutes of the meeting of the  
SECOND DISTRICT ADVISORY COUNCIL**

3:00 p.m. – 5:00 p.m., Friday, February 2, 2024  
Federal Reserve Bank of New York  
33 Liberty Street, New York, NY  
Virtual – WebEx Conference

**Member attendees:**

**Virtual**

Donnel Baird, Founder & CEO, BlocPower  
Kelly Bliss, President, U.S. Group Health, Teladoc Health  
Jaswinder Chadha, President & CEO, Axtria, Inc.  
Weteny Joseph, Executive Vice President & CFO, Zoetis  
Sarah LaFleur, Founder & CEO, M.M. LaFleur  
Jonathan F.P. Rose, President, Jonathan Rose Companies  
Anthony E. Shorris, John Weinberg/Goldman Sachs Visiting Scholar & Senior Advisor  
Princeton University, McKinsey & Company  
Federico Stubbe, Jr., CEO, PRISA group

**Federal Reserve Bank of New York Attendees**

Jaison Abel, Research & Statistics  
Andrea Grenadier, Communications & Outreach  
Jack Gutt, Communications & Outreach  
Andrew Haughwout, Research & Statistics  
Tiffany Hewlin, Corporate Secretary  
Eric Lewin, Legal  
Jonathan McCarthy, Research & Statistics  
Shawn Phillips, Communications & Outreach  
Joelle Scally, Research & Statistics  
John Williams, President & CEO

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Shawn Phillips called the meeting to order at approximately 3:03p.m.

## **1. Welcome**

Ms. Phillips welcomed council members to the meeting and reminded members of their annual requirement to review the [committee's charter](#) and the [Bank's antitrust guidelines](#) for advisory committees and sponsored groups, which were included in the meeting invitation. Mr. Williams noted that the economy last year was much stronger than predicted with economic growth and GDP above 3% and 3 million jobs added to the economy. He further noted that the economy has been able to expand production to meet consumer demand. Mr. Williams concluded by highlighting the uncertainty of the coming year.

## **2. National Economy Update**

Mr. McCarthy presented an update on the national economy. He noted that real GDP growth was robust in the last quarter of 2023. He stated that labor demand and supply continued to move into better balance, but the labor market remains tight. He highlighted that inflation slowed significantly in 2023 but continues to run above the FOMC goal of 2%. He added that consumer expenditures are resilient, and that consumption has increased solidly, especially the last two months of the year and that the savings rate fell 3.3% indicating strong income growth. He also stated that existing home sales were weak in the last quarter of 2023 and multi-family building activity fell from high levels while new home sales held up well for the year. He explained that real spending on business equipment rebounded after the pandemic specifically in manufacturing reflecting current government support and investment. Mr. McCarthy concluded by noting that financial and credit conditions have eased recently but are still elevated.

## **3. Regional Economy Update**

Mr. Abel provided an update on regional economic conditions. He indicated that regional business activity has been weak, job growth remained solid, and price increases by regional businesses have slowed to a more moderate pace. He noted that while local business leaders and manufacturers are pessimistic, firms do expect conditions to improve. He highlighted solid job growth in much of the region, particularly in New York City and Northern New Jersey. Focusing on New York City, he noted that while employment is above pre-pandemic levels in sectors with higher paying jobs such as finance and business services, sizeable job shortfalls remain in sectors that tend to employ lower-wage workers such as leisure and hospitality, retail, and personal

services. Mr. Williams added that indicators are coming back to normal 2018-19 levels though there are several uncertainties ahead regarding the outlook for 2024.

#### **4. Member Q&A with President Williams and Economists**

President Williams was asked about a timeline for easing of interest rates to help spur the private construction market. President Williams explained that demand for housing has increased after the pandemic, but new homes are not being built fast enough to meet demand. He stated that interest rates will start to normalize but will likely remain above levels seen during the depths of the pandemic. Members also inquired whether return to office mandates will have a negative impact on productivity. President Williams stressed that it is too early to tell but emphasized the tradeoff of a short-term productivity increase with the potential for long-term productivity losses due to younger workers missing out on mentorship and training from in-person interaction. Lastly, members inquired about the dynamics contributing to labor changes and whether the recent cooling of labor market conditions is due to offshoring. President Williams responded by noting that a large share of the job gains have been in areas lagging in employment since the pandemic, namely local, state, and federal government in addition to healthcare and education. President Williams concluded by noting that wage growth is slowing and quit rates have gone down.

#### **5. Facilitated Discussion**

Ms. Phillips began the facilitated discussion by asking council members how business has fared over the past several months. One member indicated there has been no easing of inflationary pressures in Puerto Rico leading to errors in estimating expected costs on new projects. Another member noted that developers with stalled projects during the pandemic are now getting frozen due to high interest rates on loans. Members noted that consumers continue to spend on entertainment and tourism and that supply chains for mechanical equipment are getting better but continue to be a challenge.

When discussing wage pressures and the labor market members noted the ease at which they were able to hire and retain talent in 2023. One member described a worker buyout program that provides ownership stakes of “mom and pop” construction firms nearing retirement to keep labor prices stable and eliminate churn. Members also noted difficulties encouraging employees to return to office.

Overall, members reported a positive long-term outlook of business and economic conditions. Some members pointed to economic uncertainty but are cautiously optimistic about the future.

## **6. Concluding Remarks**

President Williams provided concluding remarks, thanking members for sharing their insights. Ms. Phillips reminded council members that a 'Save The Date' for the May Directors & Advisors Conference will go out shortly.

The meeting was adjourned at approximately 5:00pm.