

**Minutes of the regular meeting of the
Upstate New York Regional Advisory Board**
10:30 a.m. – 2:00 p.m., Tuesday, April 17, 2018
Federal Reserve Bank of New York

Present:

Scott Bieler, President & CEO, West Herr Automotive Group
Kenneth M. Franasiak, Chairman, Calamar
Melanie Littlejohn, Vice President and Regional Director, National Grid
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, Vice President, International Research, Research & Statistics
Sarah Bell, Vice President and Deputy Chief of Staff, Executive Office
Anand Marri, Vice President, Outreach & Education
Jason Abel, Officer, Research & Statistics
Tony Davis, Officer and Director, Community Engagement
Chelsea Cruz, Associate, Community Engagement
Angela Sun, Staff Attorney, Legal

Mr. Davis called the meeting to order at approximately 10:30 a.m. Copies of the Upstate New York Regional Advisory Board (“Board”)’s Charter and the Antitrust Guidelines for Members of the New York Fed’s Advisory and Sponsored Groups were distributed to members at the meeting. Copies of both documents are available on the Board’s public website.

1. The National Economy

Mr. Peach provided an overview of economic conditions in the United States. Growth in the US has firmed in recent quarters following shocks to the economy in mid-2014 characterized by dollar appreciation and falling commodity prices. The economic is at or near full employment. Inflation slowed in 2017 but recent indicators suggest that an upturn in inflation is underway.

2. International Update

Mr. Higgins spoke about recent international economic developments, focusing on the global economic and industrial cycles, the ongoing struggle to meet inflation objectives in advanced economies, and the impact of recent U.S. tariffs on steel products, aluminum, and various Chinese goods.

3. Regional Update

Mr. Abel discussed recent economic trends in the Second Federal Reserve District, noting an increase in business activity, most markedly in the manufacturing sector, strong job growth in the Greater New York City area, and slower gains in other parts of upstate New York. Puerto Rico has continued to lose jobs while the island continues on a slow path to recovery following the devastation caused by recent storms.

4. Luncheon Discussion

Mr. Dudley, Mr. Strine, and Ms. Bell joined members for a luncheon discussion.

Members were asked to describe their firms' outlook for the first quarter of 2018 and to comment on changes in business activity, workforce, and ability to access capital.

Members generally reported an increase in demand or steady demand for their services and products. One member said their firm has plans to continue expanding their market penetration, due in part to rapidly changing demographics in areas like Miami and New Jersey that have led to increased demand. Another member reported that their firm is experiencing growing demand in regions like Buffalo, Syracuse, and Albany, which is putting a strain on the company's resources. Two members reported an increase in demand for and availability of small business loans. One member noted that there have been significant increases in loans to low- and moderate-income businesses and minority-owned businesses. Multiple members reflected on how changes in the demographics, needs, and tastes of their customer base were driving innovation and change in business activity. One member reported that their firm had plans to invest \$20 million in three new processing and manufacturing projects. Two members reported plans to increase investment and research in sustainable and environmentally friendly strategies and products.

Most members reported no change in their ability to access capital. However, one member noted that financial institutions continue to adhere to strict standards when making lending decisions and are not granting loans for multi-family housing developments.

Many members continued to report difficulties finding talent. One member reported that it is particularly difficult to attract young talent. While the member's firm has a variety of relationships with local schools and training programs, many participants have poor experiences with the programs and few actually complete the training. Another member also stated that it is very difficult to attract millennials in certain fields, such as manufacturing, and many millennials expect innovation to render many occupations which are in high demand today obsolete in the next few years. Multiple members reported that many job applicants cannot pass required drug screenings. Another member observed that many entry level jobs which require a bachelor's degree offer starting salaries that are similar to wages in the service industry, causing some to opt for opportunities in the service industry over following a more traditional career path.

The meeting adjourned at approximately 1:45pm.