

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

10:00 a.m. – 12:00 p.m., Monday, February 23, 2026

Federal Reserve Bank of New York

33 Liberty Street, New York, NY

**Member attendees:**

Kelly Bliss  
President  
U.S. Group Health  
Teledoc Health

Daniel Cunha  
Chief Financial Officer  
Avis Budget Group, Inc.

Gary Dake  
President & CEO  
Stewart's Shops Corporation

Mario Harik  
Chairman & CEO  
XPO

John B. Gibson  
President & CEO  
Paychex

Wetteny Joseph  
Executive Vice President & Chief Financial Officer  
Zoetis

Jonathan Rose  
President  
Jonathan Rose Companies

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

Diego Suárez, Jr.  
Chairman & CEO  
V. Suárez & Co., Inc.

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

Jaison Abel, Research and Statistics

Craig Bradstock, Communications & Outreach

Marco Del Negro, Research and Statistics

Andrea Grenadier, Communications & Outreach

Jack Gutt, Communications & Outreach

Rosanne Notaro, Legal

Shawn Phillips, Communications & Outreach

John Williams, President & CEO

## **1. Welcome**

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

Mr. Williams introduced three new members to the Council —Mario Harik, Chairman & CEO, XPO, Diego Suárez Jr., Chairman & CEO, V. Suárez & Co., Inc, and Daniel Cunha, Chief Financial Officer, Avis Budget Group Inc.

Mr. Williams remarked that the economy continues to show resilience and growth while the labor market is demonstrating signs of softening.

## **2. National Economy Update**

Mr. Del Negro presented an overview of the national economy. He noted that in 2025, Q3 real GDP increased due to robust business investment and consumer spending. He highlighted that labor markets have stabilized after a period of softening, with unemployment edging down to 4.3 percent in January and payroll growth exceeding expectations. He noted that goods inflation rose due to tariff-related pressures and that housing inflation continued to decelerate, while services excluding housing remained flat, suggesting that underlying pressures are easing. He emphasized that economic forecasts point to above-trend growth in 2026 driven by AI-related investment and fiscal support. Looking ahead, Mr. Del Negro explained that labor markets are anticipated to improve gradually, and inflation is expected to continue its slow return to the FOMC goal of 2 percent as the effect of tariffs abate. In conclusion, he said that risks to the economic outlook remain elevated due to significant uncertainty.

## **3. Regional Economy Update**

Mr. Abel provided an update on regional economic conditions, characterizing overall activity as weak. He noted that job growth has leveled off or declined in several parts of the district, especially in and around New York City, where gains in health care have been offset by losses in most other sectors. Still, he noted that regional unemployment rates have increased only modestly over the past year despite the slowdown in job growth, suggesting supply side factors are also a contributor. He mentioned that wage growth has slowed materially as labor market conditions have cooled. He said that businesses across the region reported that cost pressures—particularly related to insurance and utilities—had intensified in the prior year but appear poised to moderate going into 2026. Turning to Puerto Rico, Mr. Abel noted that job growth picked up after plateauing last year, with solid tourism and reconstruction spending continuing to offer support. In contrast, the U.S. Virgin Islands show signs of stabilization following earlier fluctuations in tourism and energy-related sectors.

## **4. Member Q&A with President Williams and Economists**

Members asked about the gap between economic model forecasts and real-time business experiences. One member asked why stronger wage inflation had not materialized despite robust consumer spending. Mr. Del Negro responded that wage dynamics continue to vary across sectors, with AI-exposed industries experiencing more productivity-driven disinflationary effects. Mr. Williams reaffirmed that labor markets appear to be cooling rather than overheating, noting a rebound in productivity following a soft patch and continued easing in wage pressures. Another member offered industry detail from the freight sector, observing that manufacturing-linked shipping volumes remain significantly weak while service-sector activity is comparatively more resilient. A different member inquired about health-care cost drivers, emphasizing the need to distinguish between employer burdens and consumer impacts. Mr. Abel

referenced survey findings showing that businesses have managed increases in employee health insurance costs in many ways, including charging higher prices, reducing coverage or increasing employee contributions, and reducing wage increases. Across sectors, members described difficulty in making medium-term investment decisions amid ongoing policy unpredictability.

## **5. Facilitated Discussion**

Ms. Phillips began the facilitated discussion by asking Council members how their businesses had fared in recent months. One member emphasized meaningful advances in the use of artificial intelligence to streamline administrative, compliance, and care-management tasks, particularly in health-related fields.

Members discussed persistent workforce constraints and evolving consumption patterns across multiple sectors. In the manufacturing sector, members noted that ongoing skills shortages continue to push firms toward automation, especially in regions facing labor attraction challenges. Meanwhile, consumer-facing industries reported that growth is increasingly price-driven, accompanied by shifting demand in some traditional staples and rising preference for alternatives. Members also described substantial cost inflation in utilities, health insurance, and other operational areas, even as certain supply-chain bottlenecks gradually ease.

Members reported stable client engagement and higher employee retention supported in part by increasing use of AI-enabled tools. One member observed rising 401(k) participation among younger employees, alongside a simultaneous increase in hardship withdrawals and loans. Employee compensation emerged as a unifying theme, with firms offering more innovative and robust benefits packages to offset slow wage growth. Real estate markets remain strained by elevated construction costs, inconsistent office occupancy tied to hybrid work, and escalating insurance rates, all contributing to more cautious investment. Members also noted that high utility costs in certain regions continue to deter new investment. Across all viewpoints, members remained cautiously optimistic with shared concerns amid sustained uncertainty.

## **6. Concluding Remarks**

Mr. Williams closed the meeting by thanking members for their contributions and for providing their insights across industries.

Ms. Phillips reminded council members that the next meeting will take place during the 2026 Conference of Second District Directors and Advisors on June 4<sup>th</sup>.

The meeting adjourned at approximately 12:00 p.m.

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