

**Minutes of the regular meeting of the
Upstate New York Regional Advisory Board**

10:30 a.m. – 2:00 p.m., Wednesday, June 28, 2017
Federal Reserve Bank of New York
33 Liberty Street, New York, NY

Present:

Scott Bieler, President & CEO, West Herr Automotive Group
Kenneth M. Franasiak, Chairman, Calamar
James P. Laurito, President, Central Hudson Electric & Gas
William Gisel, President & CEO, Rich Products Corporation
Bridget-Ann Hart, President & CEO, KPH Healthcare Services, Inc.
Dr. Anne Kress, President, Monroe Community College
James P. Laurito, President, Central Hudson Electric & Gas
Jordan Levy, NY Partner, Softbank Capital
Linda MacFarlane, President & CEO, Community Loan Fund of the Capital Region
Carlos Unanue, President, Goya de Puerto Rico, Inc.

Federal Reserve Bank of New York attendees:

William Dudley, President
Michael Strine, First Vice President
Jack Gutt, Executive Vice President, Communications & Outreach
Richard Peach, Senior Vice President, Research & Statistics
Matthew Higgins, VP, International Research, Research & Statistics
Anand Marri, Vice President, Outreach & Education
Sarah Bell, Vice President, Chief of Staff's Office
Jason Bram, Officer, Research & Statistics
Tony Davis, Director, Community Engagement
Chelsea Cruz, Associate, Community Engagement
Angela Sun, Associate, Legal

Mr. Gutt called the meeting to order at approximately 10:30 a.m. He announced the addition of a new board member, Bridget-Ann Hart. Ms. Hart is the President and CEO of KPH Healthcare Services, Inc. Ms. Hart provided brief remarks about KPH Healthcare Services, Inc.

1. The National Economy

Mr. Peach provided an overview of economic conditions in the United States. The U.S. economy likely grew around 2% (annual rate) over the first half of 2017. Underlying inflation remains below the FOMC's objective of 2%, and in recent months has begun to slow.

Minutes of the regular meeting of the Upstate New York Regional Advisory Board

2. International Update

Mr. Higgins spoke about recent international economic developments with a focus on the missing link between labor market tightness and inflation in advanced economies and reform challenges in Mexico.

3. Regional Update

Mr. Bram discussed recent economic trends in the Second Federal Reserve District, noting that New York City has been the leader in job growth in the region and areas adjacent to New York City have also seen fairly strong overall growth. Most upstate metros have seen steady to moderately rising employment, with the exception of Rochester and Elmira.

4. Luncheon Discussion

Mr. Dudley and Mr. Strine joined the group for the luncheon discussion. Members were asked to describe their outlook for the second half of 2017 and comment on changes in business activity, workforce, and their ability to access capital.

Members reported varied outlooks for the remainder of 2017. One board member reported increasing difficulties deploying capital and noted that yields were down. Another board member reported increasingly difficult economic conditions in Puerto Rico and noted that Puerto Rico is losing an average of 80,000 residents per year, which has made it more difficult to find talent. Other board members reported a positive outlook. One board member reported seeing increasingly high demands for small business and community development loans, noting that demand for small business loans in the Greater Albany Region were up by 106% since last year. Other areas in Upstate New York, such as Buffalo, also seemed to show signs of positive growth. A board member reported that a network of angel investors was redeveloping in the Upstate New York region and noted that in Buffalo, 12 startups had launched within the last 10 years. The same board member also commented that for the first time in several years, Buffalo has seen an increase in their millennial population.

While the majority of board members reported no change in their ability to access capital, a few reported some difficulty. One board member noted that accessing working capital was a particular challenge because financial institutions are requiring borrowers to pay off all balances on renewable lines of credit every 30 days.

Many members continued to report concerns finding talent. One member reported losing talent to businesses outside their sector. Wages for some occupations, like welders, have increased sharply. Another board member reported investing more resources into developing talent earlier, for instance by targeting students in high school. There were also reports that

**Minutes of the regular meeting of the
Upstate New York Regional Advisory Board**

businesses were asking local community colleges to provide skill training to students to fill gaps that they are experiencing in their workforce. One board member reported that New York State's Excelsior Program has resulted in an increase in SUNY and CUNY enrollment, but remediation classes continue to be necessary as many students are unprepared for the demands of college.

The meeting adjourned at approximately 2:00pm.