

**Minutes of the regular meeting of the  
Upstate New York Regional Advisory Board**  
10:30 a.m. – 2:00 p.m., Tuesday, June 25, 2019  
Federal Reserve Bank of New York

**Board Members**

Kenneth M. Franasiak, Chairman, Calamar  
Jordan Levy, NY Partner, Softbank Capital  
Melanie Littlejohn, Vice President, Customer & Community NYS, National Grid  
Linda MacFarlane, Executive Director, Community Loan Fund of the Capital Region  
Martin Mucci, President & CEO, Paychex  
Anthony E. Shorris, John L. Weinberg/ Goldman Sachs Visiting Professor, Princeton University  
Robert Stevenson, President & CEO, Eastman Machine Company  
Carlos Unanue, President, Goya de Puerto Rico, Inc.

**Federal Reserve Bank of New York attendees:**

John Williams, President  
Michael Strine, Vice President  
Jack Gutt, EVP, Communications & Outreach  
Richard Peach, SVP, Research & Statistics  
Matthew Higgins, VP, Research & Statistics  
Rosanne Notaro, VP, Legal  
Claire Kramer Mills, AVP & Director, Outreach & Education  
Jason Bram, Officer, Research & Statistics  
Chelsea Cruz, Associate, Outreach & Education

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Mrs. Kramer Mills called the meeting to order at approximately 10:30 a.m.

**1. Welcome**

Claire Kramer Mills called the meeting to order. Mrs. Kramer Mills served as the Chair for this Upstate New York and Regional Advisory Board meeting, as Mr. Tony Davis was unable to participate.

**2. The National Economy**

Mr. Peach provided an update on the national economy including changes in consumer spending and the housing market, trends in the manufacturing sector, and the inflation rate, which has remained below the Federal Reserve's expectations.

### **3. International Update**

Mr. Higgins provided an update on the global economic and industrial cycle, and discussed lagging inflation performance in advanced economies, and China's cyclical and policy challenges.

### **4. Regional Update**

Mr. Bram discussed recent economic trends in the Second Federal Reserve District focusing on job trends, reviewed results from recent New York Fed business surveys, and discussed wage trends and the impact of the increase in the minimum wage.

### **5. Luncheon Discussion**

Mr. Williams, Mr. Strine, and Mr. Gutt, joined members for the luncheon discussion. Mr. Williams welcomed Mr. Anthony E. Shorris to the board. Mr. Shorris currently serves as a John Weinberg/Goldman Sachs Visiting Scholar at the Woodrow Wilson School at Princeton and is a Senior Advisor at McKinsey & Company.

Members were asked to comment on changes in business activity, prices, employment and their outlook for the latter half of 2019.

The majority of board members remain optimistic about business performance for the remainder of the year. However, several board members raised concerns regarding business trends and policy changes that could negatively affect their businesses or impede future growth. One board member whose organization provides capital to small businesses and start-ups reported a steady growth in demand for small business loans in the Upstate New York area but said that bank consolidation in Upstate New York is negatively affecting capital access for community development financial institutions (CDFIs). Following the recent acquisition of a local bank a revolving loan product, that the CDFI had been utilizing was discontinued, which has limited its ability to provide loans to local nonprofits and low-income residents. Another board member that heads a large provider of payroll, human resource, and benefit services noted that changes to employee benefit requirements at the federal and state level have positively affected their business by increasing the demand for human resource support and expertise, particularly from small and mid-size companies. Another board member raised concerns regarding the impact of local policy on their business. The board member who represents a utility company raised concerns about their ability to meet current and future demand. The company has begun to turn down applications for services from both consumers and businesses due to capacity limits including applications for some of the largest projects in New York and expects that the commercial manufacturing market will be the most severely affected. While the company is working to expand its capacity, state and local legislation has proven to be a barrier to development.

A board member who operates a food manufacturing and distribution company headquartered in Puerto Rico said the firm continues to expand and plans to open another manufacturing facility to increase product sales within the United States. However, there

were serious concerns about local conditions in Puerto Rico. The continued out-migration of residents is a destabilizing force for the island and shrinks the company's customer base.

Finally, a board member reflecting on conditions in the Tri-State New York area said that while a number of positive factors, job growth for instance, are painting a very positive economic outlook, they also have consequences including decreased affordability and increased pressure on already dilapidated infrastructure. The board member said a failure to address these issues could slow economic growth.

Regarding pricing, one board member stated that current tariffs on steel are a concern because they have increased the cost of production for the company. The board member stated that this would eventually lead to increases in pricing of goods. While no other board members reported changes in prices for goods or services, another board member commented on the impact of tariffs, stating that the concern for his manufacturing business was not increased input costs but the negative impact on international business relationships.

Multiple board members observed that both small and large business in Upstate New York continue to struggle to meet workforce needs. One board member observed that small businesses find it increasingly difficult to retain talent and this prevents them from expanding operations or taking on new clients due to capacity restraints. A board member who operates a venture capital firm agreed that the ability of businesses to grow in Upstate New York was constrained by a lack of required talent. He also stated that it was difficult to attract talent from other markets to Upstate New York, which he acknowledged is a common issue among many other smaller cities in the United States.

The meeting concluded at 2:25pm.