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: May 15, 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
Henry Jaung, Meketa Investment Group
Alton Fryer, Principal Financial Group (for part of the meeting)

I. Call to Order

The meeting was called to order at 9:15 a.m.

II. Minutes

The Trustees reviewed and approved the minutes of the February 28, 2013 Board of Trustees meeting.

III. Payroll Auditor Report

Ms. Sims referred to the report on Active Compliance Audits from February 21 through May 13, 2013 included in the agenda book. She stated that the only item on which Calibre had to report was the audit of Crestline/L'Enfant Plaza and that, since the issues for the 401(k) Plan are the same as those for the related funds, Calibre had not been asked to attend this meeting but would be giving its report at the later meetings of the other funds.

IV. Payroll Audit Collection Report

Ms. Sims presented the payroll audit collection report as of May 11, 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)

V. Principal Financial Group

Mr. Fryer presented the Retirement Plan Review for 2012 and the first quarter of 2013. He reported that, as of March 31 3013, the Plan assets totaled $20,464,036. 543 participants contributed to the Plan during 2012, with average elective deferral contributions of $3,776, up from $3,511 over 2011. The average account balance as of March 31, 2013 (including individuals who are not currently contributing) was $21,893.

Mr. Fryer said that Principal had no concerns with any of the investment funds offered under the Fund.

Mr. Fryer distributed the report requested by the Trustees at their last meeting showing that 82 participants are invested solely in the Principal Global Investors Money Market Fund (the "Money Market Fund"). The Trustees asked Mr. Fryer to provide them with a list identifying each participant with investment in the Money Market Fund, along with the percentage of the participant's account so invested.

Mr. Fryer asked the Trustees if they were interested in considering permitting after-tax contributions. After discussion, the Trustees decided not to pursue this option because very few employees would be likely to take advantage of it and it has the potential to cause confusion among participants and increase the possibility of contribution errors by employers.

Henry Jaung noted that the 2012 return for the Money Market Fund was -.31%. He said that, unlike Principal, none of the three major money market managers, Fidelity, Federate and Vanguard, had permitted their fund's net asset value to drop below $1. Mr. Fryer said that, as he had previously explained to the Trustees, Principal had decided to stop subsidizing the Money Market Fund's fees and that, while many managers simply closed their funds rather than permitting negative returns, Principal decided to keep this fund open to serve retirement plan clients that want the flexibility of this investment option. He added that he did not recommend the alternatives of Principal's stable value account or guaranteed option because both have put options at the provider level that would permit Principal to hold the investment for up to 12 months if the Fund were to terminate its relationship with Principal (although both of these alternatives are liquid at the participant level). Mr. Fryer added that the guaranteed option would require administrative changes, including changing the Fund's identifying number, which would require changes in the way that employers report contributions.

Mr. Fryer distributed a list of other money market funds that would be available as an alternative to the Money Market Fund. He noted that use of any of these funds would result in fee increases because they provide less revenue to Principal than the Money Market Fund, under which 38 of the 56 basis points in fees are used to offset Plan administration expenses. The Trustees asked Mr. Fryer to provide them with more information as to the effect on fees of replacing the Money Market fund with the Goldman Sachs, T. Rowe Price or Vanguard money market funds. In response to a Trustee question, Mr. Fryer said that the stable value account provides more revenues to Principal than the Money Market Fund. The Trustees asked Mr. Fryer to provide them with more information about the stable value account, including the amount of any fee reduction if they were to replace the Money Market Fund with the stable value account.

After Mr. Fryer exited the meeting, the Trustees asked Ms. Sims to ascertain whether Principal provided advance notice of the fee increase on the Money Market Fund.

VI. Investment Consultant Report

Henry Jaung provided a quarterly review for the Plan as of March 31, 2013. He stated that all of the investment options were prudent and noted that, while only eight out of the 17 active funds outperformed the benchmark, most active funds do not outperform the benchmark. Mr. Jaung noted that using index funds here could have the effect of increasing Plan fees because of Principal's revenue sharing requirements.

VII. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the fourth quarter of 2012. The Trustees approved the invoices for payment. All employers have paid the administrative contribution assessments made in January 2013. Interest and penalties with respect to 2011 late contributions are outstanding for the following locations: Hilton Washington Embassy Row; L'Enfant; and Sheraton Premier. Ms. Sims reported that she has followed up with these employers and expects to receive the payments due shortly.

Ms. Sims presented a cashflow report for 2012. The Trustees requested that she prepare a cashflow report for the past four calendar years, broken down by category of expense.

VIII. Co-Counsel Report

Co-counsel advised that there were no additional matters to report.

IX. Adjournment

There being no further business before the Board of Trustees, the meeting was adjourned at 10:20 am.