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 JUNE 7, 2023

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene
Linda Martin	Michael D'Angelo
Stephanie Steer Jones	Satinder Palta (via video conference)

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Swapnil Agrawal – Bredhoff & Kaiser, PLLC
Ben Conley - Seyfarth Shaw, LLP
Anne-Marie Sims - Associated Administrators, LLC
Barbara Maiorano - Associated Administrators, LLC (via video conference)
Kathy Phillips - Associated Administrators, LLC (via video conference)
Dawn Welch - Associated Administrators, LLC
Henry Jaung - Meketa Investment Group
William Duryea - Meketa Investment Group
Paul Schwab - UNITE HERE Local 25
Tyler Geiman – Novak|Francella
Jackie Coyle - Novak|Francella
Coralie Tayor - Cheiron
Kevin Woodrich - Cheiron
Michael Amberger – CAPTRUST (for a portion of the meeting)
Scott Rubin – CAPTRUST (for a portion of the meeting)

I. CALL TO ORDER

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

II. MINUTES

Board Meeting, February 23, 2023

The Trustees reviewed the draft minutes of the February 23, 2023 meeting.

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

RESOLVED that the minutes of the Board meeting held February 23, 2023 are approved as presented.

III. INVOICES

Ms. Sims presented a list of invoices dated June 7, 2023. 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 June 7, 2023 are approved for payment.

IV. AUDITOR REPORT

Draft Financial Statements for Years Ended December 31, 2022

Tyler Geiman informed the Trustees that his firm is waiting for investment confirmations and values to complete the draft financial statements for years ended December 31, 2022 and draft financial statements would be circulated to the Trustees upon completion.

IV. PAYROLL AUDIT REPORT

A. Payroll Audit Collections Report

Ms. Jackie Coyle was welcomed to the meeting by the Trustees. Ms. Coyle reported that the audit for Marriott Marquis and Harrington are complete with minor findings, and the audit for Trump Hotel is still in process. All properties have been very cooperative. She referred to the Payroll Audit Collections Report dated June 2, 2023, included in the agenda materials.

Ms. Coyle reported that audit findings resulted in the Ven Embassy Row Hotel Washington experiencing an overpayment of contributions. Ms Sims said that, once she determines whether benefits were extended to the participants due to the overpayment, she would tell the employer that it must submit written request to obtain a credit of any overpayments against future contributions. Ms. Coyle reported that audit findings resulted in an overpayment of contributions by VEN Embassy Row Hotel Washington. Ms. Sims said that she would tell the employer that it must submit a written request to obtain a credit of any overpayment against future contributions.

The Trustees thanked Ms. Coyle for her presentation and excused her from the meeting.

V. COUNSEL REPORT

A. End of the National Emergency and Public Health Emergency

Mr. Conley reported that the Administration announced that the public health emergency related to the COVID-19 pandemic will end on May 11th, 2023 and, as a result, the COVID-19 tolling period will end on July 10th, 2023. He said a Notice of End of Temporary COVID-19 Related Extension of Certain Plan Deadlines Summary of Material Modification ("SMM") was drafted by Counsel and mailed to all participants on April 30, 2023.

B. Meketa Contract – Full Discretionary

Co-Counsel reported that they are working on an amendment to the Meketa Investment Consultant Agreement to allow Meketa to review investment contracts on behalf of the Fund, and will forward to the Chairman and Scretary for review, approval and execution.

VI. INVESTMENT CONSULTANT REPORT

Mr. Jaung began his presentation by stating that 2023 was off to a strong start across nearly all asset classes. The Fund returned 4.3% during the quarter. For the one-year period ending December 31, 2022, the Fund was down 4.1% but ranked in the top 34% in the peer group of all Taft-Hartley DB plans less than $500 million This universe is comprises over 360 Taft-Hartley plans. The return of -4.1% represents outperformance over the two benchmarks for the trailing one year by 1.4% (Policy BM) and 1.0% (Target Policy BM). The cash flows for the Fund remained positive over the trailing 12 months at +$5.9 million. The market value of the Fund stood at $295.7 million at the end of Q1 2023.

Current Market Environment

Mr. Jaung reiterated the Fund's positioning as staying conservative and liquid. Mr. Dana discussed Fund positioning and continued uncertainty in capital markets related to inflation and interest rates in particular. The Fund remained underweight equities in Q1 and in particular emerging market equities which have been challenged. A slower than expected post-Covid rebound in the Chinese economy has been particularly difficult for the emerging markets equity asset class.

Performance Review

Mr. Duryea reviewed the performances of the asset class aggregates to begin this section. He shared that equities in the portfolio drove performance during the first quarter of the year, returning 8.4 % year-to-date. The global equity aggregate outperformed the MSCI ACWI by 1.1% during the quarter. Investment Grade Bonds which had their most difficult year on record in 2022 are off to a good start in 2023 on the hopes that the fed will pause their rate hiking cycle in 2023. The investment grade bond assets in the portfolio outperformed the Bloomberg Aggregate Bond Index by 0.2% in the quarter. Inflation-hedging assets like natural resources had mixed results during the quarter with the SSGA Natural Resources Index down 1.3%, after being the best asset class in 2022, and the First Eagle Gold Fund being one of the best performers for the quarter up 9.3%. Private markets investments continue to do very well. Total private market portfolio IRR is 17.7% since inception. Mr. Duryea observed that the Fund has been positioned in a way that has led to strong peer relative results in the area of risk adjusted return as measured by Sharpe Ratio. The trailing 3 year Sharpe Ratio rank is in the top 7% of the peer universe.

Asset Allocation and Capital Markets Assumptions

Mr. Jaung and Mr. Duryea directed the Trustees to Meketa's Asset Allocation Review and Risk Analysis that was included in the agenda materials. They summarized capital market expectations, discussed how Meketa determines capital market expectations, and described 2023 capital markets expectations by asset class. They addressed the 20-year expected annualized return and volatility expectations for major asset classes. Mr. Duryea presented the asset allocation analysis, including two alternative asset allocation polices for discussion purposes. Meketa's recommendation is to stay put with the current asset allocation policy.

VII. ACTUARY REPORT

Experience Study

Mr. Woodrich and Ms.Taylor of Cheiron, Inc. distributed copies of their report titled Experience Study and reviewed it in detail.

Mr. Woodrich provided an overview of the experience study and noted that it is a review of the key assumptions, performed every 4 to 5 years, to ensure the plan is being valued appropriately. He explained that the Internal Revenue Code requires that the economic and demographic assumptions be individually reasonable.

Mr. Woodrich reviewed the results of the study with the Trustees. He noted that no changes are being made to the economic assumptions because the 6.75% rate of return assumption and administrative expense assumption of 1% annual increase are reasonable, but new deomographic assumptions for turnover, retirement for actives, and mortality rates will be used for the 2023 valuation.

The Trustees thanked Mr. Woodrich and Ms. Taylor for their presentation and they were excused from the meeting.

VIII. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2023 Administrative Manager's Report

Ms. Sims presented and reviewed the First Quarter 2023 Administrative Manager's Report, which was included in the agenda materials.

B. First Quarter 2023 Pension Benefit Applications

Ms. Sims presented and reviewed the First Quarter 2023 Pension Benefit Application Reports, which were included in the agenda materials.

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

> **RESOLVED that the First Quarter 2023 Pension Benefit Applications are approved for payment as presented.**

Mr. Boardman reminded the Trustees that, effective October 1 2023, the contribution to the Pension Fund will increase by ten cents ($0.10), along with the eight-cent combined increase to the Legal, H&W, and Pension Funds that the Trustees (in their capacity as plan sponsor) will be required to allocate among the three funds.

IX. OTHER FUND BUSINESS

A. Annual Funding Notice

Ms. Sims reported that the Annual Funding Notice was mailed to all eligible participants, participating employers and Unions and Pension Benefit Guaranty Corporation timely.

B. Required Minimum Distribution SMM

Ms. Sims informed the Trustees that a summary of material modifcations regarding the increase in the required minimum distribution was mailed to participants on April 30, 2023.

C. Investment Advisor Review – CAPTRUST Financial Advisor

The Trustees went into executive session with CAPTRUST representatives Michael Amberger and Scott Rubin in attendance.

X. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next Board meeting for September 13, 2023.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned.

Approved by the Board of Trustees on __________, 2023

By: ________________________________

Anne-Marie Sims, Associated Administrators, LLC

AMS/dw

(Org. 6-7-2023)