DRAFT

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: February 28, 2013

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
Curtis Bryan, Associated Administrators, LLC
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 8:45 a.m.

II. Minutes

The Trustees reviewed and approved the minutes of the October 18, 2012 Board of Trustees meeting.

III. Principal Financial Group

Ms. Sims reminded the Trustees that, on February 13, 2013, she received an email from Doris Fulton explaining that Principal intends to implement participant transaction fees effective April 1, 2013 as follows: distribution fee: $40; hardship distribution fee: $80 (increased from $35) (plus the $40 distribution fee); QDRO processing fee: $350. She said that Principal had agreed to defer implementation of the fees for one month to enable the Fund to provide participants with a 30-day advance notice of the change as required by law.

Mr. Fryer was dialed into the meeting. In response to a question from Mr. Boardman, Mr. Fryer explained that the fees were being implemented across Principal's book-of-business and that they would be consistent with the fees that Principal's competitors charge. After discussion, he agreed to ascertain whether, in lieu of taking the proposed transaction fees out of individual participant accounts, (i) the overall administrative fee could be increased; or (ii) the Plan could be billed for the fees. If neither of these alternatives is available, he will determine whether implementation of the fees could be further deferred so that the 30-day notice could be provided along with the first quarter participant statements. The Trustees also asked him for an estimate of the annual revenues that the proposed fees would generate for Principal, along with distribution statistics for each of the proposed fee categories for 2012.

The Trustees advised Mr. Fryer that, notwithstanding the Fund's retention of Meketa Investment Group as investment consultant, they expected Principal to continue to issue quarterly and annual investment performance and demographic reports. They requested him to email him an annual report for 2012 and to present a summary of that report along with a first quarter 2013 report at their next meeting.

Following Mr. Fryer's exit from the meeting, Ms. Sims noted that Doris Fulton had advised her by email dated, January 25, 2013 that: (i) the corrections to all affected participants were processed on 10-23-2012; (ii) a letter was mailed to each participant showing the amount and date of correction (credit or debit) to his or her account; (iii) Principal had made telephone calls to the top and bottom 35 impacted individuals (in terms of dollar adjustments) to discuss the corrections; and (iv) two invoices submitted by Novak Francella LLC for their services regarding this matter totaling $29,302.50 had been paid by Principal. Ms. Fulton also noted in her email that, with the assistance of Ms. Sims, the remaining four employers that had continued to report manually (*i.e.*, by paper) are now reporting electronically. However, five employers (Hyatt Regency, Washington Hilton, Capital Hilton, Marriott Wardman Park and Mayflower) are not reporting via the secure website; instead, they are submitting files (via email each week) that contain all required information. Although this process lets the files be uploaded by Principal with no manual intervention, Principal recommends that every employer submit contributions for their location via the secure employer website.

IV. Investment Consultant Report

Henry Jaung provided an evaluation report for the Plan as of December 31, 2012. He noted that the proposed participant transaction fees are in line with industry standards. He summarized the performance of, and assets invested in, each investment option as of December 31, 2012.

Mr. Jaung noted that 30% of the Plan's assets are invested in the money market fund, which has had a slight negative return over the past year and three year periods. After discussion, the Trustees requested Ms. Sims to ascertain from Mr. Fryer which participants are invested fully or primarily in cash so that the Plan can communicate them and attempt to educate them about their investment options.

V. Payroll Auditor Report

Ellen Odell and Justin Sergeant entered the meeting. Ms. Odell reviewed the active compliance audits from October 9, 2012 through February 20, 2013. She noted that, because Loews is now managing the Madison again and it has moved all of its payroll records from New York to Washington, D.C., it has agreed that the audit for the period January 2009 through January 28, 2011 would be conducted in Washington, D.C. The audits of the Madison for the period January 19, 2011 through January 29, 2013, Renaissance Mayflower, St. Regis, and the W Hotel have been completed with no findings. No employees at the Phoenix Park, St. Regis or W are participating in the Plan.

VI. Payroll Audit Collections Report

Ms. Sims presented the payroll audit collection report as of February 25, 2013. The report notes the following outstanding delinquencies:

- Madison - $335.05 (2006-2008 audit period)
- Embassy Suites Convention Center - $512.62 (2006-2009 audit period)
- Hilton Washington Embassy Row - $716 (2009-2010 audit period)
- Levy Restaurants - $2,359.26 (2008-2010 audit period)

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

VII. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the third quarter of 2012. The Trustees approved the invoices for payment. The administrative contribution assessments made in January 2013; just over half of the employers have paid the assessment. Interest and penalties with respect to 2011 late contributions are outstanding for the following locations: Hilton Washington Embassy Row; L'Enfant; and Sheraton Premier.

The Trustees took up discussion of Associated Administrator's request presented at the last meeting for a monthly fee increase from $1,000 to $2,500 effective January 1, 2013, $2,600 effective January 1, 2014 and $2,704 effective January 1, 2015. Ms. Sims noted that there has been no fee increase since 2000. After discussion, the Trustees concluded that, while an increase was merited, the current cash flow made it impossible to provide the requested increase. Accordingly, they agreed to hold the request in abeyance in order to explore with Principal whether it is possible to have additional increases paid out of the administrative fee that Principal charges against assets.

VIII. Co-Counsel Report

Ms. Mayerson reported that the Plan has received a favorable determination letter from the Internal Revenue Service.

IX. Adjournment

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