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 13, 2023

Trustees Present:
John Boardman
Solomon Keene

Others Present:

Paul Schwalb, UNITE HERE Local 25
Stephanie Steer-Jones, UNITE HERE Local 25 (by telephone)
Anne Mayerson, Bredhoff & Kaiser, PLLC, Fund Co-Counsel
Ben Conley, Seyfarth Shaw LLP, Fund Co-Counsel
Anne-Marie Sims, Associated Administrators, LLC
Barb Maiorano, Associated Administrators, LLC
Tyler Geiman, Novak Francella, Fund auditor
Bill Stahl, Empower Retirement (by Zoom)
Henry Jaung, Meketa Investment Group (by Zoom for part of the meeting)

I. Call to Order

The meeting was called to order at 12:30 p.m.

II. Approval of Minutes of Prior Meeting

The Trustees tabled review of the minutes of the Board of Trustees meeting of June 7, 2023 until the next meeting.

III. Auditor Report

Tyler Geiman presented the draft financial statements for the year ending December 31, 2022. He said that the Form 5500 is in process and would be timely filed

IV. Investment Consultant's Report

Henry Jaung provided the Investment Review as of June 30, 2023. The value of the Plan increased by $2.1 million during the second quarter, ending at $42.9 million on June 30, 2023. Fees remain low overall relative to their respective peer groups.

Mr. Jaung left the meeting.

V. Payroll Auditor Report

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

VI . Empower

Bill Stahl reviewed with the Trustees the Plan Summary as of July 31, 2023, including Plan demographics, distributions, and investment option statistics. Participant balances were approximately $43.8 million as of July 31.

Mr. Stahl explained that the line item in the Plan Demographics Summary for Employer Contributions referred to a QNEC (qualified nonelective contribution) made to the Plan to correct an employer error (e.g., missed deferrals). He confirmed that, because QNECs are treated as participant elective deferrals for all purposes, they appear as a participant contribution on participants' statements.

Mr. Stahl provided an update on the Plan's migration to the Empower platform, which is now scheduled for the weekend of October 21-22, 2023. None of the assets will be out of the market. Participants will receive a communication from Empower about the migration that explains that they will be unable to effect transactions the day before and after the migration (October 20 and 23) and the need to re-register their accounts post-migration. In response to a question from Mr. Geiman, Mr. Stahl says he has been assured that at least two years of historical data will be available following the migration.

Mr. Stahl said that the replacement of the Goldman Sachs Small Cap Value fund with the Vaughan Nelson Small Cap Value fund can be implemented once the migration is complete. Empower will handle the mailing for no additional charge and will prepare participant notices for co-counsel review.

Mr. Stahl reported on the list of last contributions received from each employer. The operator of the Madison has not made contributions since March 2022, even though the new operator has been onboarded. Ms. Sims said that she will coordinate with Paul Schwalb so that he can reach out to the operator. The operator of Hotel Washington has not made contributions since the end of 2021, when it came on board. Ms. Steer noted that the operator insists that it is making contributions and said that she will schedule a call among herself, Bill Stahl, and the operator. Embassy Suites Convention Center has not contributed since the first quarter: Ms. Steer will follow up with the operator.

The Trustees discussed increasing the penalty for late contributions from habitually delinquent employers so as to encourage more timely contributions. They will discuss this at the next meeting and asked counsel to consider alternatives in the interim.

VII. Cashflow Review

Anne Mayerson reminded the Trustees that, at their last meeting, they had agreed to rebate to participants all administrative fees that have not been used to pay administrative expenses, less amounts needed for outstanding invoices and $60,000 for unanticipated future administrative expenses. The precise amount to be returned to participants was to be determined once it was known how soon Empower can implement the rebate in the third quarter. Mr. Stahl has now confirmed that the rebate can be implemented at the end of the third quarter. Additionally, Empower can include a line item on the statements noting that the statement may reflect rebated administrative fees. Ms. Sims advised that the amounts collected from employers and participants accounts that have not been used to pay administrative expenses, net of the $60,000 designated for unanticipated future administrative expenses, is approximately $295,000, and there are no outstanding invoices. She also noted that the administrative expenses paid from participant accounts is generally around $55,000 per quarter. After discussion, the Trustees agreed to rebate $350,000 to participants at the end of the third quarter. At Mr. Stahl's suggestion, they agreed that the rebate would be allocated on a pro rata basis among participants with an account balance on September 15, 2023.

VIII. Co-Counsel Report

Anne Mayerson reminded the Trustees that, under the SECURE Act 2.0 legislation that was passed at the end of December 2022 applicable to the Plan, contributions for individuals with prior-year wages of $145,000 were required to be made as after-tax Roth contributions beginning in 2024. She said that the IRS recently announced that a two-year delay in the effective date of this provision. She pointed out that, because the Plan does not permit participation by highly compensated employees, which for 2023 are individuals with prior-year compensation above $135,000 (or, for 2024, individuals prior-year compensation above $150,000 -- that is, in excess of the threshold for the new Roth contributions rule), no participants should be affected by the new Roth contributions rule. The Trustees confirmed that there are no participants who are highly compensated.

Ms. Mayerson said that, with respect to the optional provisions of SECURE 2.0 that the Trustees had decided at the last meeting to implement – specifically, penalty-free withdrawals for domestic abuse victims, participants with a terminal illness (beginning as soon as administratively practicable), and participants affected by a qualified federal disaster – Bill Stahl has advised that Empower will not be ready to implement these changes until some time in 2024.

She reminded the Trustees that, at their last meeting, they had agreed to reduce the participant administrative fee deducted from participant accounts from 76 to 55 basis points as soon as administratively practicable. Mr. Stahl confirmed that the earliest this change can be made is effective for the fourth quarter (that is, with amounts deducted from participant accounts at the end of the fourth quarter). The required 30-day advance notice to participants will be included with the annual mailing in November.

IX. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the second quarter 2023.

X. Adjournment

There being no further business before the Board of Trustees, the meeting was adjourned at 1:45 p.m.

Approved by the Board of Trustees on __________________________, 2023.

By: _________________________
Anne-Marie Sims