

New York, July 13, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Gorman, Mr. Hutchins, Mr. Lipkin,  
Mr. Lundgren, and Mr. Mello,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Mr. Clark, Senior Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In their discussion, the Directors received a report that the staff has maintained its forecast for real GDP growth in the second quarter of 2017 at around 3% at an annual rate, led by growth in real personal consumption expenditures. In addition the report indicated that the 12-month change in core CPI had slowed from 2.3% in January to 1.7% in May after printing below consensus expectations for three consecutive months. In their discussion, the Directors discussed lackluster activity among corporations and financial market participants given uncertainty over the outlook for fiscal policy; the anemic pace of wage growth and concerns from a social welfare perspective; anecdotal evidence of very modest improvement in retail sector sentiment in recent weeks, but that greater momentum is needed in order to significantly shift the sector's outlook; steady lending activity despite the recent increase in interest rates; and underemployment of certain workers, particularly those in higher age ranges, despite robust employment growth.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 4:48 p.m.

Corporate Secretary

New York, July 27, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held at its office at 8:38 a.m. this day.

PRESENT:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Lipkin, Mr. Lundgren,  
Ms. Rafferty, and Ms. Scott  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Dzina, Executive Vice President,  
Mr. Gutt, Executive Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Ms. Hirtle, Executive Vice President,  
Ms. Mink, Executive Vice President,  
Ms. Mucciolo, Executive Vice President,  
Mr. Potter, Executive Vice President,  
Mr. Rosenberg, Executive Vice President,  
Mr. Stiroh, Executive Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Bell, Vice President and  
Chief of Staff,  
Ms. Phillips, Vice President and  
Corporate Secretary and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

Ms. Miller, Senior Vice President, and  
Ms. Melendez, Assistant Vice President,  
attended a portion of the meeting by invitation.

The minutes of the meeting of (1) the Board held June 1, 2017; (2) the Board held June 15, 2017; (3) the Board held June 29, 2017; and (4) the Board held July 13, 2017, were submitted and approved by consent.

In his management comments, Mr. Dudley updated the Directors on the July decision by the Federal Open Market Committee (FOMC) to maintain the target range for the federal funds rate at 1 to 1.25 percent and to maintain the existing policy of reinvesting principal payments from its holdings of Treasury securities, agency debt, and agency mortgage-backed securities. He reported that financial market participants are focused on the timing of an announcement to reduce the Federal Reserve's balance sheet. He reported that

the prospect of a change in balance sheet policy has not resulted in notable volatility in long-term U.S. Treasury yields.

Mses. Miller and Melendez entered the meeting.

Mr. Strine provided an update on the Bank's Environmental Scan (# ). He explained that the Bank's leaders discussed current and anticipated environmental factors that impact the organization, the organization's capabilities, and how those capabilities may need to change in order to inform strategic objectives for the 2018-2020 planning horizon. Mr. Strine informed the Directors that he wanted to ensure their feedback was properly captured and incorporated into the results and to assess the degree of alignment between the views of Directors and senior management. A discussion ensued on the themes in the feedback from the Directors, as summarized in the Bank's Environmental Scan, touching on transparency, cyber threats, succession planning, customer and stakeholder engagement, community outreach, and diversity and inclusion.

Mses. Miller and Melendez exited the meeting.

Mr. Potter, referring to a series of charts (# ), discussed conditions in financial markets. He began with a discussion of movements in financial markets since comments by ECB President Draghi in June that the threat of deflation had dissipated and that the ECB could look through recent low inflation data. Specifically, 10-year German bund yields and U.S. Treasury yields increased 32 and 15 basis points, respectively. However, he reported that implied interest rate volatility remained well below historical levels. In addition, the euro appreciated against the U.S. dollar, which contributed to an underperformance of euro area equities relative to other major equity indices. The Canadian dollar also appreciated notably against the U.S. dollar given the increase in the policy rate by the Bank of Canada due to an improved growth outlook. Lastly, Mr. Potter reported that a

notable gap exists between the median projection for the path of the federal funds rate in the Summary of Economic Projections and the market-implied path of policy rates. A discussion ensued.

Mr. Peach, referring to a series of charts (# ) entitled "U.S. Macro Overview," provided an update of the Bank's outlook for the U.S. economy. He reported that the staff's forecast for real GDP growth in the first half of 2017 was little changed at around 2.1% at an annual rate. The staff expects the pace of real GDP growth to increase in the second half of the year to 2.4% at an annual rate as a substantial drag from inventories recedes. Mr. Peach also reported that the 12-month change in core CPI has slowed sharply, with a large portion of this decline attributed to a decline in wireless telephone services, owners' equivalent rent and physicians' services. In addition, he reported that trends in the retail sector, such as the growth of internet retailers, are also a potential headwind for a pick-up in inflation. A discussion ensued on manufacturing activity and drivers of recent inflation readings.

In their discussion, the Directors discussed a continued improvement in industrial activity; increased interest in developing smaller, lower-priced, and more energy-efficient housing in dense urban areas, which is likely to necessitate changes to zoning laws; concerns over the state of public transportation in New York City; the impact of technology and online retailers; increased residential home purchase activity despite recent increases in interest rates; and the decline in participation of large insurance companies in State exchanges.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

At this point, the meeting went into executive session, and Messrs. Dzina, and Gutt, Mses. Hirtle, Mink, and Mucciolo, Messrs. Potter, Rosenberg, Stiroh, and Peach, Ms. Bell, and Mr. Miu left the meeting.

Corporate Secretary

New York, July 27, 2017

An Executive Session of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held at its office at 10:04 a.m. this day.

PRESENT:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Lipkin, Mr. Lundgren,  
Ms. Rafferty, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel, and  
Ms. Phillips, Vice President and  
Corporate Secretary.

Ms. Mink, Executive Vice President, attended a portion of the meeting by invitation.

Redacted

Ms. Phillips was designated to keep the minutes of the executive session.

In the first executive session, Mr. Dudley and Ms. Phillips discussed director succession planning and the upcoming director elections and appointments. He noted that this matter had been previously discussed with the Nominating and Corporate Governance Committee. A discussion ensued.

Whereupon, it was duly and unanimously

VOTED to recommend to the Committee on Recommendation of Candidates for Directors of the Federal Reserve Bank of New York the nomination of Paul Mello as a Class A Director for another term and Charles Phillips as a Class B director, each to serve for a three-year term, beginning January 1, 2018;

AND

Whereupon, it was duly and unanimously

VOTED to recommend to the Board of Governors the appointment of Dr. Rosa Gil as a Class C Director.

Mr. Held exited the meeting and Ms. Mink entered the meeting.

Mr. Dudley and Ms. Mink discussed Senior Management Succession Planning. They discussed with the Board near term and longer term succession planning for the Bank's senior management within each Group, with the exception of the Supervision Group. A discussion ensued.

Ms. Mink exited the meeting, Redacted

[Redacted]

The Executive Session adjourned at 12:30 p.m.

Corporate Secretary



New York, August 10, 2017

A meeting of the Executive Committee of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Lundgren, Ms. Rafferty, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Ms. Logan, Senior Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In the absence of a quorum of the members of the Board of Directors, the Directors present unanimously requested that the Executive Committee meet pursuant to Section 1 of Article II of the Bylaws.

In their discussion, the Directors received a report that real GDP growth in the second quarter of 2017 was 2.6% at an annual rate based on the advance estimate, slightly below consensus expectations. The staff reported that the July labor market report was positive and supported by an increase in jobs in the private service-providing sector. In addition, increases in aggregate hours worked and average hourly earnings were also reported as favorable. The Directors then discussed investor concern over the outlook for the retail sector, as the share prices of many traditional retailers declined despite some second quarter earnings reports exceeding consensus expectations; continuing concerns over the state of public transportation in New York City and the potential impact on tourism; stronger than expected investment in multi-family housing as the near-term prospect of changes in

tax policy that could reduce such investment has been perceived as diminishing; and growing concern over the fiscal health of some U.S. cities and territories and the potential implications for public sector unions and pension funds.

Mr. Miu then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 4:49 p.m.

Corporate Secretary

New York, August 18, 2017

A meeting of the Directors' Management and Budget Committee of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 9:00 a.m. this day.

PRESENT:

Mr. Lundgren, Chair,  
Mr. Mello, Ms. Rafferty, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Mr. Armstrong, Senior President,  
Mr. Isaacson, Senior Vice President,  
Ms. Melendez, Assistant Vice President,  
Ms. Miller, Senior Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

The minutes of the meeting of the Management and Budget Committee held January 24, 2017, were submitted and approved by consent.

Mr. Strine and Ms. Miller presented the "FRBNY Performance Report Q2 2017" (# ). They explained that the report is a quarterly performance self-assessment that Bank management uses to assess its performance against planned strategic initiatives, capital projects and the budget/resource plan for the year. Mr. Strine informed the Committee that the key themes that emerged in this report were similar to those in Q1. Notably, he highlighted that there continues to be forward-looking schedule risk due to tight timelines, delays in execution and scope changes for several initiatives; key dependencies that are creating future scope, schedule, and resource risk; and that resource contention due to the hiring freeze has limited the availability of staff. In addition, he touched on several important accomplishments for the quarter, including: the launch of transaction

reporting into TRACE; the Alternative Reference Rate Committee's selection of a broad Treasury repo rate as the alternative reference rate for money markets; the publishing of the Global FX Code; the modernization of cash infrastructure; and the completion of the initial phase of work to improve the Bank's resiliency framework. Mr. Strine drew attention to the design and implementation of a new Treasury Auction application as requiring further management attention for performance monitoring and improvement. Lastly, he reported that the Bank continues to underrun its budgeted resources driven by optimistic assumptions primarily around hiring expectations and capital investments. A discussion ensued on diversity and inclusion and key personnel risk, and the Directors provided feedback to improve the format and effectiveness of the report.

Messrs. Armstrong and Isaacson presented the "Financial Services Group Update" (# ). They explained the objective of their presentation was to provide the Committee an update on the strategic and material activities of the Financial Services Group that will impact the Group's financial outlook and budget. Mr. Armstrong started with an overview of the Cash and Custody Function, which is the largest of the Federal Reserve's 28 Cash Offices and processes 13% of the System's total volume and 21% of the total value. The Cash Office is responsible for supplying currency and coin to meet domestic and international demand, maintaining the quality and integrity of currency in circulation, and ensuring depository institutions have ready access to cash services. Mr. Armstrong detailed three main drivers of the Cash business, including the implementation of FedCash Central in June 2017, which improved the system architecture and data security; supporting the 10-year transition to new currency processing equipment; and providing global currency services amid evolving international markets trends

and heightened risk mitigation practices. The rapidly evolving payments landscape, global banknote distribution and de-risking, uncertainty over the outlook of currency demand, shifts in the strategic direction for providing cash services, and changes to depository institution processing patterns were all viewed as risks to current business initiatives and the outlook for the Group. Mr. Isaacson then provided an overview of the Wholesale Product Office (WPO), which manages, on behalf of the 12 reserve banks, services foundational to the U.S. financial system and supports funding and settlement of other systemically important financial market infrastructures. These services include Fedwire Funds, Fedwire Securities, and the National Settlement Services. The WPO sets the strategic direction for these services; manages cost recovery through pricing and cost controls; enhances and maintains the services based on stakeholder demand; and ensures that operating sites and technology providers meet service level agreements. Mr. Isaacson then highlighted key business drivers, which included strengthening the resiliency and security of wholesale services; enhancing the Fedwire Funds and National Settlement Services in alignment with the Federal Reserve System's *Strategies for Improving the U.S. Payment System* initiatives; advancing the future vision of the Fedwire Securities Service as approved in the System's *Strategies for Improving the Fedwire Securities Service* paper; and engaging colleagues across the System to explore potential uses of distributed ledger technology for wholesale services. He concluded with a review of risks to the WPO's business initiatives and financial outlook, which included but were not limited to an increased cyber and information security threat environment; market conditions and industry changes that impact the Fedwire Securities Service; high costs for resiliency and risk management initiatives; Fedwire modernization Program software amortization;

and possible upward revisions to the cost for several major initiatives. A discussion ensued about the evolving challenges and risks to these businesses.

The meeting duly adjourned at 9:56 a.m.

Corporate Secretary

New York, August 24, 2017

A meeting of the Executive Committee of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Lipkin, Ms. Rafferty, and Ms. Scott,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Mr. Frost, Senior Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Bell, Vice President and  
Chief of Staff,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In the absence of a quorum of the members of the Board of Directors, the Directors present unanimously requested that the Executive Committee meet pursuant to Section 1 of Article II of the Bylaws.

In their discussion, the Directors received a report that the staff's forecast for real GDP growth in the third quarter of 2017 was 2.5% at an annual rate, which is consistent with recent economic data releases. Total and core CPI increased 0.1% in July, which was below consensus expectations, but not as much as in prior months. The Directors then noted a slowdown in new constructions of single family homes and more robust activity for new construction of multi-family properties, refinancing, and automobiles.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 4:39 p.m.

Corporate Secretary



New York, September 7, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Gorman, Mr. Hutchins,  
Mr. Lipkin, Mr. Lundgren, Mr. Mello,  
Ms. Rafferty, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Mr. Potter, Executive Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Bell, Vice President and  
Chief of Staff,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In their discussion, the Directors received a report that the second estimate of real GDP growth in the second quarter of 2017 was 3.0% at an annual rate, up from the advance estimate of 2.6%. Staff reported that better-than-expected consumer spending, trade, and business investment data for July suggest that real GDP will likely grow at around 3% at an annual rate again in the third quarter. The Directors then discussed the potential effect of the recent depreciation of the U.S. dollar on U.S. corporate earnings; reports of restrained investment activity, despite signs of economic growth, given uncertainty with regard to fiscal and monetary policy and geopolitical developments; the impact of technology and online retailers on inflation and their respective industries; the potential impact of recent and expected hurricane activity on certain regions and types of businesses; anecdotal evidence of strong commercial and industrial lending activity; robust hotel activity, in part due to an influx of visitors from hurricane-

affected regions; and concerns over the ability of the construction sector to mobilize and rebuild following the impact of hurricanes in parts of the U.S.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 5:08 p.m.

Corporate Secretary

New York, September 20, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 2:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Hutchins, Mr. Lipkin, Mr. Lundgren,  
Mr. Mello, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Peach, Senior Vice President,  
Mr. Wuerffel, Senior Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

Mr. Dudley informed the Board that the Federal Open Market Committee (FOMC) had concluded its meeting earlier in the day and that the FOMC had released a statement indicating that it had maintained the federal funds rate without change and will initiate the balance sheet normalization program in October.

In their discussion, the Directors received a report that forecasters' estimates of the impact of recent hurricanes on the third quarter growth rate of real GDP range from -0.5% to -1.0%. The growth rate of real GDP in the fourth quarter is expected to experience a comparable rebound, leaving the second half growth rate little changed. The Directors then discussed an article regarding potential shortcomings in economic statistics that could result in the mismeasurement of productivity, growth, and inflation; improvement in retail activity has continued despite the impact of recent hurricanes; a continued focus on hurricane-affected communities and proposed a future update on those falling in the second district; and initial findings from a workforce survey, noting that

independent workers appear to quickly adjust to the changing work environment given the lack of a reliable safety net.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 2:50 p.m.

Corporate Secretary

New York, September 28, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held at its office at 10:30 a.m. this day.


PRESENT:

Ms. Horowitz, Chair,  
Mr. Gorman, Mr. Hutchins, Mr. Lipkin,  
Mr. Mello, and Ms. Rafferty,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Alexander, Executive Vice President,  
Mr. Blackwood, Executive Vice President  
and General Auditor,  
Mr. Dzina, Executive Vice President,  
Mr. Gutt, Executive Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Ms. Hirtle, Executive Vice President,  
Ms. Mink, Executive Vice President,  
Mr. Potter, Executive Vice President,  
Mr. Stiroh, Executive Vice President,  
Ms. Ambrosio, Senior Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary,  
Ms. Gouny, Officer and  
Deputy Chief of Staff, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

Ms. Logan, Senior Vice President,  
attended the meeting by invitation.

The minutes of the meeting of (1) the Management and Budget Committee held January 24, 2017; (2) the Audit and Risk Committee held June 15, 2017; (3) the Board held July 27, 2017; (4) the Board held August 10, 2017; (5) the Board held August 24, 2017; (6) the Board held September 7, 2017; and (7) the Board held September 20, 2017, were submitted and approved by consent.

Redacted



In his management comments, Mr. Dudley updated the Directors on developments in Puerto Rico and the Bank's efforts to ensure that local banks could meet the significant increase in demand for cash since Hurricane Maria. In addition, he reported that the Bank did its first credit assessment of residents of Rochester, New York. The report indicated that Rochester's adult population ranks below the U.S. and New York in a broad measure of access to credit, has a higher share of credit-stressed individuals than the U.S. and New York State, and has significant disparity in Community Credit indicators by zip code. A discussion ensued.

Ms. Logan gave a presentation "Balance Sheet Normalization" (# ). Ms. Logan began with a review of key FOMC communications on balance sheet normalization since 2014, including the most recent decision to initiate the balance sheet normalization program in October. In addition, she provided detail on communications from June 2017 on the program for gradually and predictably reducing the Federal Reserve's holdings by decreasing reinvestment of principal payments from those securities. The decrease in reinvestments would be done through a schedule of portfolio runoff caps that are adjusted at 3-month intervals over 12 months. Ms. Logan reported that the Markets Desk's survey of primary dealers and market participants indicates that there will be a fairly small near-term impact of the changes to the reinvestment policy, and over a 2-year period the impact is still

modest, but more sizable. Ms. Logan ended her presentation with a discussion of what the Federal Reserve's balance sheet might look like in the future, and reiterated the FOMC's intention to hold no more securities than necessary to implement monetary policy and to hold primarily Treasury securities. A discussion ensued.

Mr. Potter, referring to a series of charts (# ), discussed conditions in financial markets. He began by showing that most major currencies have appreciated against the U.S. dollar since the beginning of the year, in contrast to consensus forecasts at the start of the year for broad U.S. dollar appreciation. Mr. Potter reported that some of the recent dollar depreciation has been due to uncertainty over the potential for fiscal stimulus in the U.S. Shifts in some idiosyncratic factors in some countries, such as expectations for the European Central Bank and political event risk in the euro area, further supported the depreciation of the U.S. dollar. In addition, Mr. Potter reported that both implied and realized volatility remains low despite a number of uncertainties, including geopolitical risk, uncertainty around U.S. fiscal policy, and the impact of recent natural disasters. Mr. Potter reported that the market-implied federal funds rate path has been relatively stable, and implies two to three rate increases over the next year. A discussion ensued about market-implied expectations for U.S. monetary policy.

Mr. Peach, referring to a series of charts (# ) entitled "U.S. Macro Overview," provided an update of the Bank's outlook for the U.S. economy. He reported that the staff's forecast for real GDP growth in the second half of 2017 was revised higher to 2.7% from 2.4% given a positive outlook for business investment and support from the inventory cycle. Mr. Peach reported that new orders and shipments of nondefense capital goods have

risen in 2017, which are forward-looking indicators of business investment in new equipment. In addition, he reported that measures of consumer and business sentiment have improved in August. Mr. Peach reported that growth in labor compensation measures has been subdued, and that monthly readings on PCE inflation suggest that core inflation may be stabilizing at a level somewhat below the FOMC's longer-run objective. A discussion ensued on the inventory cycle and drivers of wages.

In their discussion, the Directors discussed a decline in the number of international visitors to New York City; the divergence of wage growth between low- and middle-income families and high-income families; concern over the degree to which lending standards are being eased in order to increase margins; the drivers of U.S. equities, which have continued to reach new highs due to the improved growth outlook; and finally, views on the health care system.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, one Director

VOTED to increase the existing rates in effect at this Bank by one quarter of a percent, and

Whereupon, five Directors

VOTED that the existing rates in effect at this Bank be established without change, as follows, and

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD



rate averaged over the preceding maintenance period.

At this point, the meeting went into executive session, and Messrs. Alexander, Blackwood, Dzina, and Gutt, Mses. Hirtle, and Mink, Messrs. Potter, Stiroh, and Peach, Mses. Ambrosio and Gouny, and Mr. Miu left the meeting.

Corporate Secretary

Executive Session - Board of Directors  
September 28, 2017

Ms. Phillips was designated to keep the minutes of the executive session.

In the executive session, consisting of Class C and eligible Class B Directors, the Directors discussed President Dudley's plans to announce his retirement before year end and the resulting search for his successor. The Directors discussed forming a search committee to oversee the search process on behalf of the Board. They agreed that the committee would be responsible for selecting a search firm to assist with the process, creating a draft list of attributes for the position, soliciting advice from a broad range of constituents and community members, and identifying and screening potential candidates for the position. In this regard, the Directors noted the importance of identifying a diverse slate of candidates for the position.

Whereupon it was duly and unanimously voted to (a) form a special search committee pursuant to Article I, Section 5 of the Bylaws comprised of directors Sara Horowitz and Glenn Hutchins, acting as co-chairs of the search committee, as well as directors Denise Scott and David Cote; (b) designate Shawn Phillips, Corporate Secretary, to assist the search committee with the administrative process of the search, including assisting in the selection and engagement of one or more executive search firms.

The meeting duly adjourned at 12:30 p.m.

Corporate Secretary

New York, October 12, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Gorman, Mr. Hutchins,  
Mr. Lipkin, Mr. Lundgren, Mr. Mello,  
Ms. Rafferty, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Mr. Raskin, Vice President,  
Mr. Rich, Assistant Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In their discussion, the Directors received a report that the staff's estimate for real GDP growth in the third quarter of 2017 remained at 2.5% at an annual rate. Staff reported that recent data releases that reflect the effects of recent hurricanes suggest that the economy has rebounded more quickly than expected. In their discussion, the Directors discussed strengthening industrial activity; the continued rise in equity markets despite uncertainties with regard to fiscal policy and geopolitical developments; an overview of the latest tax proposal; increasing competition for deposits among small- and mid-sized banks; mortgage forbearance arrangements that are being offered in hurricane-affected regions; and a recent Presidential executive order on health care.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, one Director

VOTED to increase the existing rates in effect at this Bank by one quarter of a percent, and

Whereupon, eight Directors

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 4:53 p.m.

Corporate Secretary

New York, October 12, 2017

A meeting of the Directors' Management and Budget Committee of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:54 p.m. this day.

PRESENT:

Mr. Lundgren, Chair,  
Mr. Gorman, Mr. Mello,  
Ms. Rafferty, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Ms. Miller, Senior Vice President,  
Ms. Melendez, Assistant Vice President,  
Mr. Pereira, Assistant Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

The minutes of the meeting of the Management and Budget Committee held August 18, 2017 were submitted and approved by consent.

Mr. Strine provided an overview of the major strategic priorities of the Bank, including promoting financial stability through effective monitoring, analysis and policy development; promoting safety and soundness of financial institutions through effective supervision; contributing to the formulation of monetary policy and enhancing monetary policy implementation to become more effective, flexible, and resilient; and leading efforts to enhance the functionality, efficiency, security, and resilience of financial services. Mr. Strine then reported on the Bank objectives for 2018 to 2020, which were the outcome of the environmental scan and subsequent stages of the annual planning and budgeting cycle. These objectives relate to a range of issues including regulatory reform, reference rates, financial industry culture reform, Large Institution Supervision Coordinating Committee (LISCC) transformation, government securities clearing and settlement, the evolution

of the Treasury auction business, the transformation of the Statistics function, data capabilities, resiliency, risk management, human capital strategy, and cloud computing.

Mr. Strine then reported that the Bank's 2018 annual budget growth over the 2017 forecast was 3.4%, or an increase of \$33.0 million. Mr. Strine indicated that this growth was driven in large part by the compensation program, which contributed 2.8 percent points to the 3.4 percent annual increase. Supervisory activities, real estate taxes, deferred hiring, wholesale services, CBIAS, and facilities management contributed to the increase, while portfolio prioritization, contra increases, and other factors partially offset the increases.

Mr. Strine concluded his discussion of the budget by making some remarks on the risks in the execution of the Bank's strategy. The six key enterprise risks identified by the Bank this year are: vulnerability to cyber and insider threats in an evolving threat environment; insufficient coherency of operational resiliency plans and processes across businesses and critical service providers; legislative actions that impair the System's or the Bank's policy tools or operational capabilities; ineffectiveness in managing Federal Reserve System resource constraints, dependencies, and governance processes; insufficient policy and operational response to structural changes in payment systems; and an inability to evolve people management practices to adapt to changes in external environment and workforce characteristics.

After a discussion, the Committee voted to endorse the Bank's proposed 2018 budget and submit it to the full Board.

The meeting duly adjourned at 5:17 p.m.

Corporate Secretary

New York, October 19, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held at its office at 10:07 a.m. this day.

PRESENT:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Gorman, Mr. Hutchins,  
Mr. Lipkin, Mr. Mello, Ms. Rafferty,  
and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Alexander, Executive Vice President,  
Mr. Blackwood, Executive Vice President  
and General Auditor,  
Mr. Gutt, Executive Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Ms. Mink, Executive Vice President,  
Ms. Mucciolo, Executive Vice President,  
Mr. Potter, Executive Vice President,  
Mr. Rosenberg, Executive Vice President,  
Mr. Stiroh, Executive Vice President,  
Ms. Bell, Vice President and  
Chief of Staff,  
Mr. Rich, Assistant Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

Mr. Wagner, Vice President, and  
Mr. Bram, Officer, attended a portion  
of the meeting by invitation.

The minutes of the meeting of (1) the Management and Budget Committee held August 18, 2017 were submitted and approved by consent. In addition, the "General Resolution to Provide Self-Insured Survivor Payments" was submitted for dissolution and so dissolved by consent.

Redacted

Redacted

In his management comments, Mr. Dudley provided a brief update to Directors on the situation in Puerto Rico. He reported that conditions in Puerto Rico remain difficult, as many parts of the island still do not have reliable electricity or access to gas and telecommunications. Puerto Rico's economy has been cash-based since the hurricane, and the Bank continues to make efforts to ensure there is sufficient cash to support economic activity. In addition, Mr. Dudley highlighted several recent milestones for the Bank, such as the 41<sup>st</sup> central bank seminar, which included representatives from 70 countries, and the 25<sup>th</sup> anniversary of the East Rutherford Operations Center.

Mr. Bram presented a "Briefing on Puerto Rico and the U.S. Virgin Islands" (# ). He provided an overview of the various factors that contributed to the islands' economic and fiscal situation prior to the recent disasters. These factors included the elimination of the tax exemption for U.S. firms in Puerto Rico, a shortfall of human capital, the high cost and unreliability of electricity, chronic structural deficits, and other external factors. Mr. Bram reported that the stagnant economy and declining population have depressed tax revenues, leaving Puerto Rico with a high debt obligation of more than 100% of gross national product and leading to its current state in a bankruptcy-like process. He reported that the recent hurricanes added to the island's cash shortfall, though it is too early to accurately quantify the damage and economic disruption it has caused. Moreover, Mr. Bram noted that the slow restoration of power and other infrastructure, economic structures, and other pre-hurricane trends are



likely to impact the recovery in Puerto Rico as well as the U.S. Virgin Islands. A discussion ensued.

Mr. Gutt then presented the "Planned Activities in Support of Puerto Rico and the U.S. Virgin Islands." He explained that the Bank would leverage its analytic and convening capabilities to help the islands as they recover and rebuild in the mid- and long-term. These efforts include analysis of past recoveries, a small business poll, a community credit profile, partnering with federal agencies and local organizations to hold clinics for home and business owners, convening a conference of foundations in New York to provide information on the situation and funding opportunities, and lastly a visit by Mr. Dudley. A discussion ensued.

Mr. Bram exited the meeting and Mr. Wagner entered the meeting.

Ms. Mink and Mr. Wagner presented the 2017-2018 Compensation Program (# ). They discussed the Bank's compensation philosophy, which strives to attract, motivate and retain a qualified and diverse group of employees; support the mission, value, and success factors in order to meet the strategic goals of the institution; be externally competitive; be internally fair; be sufficiently flexible to compete with other employers; and offer high-quality cost-effective compensation and benefits programs. In 2017, the Bank shifted away from using the internal salary structure for pay determination and focused primarily on market data for decisions. In addition, Mr. Wagner explained that the compensation team became more involved as consultative partners throughout the compensation cycle, using a more data-driven approach tied to market data. Lastly, Mr. Wagner reported on the objectives for the year end program, which included continuing to strike a balance between internal and external equity, providing managers and business leaders with the information and tools needed to make sound

compensation decisions, and reinforcing the use of variable pay as a means to reward successfully meeting goals and for overall strong performance. A discussion ensued.

Mr. Wagner exited the meeting.

Mr. Strine presented the 2018 Budget (# ). As of the September forecast, he reported that the Bank's final 2018 budget transmission is projecting growth of 3.7% over the 2017 forecast, or 1.2% over the 2017 budget, due largely to the removal of placeholders that were in the initial transmission. A reduction in staffing projections and other cost reductions offset these increases in part. Mr. Strine explained that the overall final budget transmission is projected to be aligned with System-wide growth across all service lines in 2018. In addition, he reported that the forecasts for 2019 and 2020 are currently projecting 4.4% and 4.1% growth, respectively. A discussion ensued on risks to the forecast and whether resources were sufficient to achieve the Bank's strategic objectives.

Whereupon, the Directors VOTED to approve the Bank's proposed 2018 budget and 2018 compensation programs.

Mr. Rich, referring to a series of charts (# ) entitled "U.S. Macro Overview," provided an update of the Bank's outlook for the U.S. economy. He reported that the staff's estimate for real GDP growth in the second half of 2017 has been revised higher to 2.9% at an annual rate, from 2.7% previously. Mr. Rich reported that recent economic data suggest that the underlying momentum in the economy appears to have increased despite the effects of recent hurricanes. In addition, he highlighted that the staff's estimate for 2018 real GDP and core PCE inflation were revised slightly higher, with core PCE inflation increasing due to stronger growth and the anticipated dissipation of transitory factors from prior years. Mr. Rich

highlighted that the September labor market report showed a 33,000 decline in nonfarm payrolls. The declines were largely in the leisure and hospitality sector, which was likely a result of the hurricanes. Further, he highlighted that the recent hurricanes may also give a boost to auto sales and retail gas prices, but this may be temporary. A discussion ensued on the factors driving the staff's estimates for real GDP growth.

Mr. Potter, referring to a series of charts (# ), discussed conditions in financial markets. He began with a discussion of the appreciation of the U.S. dollar against other currencies in recent weeks, which contrasted with the depreciation trend so far this year. Mr. Potter noted that implied equity market volatility has remained at historically low levels, and that some market contacts have expressed concern that investors may be too complacent over the lack of volatility. He then reported that the market-implied path of the federal funds target rate is similar to the average expectation based on the Desk's survey of Primary Dealers and Market Participants, while the modal path based on the Desk's survey was steeper and more in line with the median Federal Open Market Committee participants' assessment of the appropriate path for monetary policy in the September Summary of Economic Projections. Mr. Potter explained that the market-implied probability of a 25 basis point rate increase at the December Federal Open Market Committee meeting was over 80 percent. A discussion ensued on how balance sheet policy could impact markets.

In their discussion, the Directors reported on recent efforts by a large technology firm to identify a location for a new office; factors driving the rise in equity markets; concerns over housing affordability in some major cities, including New York City; an apparent lack of coordination among some local governments and community organizations, which could

potentially impede efforts to provide much needed resources and infrastructure; the impact of deposit competition among smaller and mid-sized banks; and labor trends based on a recent survey of freelance workers.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, two Director

VOTED to increase the existing rates in effect at this Bank by one quarter of a percent, as follows:

Whereupon, six Directors

VOTED that the existing rates in effect at this Bank be established without change, as follows, and

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

At this point, the meeting went into executive session, and Messrs. Gorman, Lipkin, Mello, Strine, Alexander, Blackwood, Gutt, Potter, Stiroh, Rich and Miu, and Mses. Mink, Mucciolo and Bell left the meeting.

Corporate Secretary

Executive Session - Board of Directors  
October 19, 2017

Ms. Phillips was designated to keep the minutes of the executive session.

The Directors were presented a memorandum, with resolution attached (# ), entitled "Waiver." The Directors were asked to grant an exception to the Bank's mandatory retirement policy so that William Dudley, President, may remain employed past his 65<sup>th</sup> birthday on January 1, 2018, and a discussed ensued.

Whereupon, it was duly and unanimously

VOTED to approve the following resolution:

"RESOLVED, that an exception to the Bank's mandatory retirement policy is hereby granted permitting William Dudley, President, to remain an employee of the Bank until January 29, 2019."

Ms. Rafferty and Mr. Held exited the meeting.

In the second executive session, the Directors discussed the search process for the next president and Chief Executive Officer of the Bank to succeed Mr. Dudley, including a proposal to engage two executive search firms, with one focused on identifying diverse candidates. A discussion also ensued with regard to proposed outreach to the district and beyond regarding the search process, the key attributes of the position, and candidate recommendations.

The meeting duly adjourned at 12:30 p.m.

Corporate Secretary

New York, November 2, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 9:30 a.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Gorman, Mr. Lipkin, Mr. Lundgren,  
Mr. Mello, Ms. Rafferty, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Mr. Potter, Executive President,  
Mr. Rich, Assistant Vice President,  
Ms. Bell, Vice President and  
Chief of Staff,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In their discussion, the Directors received a report that the staff's estimate for real GDP growth in the second half of 2017 had been maintained at 2.9% at an annual rate. In addition, the report indicated that the staff's forecast for real GDP growth in 2018 has increased from 1.9% at an annual rate to 2.2%, largely due to a more positive outlook for net exports. In their discussion, the Directors noted improved retail activity in hurricane-affected U.S. regions; the impact of the recent attack in lower Manhattan, including the revisiting of emergency preparedness procedures as well as the potential impact on tourism; the likelihood of FEMA housing assistance provided to those affected by the recent hurricanes running out by the end of the year; and developments in the municipal bond market.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, one Director

VOTED to increase the existing rates in effect at this Bank by one quarter of a percent, and

Whereupon, six Directors

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 9:44 a.m.

Corporate Secretary

New York, November 16, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 9:30 a.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Hutchins, Mr. Lipkin,  
Mr. Lundgren, Mr. Mello, and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Mr. Frost, Senior President,  
Mr. Peach, Senior Vice President,  
Ms. Bell, Vice President and  
Chief of Staff,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In their discussion, the Directors received a report that the staff's estimate for real GDP growth in the third quarter of 2017 would be revised up to around 3.5% at an annual rate from the advanced estimate of 3.0%. In addition, the report indicated that the staff's forecast for the fourth quarter had also been revised to 3.5% due to strong activity data such as auto sales, retail sales and industrial production as well as strength in regional manufacturing surveys. In their discussion, the Directors noted robust industrial activity, particularly in the U.S., China, and India; perceptions of stretched valuations of equity market; potential impact of the latest tax proposals on banks' deferred tax assets, which could negatively impact earnings and dividends; improved retail activity and earnings; themes from a recent conference panel on block chain technology; the possibility of the latest tax proposals eliminating the low income housing tax credit, which would reduce the availability of low income housing and hurt rebuilding



efforts in disaster-hit areas; and trends with regard to health insurance, such as higher prices coupled with reduced coverage and fewer providers in some regions.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, one Director

VOTED to increase the existing rates in effect at this Bank by one quarter of a percent, and

Whereupon, six Directors

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 1 3/4 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 4:55 p.m.

Corporate Secretary

New York, November 30, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Gorman, Mr. Hutchins,  
Mr. Lipkin, Mr. Lundgren, Mr. Mello,  
and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President  
Mr. Clark, Senior Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Phillips, Corporate Secretary and  
Vice President and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In their discussion, the Directors received a report that real GDP growth in the third quarter of 2017 was revised up to 3.3% at an annual rate from the advanced estimate of 3.0%. The report also indicated that incoming economic data in recent days has been less upbeat, and has resulted in a downward revision to the staff's forecast for the growth of real GDP in the fourth quarter to a 2.5% to 2.75% range. In their discussion, the Directors discussed continued improvements in sentiment among industrial firms and robust industrial activity; record high equity indices due to strong underlying economic activity and a supportive policy environment, with concerns that the U.S. equity market may be overvalued; anecdotal reports of positive banking activity with minimal problematic accounts; positive momentum in the retail sector continuing into the holiday season; and concerns that the latest tax proposals would significantly reduce the availability of financing in the affordable housing sector.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, three Directors

VOTED that the existing rates in effect at this Bank be established without change, and

Whereupon, five Directors

VOTED to increase the existing rates in effect at this Bank by one quarter of a percent, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 2 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 5:02 p.m.

Corporate Secretary

New York, December 14, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held at its office at 10:41 a.m. this day.

PRESENT:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Gorman, Mr. Hutchins,  
Mr. Lipkin, Mr. Lundgren, Ms. Rafferty,  
and Ms. Scott,  
Mr. Dudley, President,  
Mr. Strine, First Vice President,  
Mr. Alexander, Executive Vice President,  
Mr. Blackwood, Executive Vice President  
and General Auditor,  
Mr. Dzina, Executive Vice President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Ms. Hirtle, Executive Vice President,  
Ms. Mink, Executive Vice President,  
Ms. Mucciolo, Executive Vice President,  
Mr. Potter, Executive Vice President,  
Mr. Rosenberg, Executive Vice President,  
Mr. Stiroh, Executive Vice President,  
Mr. Peach, Senior Vice President,  
Ms. Bell, Vice President and  
Chief of Staff,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

Mr. Martin, Senior Vice President,  
attended a portion of the meeting by invitation.

The minutes of the meeting of (1) the Audit and Risk Committee held September 28, 2017; (2) the Board held September 28, 2017; (3) the Board held October 12, 2017; (4) the Board held November 2, 2017; (5) the Board held November 16, 2017; and (6) the Board held November 30, 2017, were submitted and approved by consent.

The Directors, by consent,  
having received and reviewed a copy of the general resolution conferring authority on the officers to conduct the business of the Bank,  
VOTED to adopt such general resolution in the form submitted to them (# );

having received and reviewed a copy of the resolution establishing the primary credit rate in a financial emergency, which is expiring on December 31, 2017, unless the Board of Directors renews the resolution for an additional period,

VOTED to adopt such resolution in the form submitted to them (# );

VOTED that a dividend at the rate of six percent per annum for the six-month period ending December 31, 2017 be declared on the paid-in capital of the Bank, payable on December 29, 2017 to stockholders shown on the books of the Bank at the close of business on December 28, 2017;

VOTED to adopt the following resolution to elect the Bank's representative on the FOMC:

"RESOLVED, that this Board does hereby vote to elect William C. Dudley, President of the Federal Reserve Bank of New York, as the representative of this Federal Reserve Bank on the Federal Open Market Committee ("FOMC") created by Section 12A of the Federal Reserve Act, as amended, to serve as such representative for the period beginning on the date of the first regularly scheduled meeting of the FOMC in 2018 until such time as his successor as President is appointed, but no later than December 31, 2018, and does hereby vote to elect Michael Strine, First Vice President of the Federal Reserve Bank of New York, to serve through the conclusion of the day immediately before the date of the first regularly scheduled meeting of

the FOMC in 2019 as an alternate on the Federal Open Market Committee in the absence of President William C. Dudley".

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In his management comments, Mr. Dudley updated the Directors on the difficult situation in Puerto Rico as the island remained largely without reliable electricity. Despite the difficulties that Puerto Rico continued to face, Mr. Dudley reported that the banking system is beginning to move towards more normal operations as some of the cash that was initially sent to the island is beginning to be returned. Mr. Dudley also reported that the

federal tax bill was increasingly viewed as likely to pass into law and would provide a boost to near-term growth forecasts, but certain provisions in the bill could negatively impact the second district. He also thanked two departing Directors for their contributions to the Bank. A discussion ensued.

Mr. Martin gave a presentation on "Cryptocurrency and the potential for central bank digital currencies" (# ). Mr. Martin began with a review of the distinction between cryptocurrencies, which were the focus of his presentation, and distributed ledger technology, which is utilized by cryptocurrencies but which have many other potential applications. He noted that the aim of cryptocurrencies is to enable the transfer of value even if there is a total lack of trust by decentralizing transaction validation and decentralizing information. This is accomplished by the use of distributed ledger technology and the elimination of discretion about money growth. Mr. Martin highlighted several reasons that have been mentioned in favor of central banks issuing their own digital currency, including the enhancement of the transmission of monetary policy, the promotion of financial inclusion, and the greater convenience and lower cost relative to traditional currencies. Mr. Martin also noted that a central bank-issued cryptocurrency seems to presuppose trust in the central bank, which eliminates one of the key requirements for the usefulness of cryptocurrencies. The issuance of a central bank digital currency presents several possible design choices that relate to anonymity, access, remuneration, and continuity. He also reported that the central bank would be faced with a number of new risks by engaging in such non-traditional activities and would need to determine the distribution of responsibilities for the operational aspects related to a central bank digital currency. Mr. Martin ended his presentation with a

summary of the ongoing work at the Bank on cryptocurrencies, including contributions to two papers on central bank digital currencies for Bank of International Settlements committees and the creation of a FinTech task force. A discussion ensued.

Mr. Martin exited the meeting.

Mr. Potter, referring to a series of charts (# ), discussed conditions in financial markets. He began by noting that in recent months, higher-tax firms' share prices have outperformed due to increased expectations for a reduction in corporate taxes, while in recent years lower tax firms have driven equity index performance. Mr. Potter contrasted the market's pricing of about two federal funds rate increases in 2018 with the projection of three in the FOMC's Summary of Economic Projections. He reported that market participants have expressed some concern over the recent flattening of the U.S. Treasury yield curve since it is viewed as a signal of a potential recession. Lastly, Mr. Potter reported on developments in China, and the shift in policy focus towards limiting credit growth, which coincided with a rise in Chinese government bond yields while the exchange rate has remained stable. A discussion ensued about market risks.

Mr. Peach, referring to a series of charts (# ) entitled "U.S. Macro Overview," provided an update of the Bank's outlook for the U.S. economy. He reported that the staff has increased its forecast for real GDP growth in 2018 to 2.5% from 1.9% previously. Positive growth momentum from 2017 and a modest boost from the proposed tax bill supported the upward revision to growth in 2018. Mr. Peach reported that aggregate hours worked has rebounded since early 2017 after a significant slowdown in the preceding years. He then noted that recent readings on consumer price inflation have been driven by idiosyncratic volatility in the prices of medical care and



wireless services, and most recently apparel. Mr. Peach provided an overview of the Tax Cuts and Jobs Act, and the key changes for individuals, businesses and foreign income. Generally, both the individual marginal tax rates and corporate tax rates would be reduced, and offset by scaling back certain exemptions or deductions. Mr. Peach then provided an overview of the distributional and revenue effects of the proposed bills as evaluated by the Joint Committee on Taxation and the Congressional Budget Office. He reported that the potential near term impact of the proposed bill would be to boost aggregate demand due to an increase in household after-tax income, lower the cost of capital for businesses, and increase equity values, though the exact amount was very uncertain given that frictions could dampen the amount of stimulus provided by the measures. Over the long term, Mr. Peach suggested that the exact magnitude of the impact was also uncertain, but directionally the supply of labor could increase due to the lower tax rate on labor income, the capital stock could increase due to the lower cost of capital, and potential GDP could increase.

In their discussion, the Directors reported on the strengthening in retail and industrial activity; the potential impact on businesses of the United Kingdom's exit from the European Union as well as the slow pace of the withdrawal; the potential impact of digital currencies on the provision of payment services and the broader set of potential uses of distributed ledger technology; the increase in domestic-based visitors to New York City and the decline in international visitors; shifts in incentives for workforce training which may be shifting more favorably for those that are self-employed; the importance of the Community Reinvestment Act in boosting the provision of beneficial financial literacy education and other community programs; and a recent conference hosted by the Local Initiatives Support

Corporation and the Bank on driving and assessing investment in order to transform communities.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows, and

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 2 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

At this point, the meeting went into executive session, and Messrs. Alexander, Blackwood, and Dzina, Mses. Hirtle, Mink, and Mucciolo, Messrs. Potter, Rosenberg, Stirroh, and Peach, Ms. Bell, and Mr. Miu left the meeting.

Corporate Secretary

Executive Session - Board of Directors  
December 14, 2017

Ms. Phillips was designated to keep the minutes of the executive session.

In the first executive session, consisting of Class C and eligible Class B Directors, President Dudley discussed a personnel matter with the Directors. He noted that pursuant to Section 2-070 of the Federal Reserve Administrative Manual, this Bank has adopted a requirement that Executive Vice Presidents must retire at age 65. He also noted that the Bank's Board of Directors may grant an exception to this requirement for those individuals who are appointed to the position of Executive Vice President after age 55 to allow them to serve for 10 years. President Dudley informed the Directors that Susan Mink, Executive Vice President, would be required to retire no later than March 8, 2018 pursuant to Section 2-070 unless the Bank's Board of Directors granted an exception. Mr. Dudley informed the Directors that he believed it to be in the best interests of the Bank for Ms. Mink to be eligible to remain in her position as Executive Vice President of the Human Resources Group beyond her normal mandatory retirement age, given Mr. Dudley's own impending retirement. A discussion ensued.

Whereupon, the Board of Directors

VOTED to grant an exception permitting Ms. Mink to remain as Executive Vice President for the Human Resources Group until she has served 10 years.

The Board of Directors also noted that its decision to grant an exception to the mandatory retirement policy pursuant to Section 2-070 should not be construed as having created a contract of employment between the Bank and Ms. Mink, and that Ms. Mink's employment remains at will.

Mr. Dudley, Mr. Held, and Ms. Rafferty exited the meeting.

In the second executive session, consisting of Class C and eligible Class B Directors, the Directors discussed the search process for President Dudley's successor.

The meeting duly adjourned at 12:30 p.m.

Corporate Secretary

New York, December 28, 2017

A meeting of the Board of Directors of the FEDERAL RESERVE BANK OF NEW YORK was held by means of a telephone conference at 4:30 p.m. this day.

PARTICIPANTS:

Ms. Horowitz, Chair,  
Mr. Cote, Mr. Hutchins, Mr. Lipkin,  
Mr. Mello, Ms. Rafferty,  
and Ms. Scott,  
Mr. Dudley, President,  
Mr. Held, Executive Vice President  
and General Counsel,  
Ms. Remache, Senior Vice President,  
Mr. Klitgaard, Vice President,  
Ms. Phillips, Vice President and  
Corporate Secretary, and  
Mr. Miu, Officer and  
Assistant Corporate Secretary.

In their discussion, the Directors received a report that the staff has increased its forecast for real GDP growth in the fourth quarter of 2017 to 2.9% from 2.4% previously due to the recent strength in consumer spending data. In their discussion, the Directors noted areas which deviated notably from forecasts at the start of the year, such as the larger-than-expected decline in the unemployment rate and the nearly unchanged level of longer-term U.S. Treasury yields, which were expected to increase; increasing competition for deposits and the potential effect on 2018 bank earnings; the positive impact on tourism and travel to the area that may occur given reduced crime rates; the potential benefit of recent tax legislation on communities through the use of a capital gains tax deferral; and how such tax legislation may discourage individuals earning less than \$50,000 from purchasing health insurance.

Ms. Phillips then presented the schedule of rates in effect at this Bank.

Whereupon, it was duly and unanimously

VOTED that the existing rates in effect at this Bank be established without change, as follows:

Advances to and discounts for depository institutions:

- (a) Primary credit rate - 2 percent per annum.
- (b) Secondary credit rate - primary credit rate plus 50 basis points.
- (c) Seasonal credit rate - the average of the effective federal funds rate and ninety-day secondary market CD rate averaged over the preceding maintenance period.

The meeting duly adjourned at 4:49 p.m.

Corporate Secretary