

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

10:00 a.m. – 12:00 p.m., Monday, October 6, 2025
Federal Reserve Bank of New York
33 Liberty Street, New York, NY

Member attendees:

Kelly Bliss
President
U.S. Group Health at Teledoc Health

Gary Dake
President & CEO
Stewart's Shops Corporation

John B. Gibson
President & CEO
Paychex

Wetteny Joseph
Executive Vice President & CFO
Zoetis

Nicole Russo
Owner, President & CEO
Microboard Processing, Inc.

Federal Reserve Bank of New York attendees:

Jaison Abel, Research & Statistics
Hunter Clark, Research & Statistics
Andrea Grenadier, Communications & Outreach
Jack Gutt, Communications & Outreach
Rosanne Notaro, Legal
Shawn Phillips, Communications & Outreach
Alexandra Rubin, Communications & Outreach
John Williams, President & CEO

Shawn Phillips called the meeting to order at approximately 10:00 a.m.

1. Welcome

Ms. Phillips called the meeting to order and welcomed members.

Mr. Williams shared insights from his recent visit to Rochester and Syracuse, emphasizing the importance of gathering qualitative economic data through various means amid the federal government shutdown.

2. National Economy Update

Mr. Clark presented an update on the national economy. He highlighted that real GDP growth this year has moderated from 2024 but remains solid. He said labor market conditions have cooled gradually to 2017 levels, and that job gains are subdued due to lower labor demand and supply. He noted that inflation remained relatively steady in 2025, though still above the Federal Open Market Committee (FOMC) goal of 2%. Mr. Clark added that housing market activity remains flat, and affordability is strained despite a decline in mortgage rates. He highlighted that investment spending has been boosted by spending on technology and AI. In conclusion, he explained that the September FOMC meeting decision to ease monetary policy reflected greater downside employment risks from a cooling labor market. Looking ahead, Mr. Clark said that there remains a lot of uncertainty across multiple fronts, including government and regulatory policy.

3. Regional Economy Update

Mr. Abel provided an update on regional economic conditions. Activity has been weak in 2025, with job growth slowing and some areas experiencing job losses despite a relatively low unemployment rate. He noted that though there had been an increase in AI adoption among firms in the region, only modest workforce adjustments have been observed with many firms focusing on retraining employees to use AI. However, he did note that AI adoption was influencing firm recruiting with some businesses scaling back hiring due to AI and a roughly equal proportion increasing hiring of workers to work with AI. Mr. Abel said that businesses in the region have reported elevated cost and price increases and that home prices in the region have continued to increase with exceptionally low inventory.

4. Member Q&A with President Williams and Economists

Mr. Williams began by noting that the economy today is in a good place overall, with baseline forecasts relatively positive for growth. In terms of monetary policy, Mr. Williams emphasized that the FOMC is trying to balance their dual mandate and that the decision to lower rates last month reflects the shifting risks the economy is facing. Overall, Mr. Williams highlighted that passthrough of tariffs on prices has been smaller and slower than expected.

Members expressed concerns over uncertainty related to tariffs and government policies. Mr. Williams acknowledged the elevated uncertainty and noted that there had been surprising resilience in investment.

5. Facilitated Discussion

Ms. Phillips began the facilitated discussion by asking members how their businesses had fared in the recent months since they last met. Many members noted that while demand remains steady, decision-making has slowed, and price sensitivity has increased. One member noted disruption in the healthcare sector due to regulatory changes creating pressure on clients and driving demand for measurable return on investment. Another member agreed, sharing that businesses are feeling squeezed from rising healthcare costs and as a result are passing those costs to their employees. Members also cited uncertainty in the longer term resulting from tariff policies.

In terms of adoption of AI, members' experiences varied. One member noted heavy investment in AI to reduce labor costs, support offshoring, and automate functions. Another member noted AI's impact on workforce development, with a focus on retraining and job transformation rather than eliminating roles. Another member noted minimal AI impact so far on business operations.

Several members noted workforce shortages and wage pressures, particularly for hourly workers and in the manufacturing sector. One member noted that high housing prices and a lack of housing supply made it hard to attract workers to move to the region. Another member noted observing shifts in consumer behavior, with increased hardship withdrawals from retirement accounts and a move toward cost-saving alternatives. Overall, members were cautious but remained optimistic about their long-term growth.

6. Concluding Remarks

President Williams provided concluding remarks, thanking members for sharing their insights.

The meeting was adjourned at approximately 11:55 a.m.