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, D.C. 20001

On: October 18, 2012

Trustees Present:
John Boardman
Solomon Keene

Others Present:
Anne Mayerson, Bredhoff & Kaiser, PLLC, Fund Co-Counsel
Fred Singerman, Seyfarth Shaw, Fund Co-Counsel
Anne-Marie Sims, Associated Administrators, LLC
Karen Walsh, Associated Administrators, LLC
Tyler Geiman, Novak Francella
Ellen Odell, Calibre CPA Group PLLC (for part of the meeting)
Justin Sergeant, Calibre CPA Group PLLC (for part of the meeting)
Henry Jaung, Meketa Investment Group
Alton Fryer, Principal Financial Group (by telephone for part of the meeting)

I. Call to Order

The meeting was called to order at 9:00 a.m.

II. Minutes

The Trustees reviewed and approved the minutes of the July 19, 2012 Board of Trustees meeting, with one modification to reflect Calibre's clarification that the additional costs to review the payroll records of Loews (which previously managed the Madison Hotel) in New York City would be up to $1,000, rather than a flat $1,000.

III. Auditor Report

Tyler Geiman reported that the Form 5500 had been filed by the October 15, 2012 deadline. He noted that there was a significant decline in delinquencies following the late payment procedures that were implemented in May 2011. The total amount of interest on late payments for 2011 is only $478 through November 8, 2012, but the aggregate amount owed is significantly in excess of this amount due to late payment penalties.

IV. Principal Financial Group

Mr. Geiman reported that the Principal Financial Group ("Principal") has completed its internal review of all of the employers that the Trustees requested it to review except for the Mayflower, and has provided Mr. Geiman with its findings, along with a very helpful informational analysis. Mr. Geiman has fully reviewed the Marriot Wardman findings and found no errors, and he is in the process of reviewing 60 sampled remittances for other employers. He expects to have the review done by November 15. He estimates that the amount of mispostings total approximately $31,000 with respect to 200-300 participants.

The Trustees briefly reviewed Principal's proposed methodology for correcting mispostings.

Alton Fryer joined the meeting by telephone. Mr. Singerman advised Mr. Fryer that the Trustees expected Principal to fully restore the contributions for participants whose accounts were underfunded and who would have incurred investment losses had the contributions been properly credited to their accounts. In other words, Principal does not receive the benefit of such investment losses. In all other cases, any underpayments will be credited along with investment earnings calculated as if the restored contributions were invested in the same manner as the rest of the account. He also clarified that Principal's proposal to write one letter to terminated vested participants requesting payment should apply only to those terminated vested participants with no account balance. Mr. Singerman also advised that Principal need not attempt to recoup from these participants overpayments that are under the IRS *de minimis* of $100.

Mr. Fryer said that Principal would provide drafts of participant letters to co-counsel for approval before they are sent out, and confirmed that they would be sent out before the adjustment is made. He said that it may be necessary to put a temporary hold on the accounts of participants who have been overpaid following the notification, and the Trustees concurred that this may be necessary. Mr. Boardman said that, in the case of very large overpayments or underpayments, a telephone call from Principal in addition to a letter may be warranted. Ms. Mayerson noted that Principal need not send letters for participants with respect to whom only a *de minimis* adjustment (as determined by the Trustees) is being made. Mr. Fryer agreed to provide Mr. Geiman with a list showing contributions and earnings due to or from each participant so that the Trustees could better determine the appropriate communication strategy. He also agreed to provide the Trustees with a detailed description of how correction would be made (*e.g.,* whether it would be made in two parts with the contributions debited or credited first and the earnings credited or debited separately once the calculation was done).

Mr. Geiman said that he would be sending Principal his invoice for reviewing the mispostings.

The Trustees thanked Mr. Fryer for his report and excused him from the remainder of the meeting.

V. Investment Consultant Report

Henry Jaung summarized the changes in the investment lineup resulting from Meketa's recommendation, and the cost savings to participants as a result of those changes and the termination of Brentwood Asset Advisors as the named Financial Professional and broker of record. He reported that expected costs were reduced from 1.6% to 1.2%, beginning December 1, 2012, for an expected cost savings of approximately $72,000 per year.

VI. Payroll Auditor Report

Ellen Odell and Justin Sergeant entered the meeting. Ms. Odell reviewed the active compliance audits from June 28, 2012 through October 8, 2012. She said that, although Principal had produced a report showing employees of the Jefferson who participate in the Plan, Calibre concluded upon further review that the report was inaccurate and that no Jefferson employees participate in the Plan.

Mr. Boardman said that he had discussed with both the Woodner and the Madison whether there was any possibility of sending their payroll records from New York to DC, and both have declined to do so. Accordingly, he has advised each of them that there would be an additional cost to audit their records in New York.

VII. Payroll Audit Collections Report

Ms. Sims presented the payroll audit collection report as of October 4, 2012.

Ms. Odell and Mr. Sergeant were excused from the remainder of the meeting.

VIII. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the second quarter of 2012. The Trustees approved the invoices for payment. Ms. Sims reported that all administrative contribution assessments for July 2012 have been paid with the exception of the Embassy Suites Convention Center.

Ms. Sims reported that she was preparing invoices to employers for the 2011 late contributions and associated penalties.

Ms. Sims presented a request for a fee increase from the current monthly fee of $1,000 to $2,500 effective January 1, 2013, $2,600 effective January 1, 2014 and $2,704 effective January 1, 2015. The Trustees tabled this request for consideration at the next meeting.

IX. Co-Counsel Report

Ms. Mayerson reported that she had received a letter from the Internal Revenue Service asking for some additional information with respect to the Fund's determination letter request, which was filed in January 2010. She will keep the Trustees updated on the status of the determination letter request.

X. Adjournment

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