Minutes of the Meeting of the
SECOND DISTRICT ADVISORY COUNCIL

1:00 p.m. – 3:00 p.m., Tuesday, June 21, 2023
Federal Reserve Bank of New York
33 Liberty Street, New York, NY
Hybrid - WebEx Conference

In- Person
Hugh Johnston, Vice Chairman & CFO, PepsiCo
Sarah LaFleur, Founder & CEO, M.M. LaFleur

Virtual
Frederico Stubbe, Jr. Chief Executive Officer, PRISA Group
Jaswinder Chadha, President & CEO, Axtria, Inc.
Donnel Baird, Founder & CEO President, BlocPower

Federal Reserve Bank of New York
John Williams, President & CEO
Jack Gutt, Communications & Outreach
Shawn Phillips, Communications & Outreach
Andrea Grenadier, Communications & Outreach
Harry Mendell, Technology
Rosanne Notaro, Legal
Jonathan McCarthy, Research & Statistics
Joelle Scally, Research

Virtual
Jaison Abel, Research & Statistics

Shawn Phillips called the meeting to order at approximately 1:09 p.m.
1. Welcome

Mr. Williams welcomed the council members.

2. National Economic Update

Mr. McCarthy presented an update on the national economy. He noted that real GDP and increased moderately and economic activity remained resilient in the first quarter of 2023. He stated that inflation remained well above 2 percent and that while there were some signs of easing the labor market remained tight. He added that banking system stress has subsided for now but they pose a medium-term risk.

3. Member Q&A with President Williams and Economists

Before taking questions, President Williams provided an overview of his outlook for the national economy and monetary policy. Mr. Williams believes inflation will be down to 3% by the end of the year. He believes used car prices is really affecting inflation. He states Shelter Inflation has turned over. It went from high to low now. A member asked if compared to the past cycles does this seem the same. Mr. Williams stated we need to find a balance of supply and demand. He believes labor markets are still hot even though it starting to show its weakening.

4. Artificial Intelligence Presentation and Discussion

Mr. Mendell presented on the impact of artificial intelligence (“AI”), including generative AI, on the impact of business. He noted that it has had commercial capabilities for many years now but has become more notable with the development of generative AI. Mr. Mendell provided some examples of how AI may be used in different sectors, including fast content creation and the ability to target user preferences in consumer marketing and packaged goods, the acceleration of the development of new drugs and materials in life sciences, design creation in real estate, as well as increased productivity in software development. Mr. Mendell also noted several areas of caution including security concerns and potential intellectual property infringement. He suggested having governance and security teams involved from the beginning and regularly including subject experts to review content.

Ms. Phillips asked how members were using or considering using AI in their respective businesses. Several members stated using it for marketing would be a huge benefit. Whether it was used for coming up with a marketing campaign or generic text/ responses. Another common usage for AI was it being used to create models. People could use it to use to for event design or building design. A lot of what AI would do is help reduce high paying positions that the companies can save money on.

Facilitated Discussion
Ms. Phillips turned to members to outline how business conditions have changed since the last meeting. Overall members have been seeing a positive trend in their business. Most are still seeing a high demand for business. A couple of the members have actually had record highs since the last meeting whether it was in sales or in funds available. All are still mindful of the inflation act. A member noted they are still feeling the effect of high cost for products and materials and looking for alternative options to save on cost.

**Concluding Remarks**

Mr. Williams closes out the meeting mentioning the Inflation Act in Europe. He does not believe the US as the workforce to properly process. Mr. Williams thanks members for their participation and Ms. Phillips noted that the next meeting would be held on October __, 2023.

The meeting adjourned at approximately 2:58 p.m.