

FEDERAL RESERVE BANK OF CHICAGO
MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS
OCTOBER 24, 2024

A meeting of the Chicago Board of Directors of the Federal Reserve Bank of Chicago convened at 9:00 a.m. on Thursday, October 24, 2024, pursuant to notice duly given.

MEETING PARTICIPANTS

Chair: Ms. Scanlon

Chicago Directors: Mr. Habiger
Ms. Hubbard
Ms. Jojo
Mr. Murphy
Mr. O’Grady
Mr. Salgado
Mr. Smith
Ms. Whitson

Detroit Director: Mr. Hall

Bank Management: Mr. Austan Goolsbee, President & Chief Executive Officer
Ms. Ellen Bromagen, First Vice President & Chief Operating Officer
Ms. Tiffany Butler, VP, Corporate Administration
Ms. Shonda Clay, EVP & Chief of Product and Relationship Management, Federal Reserve Financial Services
Mr. Steve Edwards, EVP, External Affairs and Civic Engagement
Ms. Tracy Harrington, EVP & CIO, Federal Reserve Financial Services
Mr. Michael Keppler, EVP, Cash and Central Bank Services, Director of Credit Risk Management Support Office
Mr. Spencer Krane, SVP and Senior Research Advisor, Research, Policy and Public Engagement
Mr. Rick Mattoon, VP & Detroit Regional Executive, Research, Policy & Public Engagement
Ms. Leslie McGranahan, SVP & Director of Regional Research, Research, Policy & Public Engagement
Ms. Kathryn Medina, EVP and Chief Human Resources Officer, People & Culture
Ms. Marie Munson, VP, Finance Administration
Ms. Anna Paulson, EVP & Director of Research, Policy and Public Engagement
Mr. Mark Peters, AVP, Public Affairs
Ms. Ellen Rissman, AVP, Research, Policy & Public Engagement
Ms. Kathy Schrepfer, EVP, General Counsel, Corporate Secretary, Ethics Officer, Information Security, Strategy, and Enterprise Risk Management
Ms. Julie Williams, EVP, Supervision & Regulation
Ms. Katie Wisby, EVP & CIO, Information Technology, Innovation, and System Leadership Initiative

Audit Management: Mr. Brett Schur, SVP, General Auditor

Research, Policy &
Public Engagement:

Mr. Benjamin Henken, Senior Research Analyst
Mr. Ralf Meisenzahl, Senior Economic Advisor
Mr. Andy Polacek, Senior Business Economist
Ms. Katherine Jolley, Research Assistant

Office of the Directors:

Mr. Marc Butiong, Senior Change Management Specialist
Ms. Theresa Chiang, Manager, Office of Directors
Ms. Melissa Joslyn, Senior Business Project Manager

Guests:

Ms. Wendy Kallery, VP, Supervision & Regulation
Ms. LaToya Lewis, VP, Innovation
Mr. Bryan Napier, VP, Finance Administration
Ms. Jeanette Ward, VP, Legal

CHAIR'S REMARKS

Ms. Scanlon welcomed everyone to the meeting and provided an overview of the agenda.

APPROVAL OF CONSENT AGENDA

UPON MOTION duly made and seconded, the Chicago Board unanimously approved the following consent agenda items:

1. Board Meeting Minutes

- D-2302 – August 29, 2024; Discount Rate Notational Vote
- D-2303 – September 5, 2024; In-person Board Meeting
- D-2304 – September 19, 2024; Discount Rate Telephone Meeting
- D-2305 – October 3, 2024; Discount Rate Telephone Meeting

2. Minutes from the September 4 Joint Audit Committee and System Activities, Bank Operations and Risk Committee Meeting

3. Appointment of Loan Committee

PRESIDENT'S REMARKS

Mr. Goolsbee updated the directors on his recent activities.

FINANCIAL STABILITY RISK MONITORING: A FOCUS ON THE INSURANCE SECTOR

Mr. Polacek and Mr. Meisenzahl discussed the insurance initiative, which explores key issues in the life, property and casualty insurance sectors, highlighting key financial stability risks in the economy that require monitoring. They concluded by responding to directors' questions.

REPORTS FROM DIRECTORS ON BUSINESS DEVELOPMENTS

The directors discussed business conditions in their respective sectors of the economy. Their comments are reflected in the letter from Mr. Goolsbee to Secretary Misback dated October 25, 2024.

DISCOUNT RATE RECOMMENDATION

Mr. Goolsbee shared his perspectives on monetary policy and recommended that the directors lower the primary credit rate by 25 basis points from 5.0 percent to 4.75 percent and to determine the secondary and seasonal credit rates according to the agreed upon formulas.

UPON MOTION duly made and seconded, the directors voted unanimously to lower the primary credit rate to 4.75 percent, to reaffirm that the rate for secondary credit be set 50 basis points above the primary credit rate, and to continue setting the rate for seasonal credit according to the approved formula.

AUDIT COMMITTEE REPORT

Mr. Murphy reported on the Audit Committee meeting held the previous day. He updated the directors on the following:

- Finance management kicked off the 2024 Financial Statement process and briefed the Audit Committee on the second quarter 2024 financial statements. They also provided an update on the Bank's program to support internal control over financial reporting.
- KPMG management discussed their 2024 audit plan.
- Audit management presented the General Auditor Report and previewed the preliminary 2025 Audit Plan and budget.
- The Committee approved one minor change to the 2024 Audit Plan.

Mr. Murphy reported that there are no situations that require action by the full Board.

SYSTEM ACTIVITIES, BANK OPERATIONS AND RISK COMMITTEE REPORT

Ms. Jojo reported on the System Activities, Bank Operations and Risk Committee meetings held on October 3rd and October 23, 2024. She updated the directors on the following:

Ms. Jojo presented the 2025 Bank expense and capital budgets, inclusive of Federal Reserve Financial Services, for the Board's approval.

UPON MOTION duly made and seconded, the directors unanimously voted to approve the Seventh District 2025 expense and capital budgets.

- Bank Management provided status updates on the cloud program, data center exit, and colocation migration.
- Bank Management shared the System's approach to enabling and managing the exploration of Generative AI. The team shared examples of use cases in business areas.

Ms. Jojo reported that there are no additional situations that require action by the full Board.

The Regular Session adjourned at 11:15 a.m.

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FIRST EXECUTIVE SESSION – GOVERNANCE AND HUMAN RESOURCES COMMITTEE REPORT

The meeting moved into Executive Session with Chicago directors, Mr. Goolsbee and Mss. Bromagen, Chiang and Schrepfer.

Mr. Salgado provided an update on director election and recruitment efforts.

The Committee requested Board approval for the following appointment:

- Appoint Lisa Lunsford, CEO and Co-Founder of Global Strategic Supply Solutions, to a three-year term as Detroit Branch Director.

UPON MOTION duly made and seconded, the directors voted unanimously to approve the appointment.

Mr. Salgado reported that there are no additional situations that require action by the full Board.

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First Executive Session adjourned at 11:35 a.m.

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SECOND EXECUTIVE SESSION

The meeting moved into Executive Session with Chicago directors.

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Second Executive Session adjourned at 11:39 a.m.

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- Corporate Secretary