

**Agenda:** [SDAC - October 1 Agenda.pdf](#)

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

10:00 a.m. – 12:00 p.m., Tuesday, October 1, 2024  
Federal Reserve Bank of New York  
33 Liberty Street, New York, NY

**Attendee List - Hybrid**

**SDAC Members**

**In-Person**

Kelly Bliss  
President, U.S. Group Health  
Teladoc Health

Jaswinder Chadha President & CEO Axtria, Inc.	Nicole Russo Owner, President & CEO Microboard Processing, Inc.
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Gary Dake President & CEO Stewart's Shops Corporation	Anthony E. Shorris Visiting Scholar & Senior Advisor Princeton University, McKinsey & Company
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**Virtual**

Izzy Martins  
Executive Vice President and Chief Financial Officer  
Avis Budget Group

**Federal Reserve Bank of New York**

Kartik B. Athreya, Research & Statistics  
Andrea Grenadier, Communications & Outreach  
Andrew Haughwout, Research & Statistics  
Tiffany Hewlin, Corporate Secretary  
Jack Gutt, Communications & Outreach  
Jonathan McCarthy, Research & Statistics  
Rosanne Notaro, Legal  
Shawn Phillips, Communications & Outreach  
Joelle Scally, Research & Statistics  
John Williams, President & CEO

## **1. Welcome**

Ms. Phillips called the meeting to order and welcomed two new members to the Second District Advisory Council: Gary Dake, President & CEO, Stewart's Shops Corporation; and Nicole Russo, Owner, President & CEO, Microboard Processing, Inc.

Mr. Williams noted that the second Annual Conference of Second District Directors and Advisors will take place in May and would provide an opportunity for members to hear perspectives from across the NY Fed's Advisory groups. Next, Mr. Williams provided an overview of the Fed's dual mandate of price stability and maximum sustainable employment. He shared his optimism that, overall, the economy has remained strong and inflation has come down significantly compared to last year. Mr. Williams concluded by emphasizing the importance of Council members sharing their insights in order to understand business conditions across the region.

## **2. National Economy Update**

Mr. McCarthy presented an update on the national economy. He noted that economic activity has increased solidly in the first half of the year, with real GDP growing at about a 2 ¼% during that period. He noted that consumer spending remains resilient and is above pre-pandemic levels. He added that the housing market remains soft, with affordability strained due to limited supply even after recent declines in mortgage rates. He further elaborated that single-family home building has slowed in recent months, and multifamily home building has stabilized but remains below levels seen in recent years. He stated that financial and credit conditions have eased slightly, but remains tight and the labor market has softened, but remained solid in recent months, with the number of job openings outpacing the number of people looking for work. He

highlighted that after a bump up in the first quarter of 2024, inflation is slowing gradually, yet remains above the Fed's target level of 2%.

### **3. Regional Economy Update**

Mr. Haughwout provided an update on regional economic conditions. He indicated that business activity is “flat”, and that employment growth is slowing across most parts of the region. He shared that the region's housing markets remain very tight while household debt performance has been weakening over the last two years. He further stated that while employment growth has rebounded since the pandemic, performances differ across the region. Northern NJ is rebounding most closely to the national rate, with NYC and Downstate NY next, and Upstate NY struggling to return to pre-pandemic employment levels. Additionally, he noted that Puerto Rico has outpaced the national average in terms of employment growth, while the U.S. Virgin Islands has not recovered to pre-pandemic levels. Mr. Haughwout concluded by highlighting that increases in home prices and rent continue to pressure household budgets, coinciding with a slight rise in delinquencies in auto loans and credit card debt.

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

President Williams was asked about balancing fiscal policy amidst times of uncertainty. He highlighted the importance of monitoring the impact of different Fed actions and legislation passed by Congress in order to gauge how best to achieve the Fed's dual mandate of price stability and maximum sustainable employment, as changes to the interest rate are a “limited but very powerful tool” in influencing the market.

The discussion turned to developments in commercial real estate. Mr. Williams noted that the valuation of commercial buildings continues to sit lower than pre-pandemic levels, and that

movements in the market are slow, yet favorable economic conditions should lead to the market normalizing.

The topic was raised as to whether there are anticipated spillovers from the rising cost of capital in certain international markets, to which Mr. Williams pointed to key differences showing that the American economy and several other key markets are in a state of normalization.

## **5. Facilitated Discussion**

Ms. Phillips began the facilitated discussion by asking Council members how their businesses had fared in recent months. Some members noted pressure from investors to off-shore jobs to remain competitive. One member indicated that regulatory roadblocks due to government and utility labor shortages and hybrid work models were delaying construction of new brick and mortar stores. Another member indicated that the early career candidate pool is overly- saturated and wage pressures are being driven by employees with 5-7 years of experience where there is a gap in available talent. Members also noted that high housing costs in the region were a barrier to attract and retain an in-person workforce. When discussing hybrid work models, members had varying accounts about how virtual work impacts productivity, retention, and opportunities for career growth, and agreed that enhancing opportunities for collaboration has improved in-person engagement.

Overall, members noted slow but solid growth and a positive long-term outlook of business and economic conditions.

## **6. Concluding Remarks**

President Williams provided concluding remarks, thanking members for sharing their insights. He thanked Jassi Chadha and Donnel Baird for their service to the council and announced their completion of two full terms as members on the Council.

The meeting was adjourned at approximately 12:00pm.