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 JANUARY 22, 2025
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)

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Swapnil Agrawal – Bredhoff & Kaiser, PLLC
Charlotte Kaufman – UNITE HERE Local 25
Ben Conley - Seyfarth Shaw, LLP
Jackie Coyle - Novak|Francella
Anne-Marie Sims - Associated Administrators, LLC
Amy Steen – Associated Administrators, LLC
Brittany Garland – Associated Administrators, LLC
William Duryea - Meketa Investment Group
Kevin Woodrich – Cheiron
Coralie Taylor - Cheiron

I. CALL TO ORDER

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

II. MINUTES

Board Meeting, September 25, 2024

The Trustees reviewed the draft minutes of the September 25, 2024 meeting.

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

> **RESOLVED that the minutes of the Board meeting held September 25, 2024 are approved as presented.**

III. INVOICES

Ms. Sims presented a list of invoices dated January 22, 2025. 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 January 22, 2025 are approved for payment.**

IV. PAYROLL AUDITOR REPORT

Payroll Audit Collections Report

Ms. Coyle referred to the Payroll Audit Collections Report dated January 17, 2025, included in the agenda materials. Ms. Coyle reviewed the report, which contains results for collection of payroll audit deficiencies after receipt of the audits from Novak|Francella and before referral of unpaid billed deficiencies to the Fund's Collection Counsel.

Ms. Coyle reported that the audit for the Eaton Hotel is open but close to being completed. She reported that Employers are not paying contributions due for vacation time as well as overtime correctly. Ms. Mayerson suggested circulating another 'cheat sheet' to employers listing all contribution requirements with updated rates.

V. CO-COUNSEL REPORT

A. Withdrawal Liability - Waldorf Hotel.

Following up on the discussion at the last meeting, Ms. Mayerson reported that the ownership change at the Waldorf Hotel should not be a withdrawal where, as here, there is no change in operator, the operator is the sole signatory to the CBA, and the new owner has signed an owner's letter.

B. Proxy Voting – American Airlines Litigation

Ms. Mayerson reported on a recent decision in *Spence v. Am. Airlines, Inc.* (N.D. Tex. Jan. 10, 2025), a breach of fiduciary duty case brought by participants in two American Airlines 401(k) plans. The District Court held that the fiduciaries of the 401(k) plans (1) did not breach their fiduciary duty of prudence by following the standard industry practice of outsourcing proxy voting to their investment manager (Blackrock), but (2) breached their duty of loyalty by failing to monitor Blackrock's proxy votes related to ESG issues. Ms. Mayerson emphasized that this decision underscores fiduciaries' obligations to monitor their plan's proxy voting.

Mr. Duryea explained that Fund-level proxy votes are handled by Meketa, while securities-level proxy votes are handled by the investment managers that Meketa selects. Meketa will report on its monitoring of the investment managers' proxy voting at the next meeting.

VI. INVESTMENT CONSULTANT REPORT

Mr. Duryea outlined the presentation Meketa prepared for the meeting. He began by covering the agenda which included an update on the markets and economy, followed by the performance and positioning of the fund.

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 for the calendar year 2024 including the continuing effect of the Federal Reserve's rate cutting policy and their fight against inflation. Policy expectations for the Fed have shifted throughout the year ending 2024 with uncertainty and a lower probability for rate cuts in 2025. The prospect of a soft landing was a benefit for US equity markets throughout the year along with the continued optimism around artificial intelligence. The fourth quarter was difficult for international markets as the dollar strengthened and the threat of tariffs hurt non-US equities. The potential impacts of the new administration's policies were also discussed.

Mr. Duryea 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 discussed the current allocation of the Fund relative to the positioning comments. At the end of Q4 2024 the Fund was primarily underweight to the private equity asset class that was increased with the change to the asset allocation. Additional commitments will be made to reach the target over time. The Funds' allocation to Infrastructure was funded in the quarter and is now at target.

Ms. Sims asked about the impact of potential tariffs on investment performance. Mr. Duryea explained that any tariffs would cause inflation to increase, but the Fund's investment strategy includes built-in hedges such as TIPS, natural resources, and infrastructure investments.

Mr. Duryea began with a review of the overall Fund performance for the 2024 calendar year stating that the Fund was up 8.6% net of fees. Mr. Duryea also reviewed the performance of the asset class aggregates for the 4th quarter and calendar year 2024. He explained that the best performing asset class for the year was Global Equity returning 15.3%, followed by Gold returning 14.3%. Fixed income returns were more muted with investment grade bonds returning 2.2%. Real estate was the sole negative asset class for the year as challenges persist in that asset class due to interest rates and the office sector. Mr. Duryea reviewed the various benchmarks for the Fund with the Trustees. In response to a Trustee request, Meketa agreed to include peer group comparisons in future reports.

Mr. Duryea noted that 2025 Fund returns through 1/21/25 were approximately -2.7 %.

VII. ACTUARY REPORT

The Trustees welcomed Mr. Kevin Woodrich and Ms. Coralie Taylor of Cheiron, Inc. to the meeting.

Mr. Woodrich presented Cheiron's baseline projection, assuming a $50 active accrual rate, an 8.6% rate of return for 2024 and 6.75% every year thereafter, new membership and bargained contribution rates. He reviewed the baseline projection model, which analyzed the impact of the following plan benefit changes: (i) increasing the benefit accrual rate from $41 to $50 for all years of service, (ii) providing a 10% for retirees and widows in pay status and, (iii) no benefit increase for terminated vested participants, as of April 1, 2025. Cheiron stress-tested the proposed increase with various scenarios including a negative 10% investment return for 2026, which would cause a few additional years of "olive" status without becoming critical. The Trustees requested additional time to review this information and said that they could vote on any benefit modifications via email poll before the next meeting.

Mr. Woodrich reported that the Annual Certification of Plan Status under Section 432(b) of the Internal Revenue Code has to be filed by March 31, 2025. Cheiron anticipates the plan will be in "safe" status for the 2025 Plan year based on the bargained contributions, and preliminary, unaudited December 31, 2024 assets.

Mr. Woodrich reminded the Trustees that, at a prior meeting, they had adjusted the industry activity assumption to be used for the PPA certification to assume the following hours worked as a percentage of 2020 hours; 75% in 2023; and 100% in 2024 and following years. The Trustees agreed to make no change to the industry activity assumption.

VIII. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2024 Administrative Manager's Report

Ms. Sims presented and reviewed the Third Quarter 2024 Administrative Manager's Report, which is included in the meeting book. The report showed employer contribution income of $6,920,624, investment income of $6,449,906, interest & dividends of $1,605,240 and withdrawal liability of $1,250, producing a total income of $14,982,701. Expenses included $5,933,549 for pension and death benefits, $96,708 for administration fees, and $163,452 miscellaneous expenses, producing total expenses of $6,193,709, resulting in a surplus of $8,788,992. Contributions were made on behalf of 6,375 active participants.

B. Third Quarter 2024 Pension Benefit Applications

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

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

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

IX. OTHER FUND BUSINESS

A. Fund Auditor Engagement Letter – 2024 Plan Year

Ms. Sims reported that copies of the proposed audit engagement letter for the 2024 Plan year from Novak|Francella, LLC ("Novak") had been circulated prior to the meeting.

Ms. Sims noted that the proposed fee of $23,200 for the Plan year 2024 and related services represents a $700 increase (3%) from the prior year.

Following discussion, upon Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the Fund's engagement letter with Novak|Francella, LLC for the audit and related work for the 2024 plan year, at a fee of $23,200, is approved.**

B. Form 5500 for the Plan Year Ended December 31, 2023

Ms. Sims reported the timely filing, under extension, of the Form 5500 for the Plan year ended December 31, 2023.

C. Cyber Liability Insurance

Ms. Sims reported that the Cyber Liability policy for the Fund was renewed for the period of November 1, 2024 through October 31, 2025 for a premium of $7,236.68.

X. NEXT MEETING DATES

The Trustees scheduled the following Board meetings for 2025, commencing at 10:00 a.m.: April 30, 2025, August 13, 2025, and November 19, 2025.

XI. 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

(Org. 1-22-2025)