UNITE HERE Local 25 and Hotel Association of Washington, D.C.
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DRAFT

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES OF
UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C.
PENSION FUND
HELD ON DECEMBER 17, 2020
VIA VIDEO CONFERENCE

The following Trustees were present via conference call:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene
Linda Martin	Charles Hill
Stephanie Steer	Satinder Palta

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP
Anne-Marie Sims - Associated Administrators, LLC
Barbara Maiorano - Associated Administrators, LLC
Henry Jaung – Meketa Investment Group
Brian Dana – Meketa Investment Group
Coralie Taylor – Cheiron, Inc.
Kevin Woodrich – Cheiron, Inc.

I. CALL TO ORDER

A quorum being present, Chairman Boardman called the meeting to order. Mr. Hill noted that he would need to leave the meeting before it concluded and has provided Mr. Keene with his proxy. (Mr. Hill left the meeting prior to agenda item

VI.)

II. MINUTES

Board Meeting, September 24, 2020

The Trustees reviewed the draft minutes of the September 24, 2020 meeting.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the minutes of the Board meeting held September 24, 2020 are approved as presented.**

III. INVOICES

Ms. Sims presented a list of invoices dated December 17, 2020. She noted that there were no additions, deletions or changes to the list.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the invoices set forth in the list dated December 17, 2020 are approved for payment.**

IV. COUNSEL REPORT

Co-Counsel reported there were no legal matters requiring Board action.

V. INVESTMENT CONSULTANT REPORT

The Trustees welcomed Mr. Henry Jaung and Mr. Brian Dana of Meketa Investment Group. Mr. Jaung said that the Fund returned 4.3% during the third quarter 2020 but lost 1.2% in October, for a YTD return through October of 4%, outperforming the Policy and Target Policy benchmarks by 2% and 3%, respectively. As of October 31, 2020, the Fund was valued at $269.4 million, an increase of $27.2 million over the Fund's values of $242.2 million as of March 31, 2020.

The largest asset base, global equity, which represents close to 40% of the Fund, outperformed the benchmark by close to 5% YTD. This came from several sources: domestic markets continued to outperform foreign markets and the Fund has an overweight to domestic; First Eagle Gold did very well; and growth-oriented international equity manager WCM continued to do extremely well with technology and health care holdings.

The private markets investments continue to add significant value to the Fund with some very high returns. As clarified in the recent restated Investment Policy Statement, only private market investments that would not result in more than 20% of the Fund's assets being invested in vehicles that cannot be fully redeemed within 30 days will be considered for the portfolio.

Since inception of Meketa's management in 2011, the Fund returned 7.6%, slightly below the 7.7% for the two benchmarks, but with much less volatility. The Fund is in the top quartile of its peers for the past 12 months, top one-third for the past 3 years and top one-half for the past 5 years.

Mr. Jaung concluded the performance review with the estimated return of the Fund through November 2020. The estimate is 9.6% YTD through the end of November, which represents an outperformance relative to the two benchmarks by 1% and close to 2%, respectively. The estimated market value is slightly over $282 million. Mr. Dana provided a brief summary of the economic landscape.

Mr. Dana noted that the economic recovery has occurred in some segments, but not in others. Areas like travel and leisure continue to experience a difficult operating environment. This divergence in recovery implies some fragility amongst highly priced securities. Mr. Dana said that Meketa remains cautious amidst this backdrop. Mr. Dana went on to discuss two important upcoming changes Meketa is considering. The first is another rebalancing in the coming weeks to reduce the firm's growth managers who had strong YTD performance. The second is the potential change in vehicle with First Eagle Gold. Meketa engaged First Eagle to create a lower cost investment vehicle than the mutual fund. The new vehicle will invest a minimum of 60% in physical gold. The current investment through the mutual fund is 20% physical gold. The change warrants a reclassification of the First Eagle investment from equity to natural resources.

VI. ACTUARY REPORT

2021 Actuarial Certification of Plan Status

The Trustees welcomed Mr. Kevin Woodrich and Ms. Coralie Taylor of Cheiron, Inc. to the meeting. They reviewed with the Trustees the Actuarial Valuation Report as of January 1, 2020.

Mr. Woodrich informed the Trustees that Cheiron is preparing the 2021 PPA certification of the plan's funding status, which must be submitted to the IRS by March 31, 2021.

Mr. Woodrich reviewed with the Trustees the potential impact of the COVID pandemic on the funding status of the Fund. He provided an overview of scenarios involving a decline in participant hours extending over different periods, as well as declining employer contributions. Mr. Woodrich noted that the Fund currently has a high credit balance which can be applied to meet minimum contribution requirements if contribution hours decline below the minimum contribution level. The Trustees requested Cheiron to adjust the industry activity assumption to be used for the PPA certification to assume the following hours worked as a percentage of 2019 hours: 15% for 2020, 40% for 2021; 65% in 2022; and 85% in 2023; and 100% in 2024 and following years.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2020 Administrative Manager's Report

Ms. Sims presented and reviewed the Third Quarter 2020 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit A.

B. Third Quarter 2020 Pension Benefit Applications

Ms. Sims presented and reviewed the Third Quarter 2020 Pension Benefit Application Reports, copies of which are attached to and made a part of these minutes as Exhibit B.

On Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED that the Third Quarter 2020 Pension Benefit Applications are approved for payment as presented.**

C. Associated Administrators Administrative Fee Rate Conversion

Ms. Sims reported that due to the COVID-19 national emergency, Associated Administrator's ("Associated") monthly administrative fee payment, which is based on a per member per month rate ("PMPM"), has substantially decreased due to the lack of hours worked by Plan participants. Ms. Sims said that Associated is preparing a new proposal for Trustee consideration which converts the current administration services billing basis from a per-member-per-month rate to a fixed flat monthly fee through the remainder of the contract (12/31/2021).

After discussion, on Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED to delegate to the Finance and Collections Committee authority to approve Associated's proposal to revise the basis from a per-member-per-moth to a flat fee through December 31, 2021.**

VIII. OTHER FUND BUSINESS

A. 104(d) Multiemployer Summary Plan Information Notice

Ms. Sims reported that the 104(d) Multiemployer Summary Plan Information notice was reviewed by Co-Counsel and mailed to the appropriate parties prior to the November 15, 2020 deadline.

B. Payment of PBGC Premiums

Ms. Sims reported that the 2019 PBGC premiums were timely paid..

C. Form 5500 for the Plan Year Ended December 31, 2019

Ms. Sims reported the timely filing, under extension, of the Form 5500 for the Plan year ended December 31, 2019.

D. Summary Annual Report

Ms. Sims reported that the Summary Annual Report had been mailed to Participants on time.

IX. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting for Wednesday, March 24, 2021 commencing at 10:00 a.m.

X. ADJOURNMENT

There being no further business, the meeting was adjourned.

Approved by the Board of Trustees on __________, 2021

By: ___________________________________

Anne-Marie Sims, Associated Administrators, LLC

AMS/bm

(Org. 12-17-2020)

Attachments:
Exhibit A: Associated Administrators, LLC-Administrative Managers Report – Third Quarter 2020
Exhibit B: Pension Benefit Applications Report – Third Quarter 2020