MEETING OF THE BOARD OF TRUSTEES OF THE HOSPITALITY INDUSTRY 401(k) PLAN

Held at: UNITE HERE Local 25
901 K Street, N.W., Suite 200
Washington, DC 20001

On: September 25, 2024

Trustees Present:
Paul Schwalb
Solomon Keene

Others Present:

Stephanie Steer-Jones, UNITE HERE Local 25
Anne Mayerson, Bredhoff & Kaiser, PLLC, Fund Co-Counsel
Swapnil Agrawal, Bredhoff & Kaiser
Ben Conley, Seyfarth Shaw LLP, Fund Co-Counsel
Anne-Marie Sims, Associated Administrators, LLC
Amy Steen, Associated Administrators, LLC
Barb Maiorano, Associated Administrators, LLC (by Zoom)
Bill Stahl, Empower Retirement
Casey Golosky, Empower Retirement (by Zoom)
William Duryea, Meketa Investment Group (for part of the meeting)

I. Call to Order

The meeting was called to order at 1:05 p.m.

II. Approval of Minutes of Prior Meeting

The Trustees reviewed the draft minutes of the Board meeting held on March 20, 2024.

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

> **RESOLVED that the minutes of the Board meeting held on March 20, 2024 be approved, as presented.**

III. Investment Consultant's Report

The Empower representatives were excused from the meeting.

Will Duryea presented the Value and Fee Benchmarking Report prepared by Meketa in collaboration with Fiduciary Decisions. This Report assessed the fees charged by Empower for investment management and recordkeeping services as compared to industry benchmarks. Mr. Duryea explained that fees charged for investment management were generally below median for the scope of services provided, but the fees for record keeping were above the benchmark median. He recommended that Meketa, along with Fund Co-Counsel, engage with Empower to reassess its recordkeeping fees.

Mr. Duryea also provided the Investment Review for the second quarter of 2024. The value of the Plan increased by $0.9 million during the second quarter of 2024, ending at $50.1 million on June 30, 2024. The new investment lineup approved by the Trustees at the March meeting has been fully implemented. All managers produced positive returns for the quarter, except for US SMID Core and Large Value Stocks, and the Vanguard 500 Index was the best performing asset. The Guaranteed Income Fund was the largest single investment with 17.3% of the Plan's assets, and as a group, the Target Date funds accounted for 38% of Plan assets. All investment options have net expense ratios lower than their respective peer group average.

Mr. Duryea was thanked for his presentation, and he left the meeting shortly thereafter.

IV. Empower

The Empower representatives re-joined the meeting. Bill Stahl reviewed with the Trustees the Plan Summary as of August 31, 2024, including Plan demographics, distributions, and investment option statistics. The average participant balance increased to $42,693. 50.7% of participants utilize only the target date funds; 49.3% employ a "do it yourself" strategy. However, the target-date strategy holds a smaller share of assets with only 25.3% of participant assets, reflecting that participants tend to switch to the "do it yourself" strategy as their assets and familiarity with the 401(k) plan grow.

Mr. Stahl noted that equity exposure among older participants utilizing the "do it yourself" strategy was relatively high. Only 33.7% of participants using this strategy were within 20% of the glide path. Mr. Stahl noted that many participants may have other retirement income from the pension plan and IRAs, so they could be okay with riskier 401(k) investments, but he raised the possibility of sending communications to participants with high equity exposure.

Mr. Stahl and Casey Golosky reviewed with the Trustees the list of last contributions received for each location. They reported that, after the report was prepared, Madison and Embassy Suites submitted additional contributions. It was noted that the Harrington Hotel withdrew in early 2024, leaving Hotel Washington as the only hotel that has not contributed for a significant period of time (the last contribution was received in December 2022. Stephanie Jones said that she had discussed this matter with the new operator and will follow up again.

V. <u>Invoices</u>

Anne-Marie Sims presented two lists of invoices dated June 7, 2024, and September 25, 2024. On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the invoices set forth in the lists dated June 7, 2024, and September 25, 2024, are approved for payment.**

VI. <u>Administrative Manager Report</u>

Ms. Sims presented the Administrative Manager's Report for the second quarter of 2024. The 45th administrative assessment was issued to contributing employers on September 20, 2024.

VII. Payroll Auditor Report

Ms. Sims referred the Trustees to the payroll audit report presented at the earlier meeting of the related funds.

VIII. Co-Counsel Report

In response to a question from Anne Mayerson, Mr. Stahl confirmed that the required notification to participants regarding the change in investment options approved by the Trustees in the previous meeting had been provided in a timely manner. Ms. Mayerson reminded Mr. Stahl that such communications should be reviewed by Co-Counsel before being sent out to participants.

Solomon Keene asked Ms. Mayerson about *Spence et al. v. American Airlines et al.,* an "ESG" lawsuit referenced in Meketa's investment review. Ms. Mayerson replied that this lawsuit is a variant of the excess fee litigation cases being brought against 401(k) plans, many of which are brought by the same handful of ambulance-chaser law firms that are often meritless but designed to get past a motion to dismiss to induce the plans to settle to avoid the high cost of litigation. In the case of *Spence*, the American Airlines plans in fact contained no ESG investment funds: the original lawsuit has been amended to claim that the plans' funds are "covert" ESG investments because the investment manager hired by American, BlackRock, pursues "leftist political agendas" through ESG strategies, proxy voting and shareholder activism that essentially infect all of its funds. There is little that the Fund can do to protect itself against meritless lawsuits, but fiduciary insurance is designed to protect the Fund and the Trustees in the event of this type of lawsuit.

IX. Adjournment

There being no further business before the Board of Trustees, the meeting was adjourned at 2:10 p.m.

Approved by the Board of Trustees on _________________________, 2024.

By: ________________________
Anne-Marie Sims