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 SEPTEMBER 25, 2024
UNITE HERE Local 25
901 K Street, N.W., Suite 200
Washington, DC

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
Paul Schwalb - Chairman	Solomon Keene
Stephanie Steer Jones	Satinder Palta (via video conference)
Linda Martin	Michael D’Angelo (via video conference)
Charlotte Kaufman	

Also present were:

Brian Dana – Meketa Investment Group
Anne Mayerson - Bredhoff & Kaiser, PLLC
Swapnil Agrawal – Bredhoff & Kaiser, PLLC
Charlotte Kaufman – UNITE HERE Local 25
Ben Conley - Seyfarth Shaw, LLP
Tyler Geiman - Novak|Francella
Barbara Maiorano - Associated Administrators, LLC (via video conference)
Anne-Marie Sims - Associated Administrators, LLC
Amy Steen – Associated Administrators, LLC
William Duryea - Meketa Investment Group
Kevin Woodrich – Cheiron (via video conference)

I. CALL TO ORDER

A quorum being present, Chairman Schwalb called the meeting to order.

II. MINUTES

Board Meeting, June 7, 2024

The Trustees reviewed the draft minutes of the June 7, 2024 meeting.

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

> **RESOLVED that the minutes of the Board meeting held June 7, 2024 are approved as presented.**

III. INVOICES

Ms. Sims presented a list of invoices dated September 25, 2024. 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 September 25, 2024 are approved for payment.**

IV. AUDITOR'S REPORT

Draft Financial Statements for Years Ended December 31, 2023

Mr. Tyler Geiman of Novak | Francella, LLC reviewed the draft Financial Statements for the year ended December 31, 2023, which were distributed to the Trustees prior to the meeting. Mr. Geiman stated that the financial statements present fairly, in all material respects, the financial status of the Fund. Mr. Geiman then reviewed the audit report in detail. He reported that the Form 5500 and Financial Statements would be filed timely. Mr. Geiman noted that the statements would recognize additional amounts owed between the legal fund and health fund that to date have not been transferred.

V. PAYROLL AUDITOR REPORT

Payroll Audit Collections Report

Ms. Sims and Mr. Geiman referred to the Payroll Audit Collections Report dated September 25, 2024, included in the agenda materials. Ms. Sims reviewed the report, which contains results for the collection of payroll audit deficiencies after the receipt of the audits from Novak|Francella and before referral of unpaid billed deficiencies to the Fund's Collection Counsel.

VI. CO-COUNSEL REPORT

A. Beacon Hotel - Application for Exemption from Withdrawal Liability

Anne Mayerson reported that the Beacon Hotel was sold in August 2024. The buyer and seller submitted an application for the asset-sale exemption from withdrawal liability in August 2024 and requested a waiver from the purchaser's bond requirement on the grounds that the purchaser's net tangible assets are in excess of the unfunded vested benefits allocable to the seller. Stephanie Jones noted that the buyer has signed the owner's letter and Local 25 has no concerns.

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

> **RESOLVED to approve the exemption from withdrawal liability under ERISA's asset sale exception and waive the requirement of a purchaser bond.**

A discussion ensued as to whether the recent ownership change of the Waldorf Astoria resulted in a withdrawal where there is no change in the operator (Hilton). Counsel was asked to review this matter and report back to the Trustees.

B. Restaurant Associates

Ms. Mayerson reminded the Trustees that, at their February 27, 2020 meeting, they had terminated the two Local 23 employers remaining in the Pension Fund, Restaurant Associates ("RA") and Aramark. RA was terminated effective upon termination of the collective bargaining agreement in July 2021 (Aramark, which, unlike RA, had a contribution rate lower than the rate in the HAWDC CBA, was terminated immediately). Mr. Boardman had advised that Local 25 does not have visibility into the contract terms governing Fund contributions or transactions that would potentially affect the Fund, presenting unique challenges to the Fund and its Trustees.

At the December 15, 2022 Trustees meeting, Mr. Boardman advised the Trustees that the RA CBA had been extended and that the RA bargaining parties were requesting to continue participation contingent on continuing to pay contributions that are consistent with the HAWDC contract. At that meeting, the Board decided to delegate to the Chair and Secretary the authority to permit RA to stay in the Fund, provided that the provisions of the trust agreement applicable to employers other than those with a CBA with Local 25 were met (that is, the employer makes a written request to participate and agrees to be bound by the terms of the Trust Agreement; the contribution rate is sufficient to support the level of benefits that are being offered under the Plan; and the Plan Actuary certifies that the inclusion of the employees of the employer will not affect the funding status of the Plan). As to the last requirement, Kevin Woodrich confirmed at the meeting that the $2.75 contribution rate was sufficient to support the level of benefits and that the inclusion of RA employees would not affect the Plan's funding status or the benefit of existing participants.

The parties negotiated an extension agreement through February 28, 2023 (with provisions for a single 3-month extension by mutual written agreement of the parties) that provided for the employer to be bound by the terms of the Trust Agreement and any amendments thereto, along with a contribution rate increase from $2.65 to 2.75 for each hour worked including vacation and holidays but excluding overtime. The extension agreement, provided that the contribution obligation to the Pension Fund would continue "until a new CBA is agreed to by the parties" and that the required contribution rate would be the contribution rate under the HAWDC agreement.

Ms. Mayerson noted that the employer has continued to make contributions to the Fund but has not increased the rate from $2.75 to $285 as required under the HAWDC contract effective October 1, 2023.

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

> **RESOLVED to approve Restaurant Associates continued participation in the Fund, subject to increasing its contribution rate to $2.85 retroactive to October 1, 2023 and promptly making payment of additional amounts due.**

VII. INVESTMENT CONSULTANT REPORT

Will Duryea and Brian Dana of Meketa provided the Investment Consultant's report. Mr. Duryea began with a summary of the markets and economy for the year-to-date period. He discussed the returns of various indexes and drivers of markets so far in 2024, including the continuing effect of inflation and interest rates on markets. The prospect of a shift in the Federal Reserve Policy towards rate cuts has helped markets in the second half of the year and has been a tailwind for high quality fixed income in particular. The prospect of a soft landing has been a benefit for equity markets throughout the year.

Mr. Dana then discussed the positioning of the Fund. With the recent updates to the asset allocation, Meketa continues to work towards implementing new targets. Mr. Duryea added specifics. He said that, at the end of Q2, the Fund was primarily underweight to private market asset classes that were added or increased with the change to the asset allocation. Additional commitments will be made in infrastructure and private equity to reach those targets over time. Emerging market debt was still represented at the end of Q2 but will be liquidated following the removal of that asset class, and TIPS was overweight and will be reduced as other inflation-hedging asset classes are funded.

Mr. Duryea began with a review of the overall Fund performance, stating that through the end of Q2, the Fund was up 1.7% for the quarter and 5.4% year-to-date net of fees. Mr. Duryea also reviewed the performance of the asset class aggregates for the quarter and year-to-date period. He shared with the Board that the best performing asset class in the quarter was Gold returning 5.2%, followed by Global Equity returning 3.0%. Fixed income returns were more muted in the quarter with investment grade bonds returning

0.3%. Real estate was the sole negative asset class for the quarter as challenges persist in that asset class due to interest rates and the office sector.

Returns through 9/24 were approximately 11.2% for the YTD after strong estimated returns in Q3 to date.

Mr. Duryea referred the Trustees to the updated Investment Policy Statement that they had adopted in principle at the last meeting. The document includes changes suggested by Counsel and reflects the Fund's new asset allocation adopted at the June meeting.

RESOLVED that the revised Investment Policy Statement is approved as presented.

VIII. ACTUARY REPORT

The Trustees welcomed Mr. Kevin Woodrich of Cheiron, Inc. to the meeting.

Mr. Woodrich presented Cheiron's experience model. The Trustees requested that Cheiron analyze the impact of increasing the pension accrual rate on the funding of the Plan. Mr. Woodrich confirmed that Cheiron would present their findings at the next Trustee meeting.

IX. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2024 Administrative Manager's Report

Ms. Sims presented and reviewed the Second Quarter 2024 Administrative Manager's Report, which is included in the meeting book. The report showed employer contribution income of $7,540,204, investment income of $5,108,503, interest & dividends of $591,003, producing a total income of $13,737,011. Expenses included $5,762,119 for pension and death benefits, $96,708 for administration fees, and $143,369 miscellaneous expenses, producing total expenses of $6,002,196, resulting in a surplus of $7,734,815. Contributions were made on behalf of 6,344 active participants.

B. Second Quarter 2024 Pension Benefit Applications

Ms. Sims presented and reviewed the Second Quarter 2024 Pension Benefit Application Reports, which are included in the meeting book.

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

> **RESOLVED that the Second Quarter 2024 Pension Benefit Applications are approved for payment as presented.**

X. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance

Ms. Sims reported the fiduciary liability policy renewal was approved by the Chairman and Secretary between meetings and was renewed at the current limit for the period of September 1, 2024 through August 31, 2025 for a premium of $59,976.00. The excess policy was renewed for the same time period at the current limit with a premium of $15,594.00.

After discussion and on Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED to ratify the action of the Chair and Secretary renewing the primary and excess Fiduciary Liability policies with Chubb and Euclid/Hudson at the current limits of liability for the policy period September 1, 2024 through August 31, 2025.**

XI. NEXT MEETING DATES

It was noted that the next meeting date had previously been set for January 22, 2025.

XII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Approved by the Board of Trustees on __________, 2025

By: ______________________________

Anne-Marie Sims, Associated Administrators, LLC

AMS/bm

(Org. 09-25-2024)