HOSPITALITY INDUSTRY 401(k) PLAN
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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: January 22, 2025

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, PLLC
Ben Conley, Seyfarth Shaw LLP, Fund Co-Counsel
Anne-Marie Sims, Associated Administrators, LLC
Amy Steen, Associated Administrators, LLC
Brittany Garland, Associated Administrators, LLC
Bill Stahl, Empower Retirement
William Duryea, Meketa Investment Group

I. Call to Order

The meeting was called to order at 1:00 p.m.

II. Approval of Minutes of Prior Meeting

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

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

RESOLVED that the minutes of the Board meeting held on September 25, 2024 be approved, as presented.

III. Investment Consultant's Report

Will Duryea presented the Investment Review prepared by Meketa for the fourth quarter of 2024. The value of the Plan increased by $0.7 million during the second quarter of 2024, ending at $53.7 million on December 31, 2024.

All managers produced negative returns for the quarter, except for the Vanguard 500 Index, the Vanguard Mid-Cap Index, and the Vanguard Small-Cap Index. All managers produced positive results for the trailing year. The Vanguard 500 Index was the best performing asset over both time periods. The Guaranteed Income Fund was the largest single investment with 17.0% of the Plan's assets, and as a group, the Target Date funds accounted for 39% of Plan assets. All investment options have net expense ratios lower than their respective peer group average.

Mr. Duryea provided an overview of the returns for the various Vanguard Target Date fund vintages. The Retirement Income suite had a 6.6% one-year return, while the other vintages saw higher returns due to their increased equity exposure. Mr. Duryea also reviewed performances for the Tier II and III investments. He noted that Tier III, containing the actively managed strategy, has seen consolidation and upgrades to the lineup. He noted that Boston Trust SMID Cap Fund, which was added recently, was lagging behind the Russell 2500 Index, but he said that his team likes this Fund overall. Finally, Mr. Duryea reminded the Trustees that, at the last meeting, he had offered to negotiate a fee reduction with Empower based on Meketa's fee benchmarking review that found that the recordkeeping fees charged to the Plan (20 basis points, or 0.2%) were slightly above the median fee for plans of a similar size (19 basis points, or 0.19%). Empower has agreed to reduce its recordkeeping fee to 18 basis points, or 0.18%. Alternatively, Empower proposed an option of a flat fee of $75 per person. Based on assets as of December 31, the annual recordkeeping fee would be $96,576 on a basis-points basis and $94,425 for a flat fee structure.

The Trustees discussed the two fee structure options, noting that flat fees would result in a lower overall fee over the long-term as Plan assets grow, but would result in participants with smaller balances paying a larger fee than they currently do under the basis-point approach and vice versa. Mr. Duryea noted that the break-even point was a $40,000 account balance. Plans that switch from a basis-point to a flat fee approach often use a "tiered" or "banded" system in which the flat fee varies depending on the dollar value of assets in a participant's account (with a lower fee for lower account balances) but the Trustees concluded that this method would be cumbersome to implement and discouraging for new participants with low account balances, and Mr. Duryea committed to doing a benchmarking analysis every other year that would ensure that Empower's fee can be regularly renegotiated. Accordingly, the Trustees agreed to accept the 18 basis point proposal. The 2 basis point reduction will be effective January 1, 2025, and it will be reflected on participants' second quarter statements.

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

> **RESOLVED that the Trustees accept Empower's Recordkeeping fee proposal of 18 basis points, or 0.18%, effective January 1, 2025.**

IV. Empower

Bill Stahl reviewed with the Trustees the Plan Summary as of December 31, 2024, including Plan demographics, distributions, and investment option statistics. Participant assets totaled $53.6 million as of December 31, 2024. Mr. Stahl reported that 2025 has started strong, with participant assets rising over $55 million as of this morning.
The average participant balance is $42,595. 51.1% of participants utilize only the target date funds; 48.9% employ a "do it yourself" strategy. However, the target-date strategy holds a smaller share of assets with only 26% 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 informed the Trustees that Vanguard has released a new 2070 Target-Date fund and asked whether they want to add this fund to the tranche. The Trustees will coordinate the addition of the new fund with the Plan's regular QDIA notice that is sent to all participants towards the end of each year.

Mr. Stahl noted that equity exposure among older participants utilizing the "do it yourself" strategy was relatively high. Only 35.7% of participants using this strategy were within 20% of the glide path.

Mr. Stahl explained that, following the Plan's migration to the Empower system, the Fund's registered investments were re-registered to the Empower Trust Company, LLC (ETC) for the benefit of the Fund, requiring a custodial relationship between the Fund and ETC be in place prior to the plan's migration (before Prudential's merger into Empower, Prudential custodied these assets in house). He reported that the custody agreement had been reviewed by co-counsel and was ready for the Trustees' signatures. Mr. Stahl also informed the Trustees that he would be retiring at the end of June, so the next Board meeting will be his last. The Trustees thanked him for his service to the Plan.

V. Invoices

Anne-Marie Sims presented a list of invoices dated January 22, 2025. 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.**

VI. Administrative Manager Report

Ms. Sims presented the Administrative Manager's Report for the third quarter of 2024.

The Trustees discussed whether the Plan should reduce the 36 basis points charged to participants for administrative fees. Ms. Sims will put together a cash-flow report for the Trustees' review to determine whether it is appropriate to reduce the basis points charged to participants and/or return administrative fees already collected.

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

Ms. Mayerson reported on the Northern District of Texas's recent decision in *Spence v. American Airlines* at the earlier meeting of the related funds. Ms. Mayerson reminded the Trustees that the same proxy voting issues discussed at the earlier meeting are relevant to this Plan. Ms. Mayerson asked Mr. Duryea if Meketa could provide more information on how it monitors the proxy voting of the Fund's managers. Mr. Duryea agreed to provide this information at the next meeting.

Ms. Mayerson also reported on recently proposed IRS addressing implementation of SECURE 2.0 Act provisions relating to catch-up contributions, which are extra elective deferrals allowed for individuals over 50. Under the statute, catch-up contributions for an eligible participant who earns over $145,000 (indexed) must be made on a Roth basis beginning in 2025. IRS later delayed implementation of the requirement until 2026 and, earlier this month, IRS issued proposed regulations that would delay the requirement further, until at least 2028 for the Fund under the special rule for collectively bargained plans. For plans subject to a collective bargaining agreement, the proposed regulations push back the applicability date for the Roth catch-up requirement until the first taxable year beginning more than 6 months after the date that final regulations are issued, or, if later, the first taxable year beginning after the date on which the last collective bargaining agreement related to the plan that is in effect on December 31, 2025, terminates. Ms. Mayerson noted that the proposed regulations permit plans to exclude participants for whom catch-up contributions are required to be made as Roth contributions from making any catch-up contributions.

Ms. Mayerson also reported that the SECURE Act 2.0 permits participants between age 60 and 63 to make extra catch-up contributions known as "super catch-up contributions."

Mr. Stahl noted that Empower notifies participants who make a catch-up contribution of this new rule and that it also is on the Empower website.

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 __________________________, 2025.

By: __________________________

Anne-Marie Sims