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: April 30, 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 12:15 p.m.

II. Approval of Minutes of Prior Meeting

The Trustees reviewed and approved the draft minutes of the Board meeting held on January 22, 2025.

III. Investment Consultant's Report

Will Duryea presented the Investment Review prepared by Meketa for the first quarter of 2025. The value of the Plan decreased by $0.1 million during the first quarter of 2025, ending at $53.6 million as of March 31, 2025.

Managers produced mixed results in the first quarter, with US equities experiencing negative returns, and international equity and bond managers generating positive returns. All managers produced positive results for the trailing year, except for the Vanguard Small Cap Index and Boston Trust SMID. DFA International Small Cap Value was the best-performing asset for both time periods.

The Guaranteed Income Fund was the largest single investment with 17.5% of the Plan's assets, and as a group, the Target Date funds accounted for 40% of Plan assets. All investment options have net expense ratios lower than their respective peer group average. The Vanguard Target Retirement Income Index saw returns of 1.4% over the last quarter, while the longer-dated Target Date Funds accrued losses given their higher relative weights of equities.

Mr. Duryea recommended that the Trustees add the most recently released Vanguard Target Date Fund vintage for 2070 into the investment lineup.

Mr. Stahl advised that as a result of this change any participants who would have been defaulted into the 2070 fund based on their age but were instead defaulted into the 2065 fund would be mapped from the 2065 fund to the new 2070 fund: there is currently at least one such participant. Mr. Stahl informed the Trustees that Empower would send out the required notice to all participants with an account balance within the required 60-day notice period. He agreed to provide a draft notice to counsel for review.

The Trustees agreed to add the 2070 fund to the Target Date Fund lineup as soon as administratively practicable.

IV. Empower

Bill Stahl reviewed with the Trustees the Plan Summary as of March 31, 2025, including Plan demographics, distributions, and investment option statistics. Participant assets totaled $53.6 million as of March 31, 2025.

The average participant balance is $42,336. 51.4% of participants utilize only the target date funds; 48.6% employ a "do it yourself" strategy. However, the target-date strategy holds a smaller share of assets with only 26.1% 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 also shared information on account registration and protection with the trustees. Only 37% of participants with a balance have registered their online account, and Empower does not have a phone number or email address for over 35% of non-registered participants. Over 58% of participants with a balance have never logged in to their account. Mr. Stahl asked whether the Trustees would be able to provide Empower with participants' phone numbers or email addresses. The Trustees discussed the best way to communicate the importance of registration to participants. The Trustees will follow up with more information at a later date.

Mr. Stahl noted that equity exposure among older participants utilizing the "do it yourself" strategy was relatively high. Of the 500 participants over age 50 utilizing the "do it yourself" strategy, 34% of those participants have 75% or more of their balance exposed to equities. However, he added that these participants also receive defined benefit pension benefits, so they may be able to afford greater equity exposure in their 401(k).

Mr. Stahl noted that the decrease in Empower's fee discussed during the last Trustees meeting will be effective April 1, 2025 (assuming all paperwork is returned).

Mr. Stahl reminded the Trustees that he is retiring from Empower at the end of June, and this would be his last Board of Trustees meeting. The Trustees thanked him for his excellent service to the Plan. Mr. Stahl informed the Trustees that Joseph Carmignani, who was previously with MassMutual, would be taking over his role with the Plan, and that Casey Golosky would continue to be the point person for day-to-day Fund issues..

V. <u>Invoices</u>

Anne-Marie Sims presented a list of invoices dated April 30, 2025, which was approved by the Trustees.

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

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

She presented an oral report on the cashflow that the Trustees had requested at their last meeting and said that she would send a written copy following the meeting. The Trustees discussed whether the Plan should reduce the 36 basis points charged to participants for administrative fees and/or return administrative fees already collected. Mt. Stahl said that he would review the cashflow analysis and make a recommendation as to the appropriate reduction in administrative fees.

VII. <u>Payroll Auditor Report</u>

Ms. Sims referred the Trustees to the payroll audit report presented at the earlier meeting of the related funds. She noted that Jackie Coyle of Calibre had been invited to the meeting but was unable to attend. She will reach out to Ms. Coyle and notify the Trustee of any time-sensitive matters that should be addressed before the next meeting.

VIII. <u>Co-Counsel Report</u>

Mr. Conley and Ms. Mayerson reported on the Supreme Court's recent decision in *Cunningham v. Cornell University*. The Supreme Court unanimously held that where a plaintiff brings a claim that a transaction between a plan and a party-in-interest is prohibited under ERISA § 406, they need not allege that no statutory exemption (e.g., there is a contract with a service provider under which reasonable compensation is paid) is available. Rather, the plan must show that an exemption applies. This means that these claims are more likely to withstand a plan's motion to dismiss the claim before reaching the costly discovery phase, giving the plaintiffs more leverage to extract settlements from plans even if their claims lack merit. Ms. Mayerson advised that there was little that the Trustees could do to mitigate the risk of such litigation beyond continuing their prudent monitoring of service provider fees. She added that any such litigation should be covered by fiduciary insurance – though premiums may increase due to the Supreme Court's decision.

Mr. Conley requested an increase in his firm's hourly billing rate from $580 to $640/hour effective April 1, 2025. He noted that co-counsel rates have not increased since 2022. Ms. Mayerson requested the same increase for her firm except that associate rates, which are currently $440, would increase to $475/hour. She explained that this proposal reflects a 3% year-over-year increase, which is less than inflation over that same period. The Trustees approved the fee increase.

IX. Adjournment

There being no further business before the Board of Trustees, the meeting was adjourned at 1:00 p.m.

Approved by the Board of Trustees on _________________________, 2025.

By: _________________________
Anne-Marie Sims