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: September 13, 2018

Trustees Present:
John Boardman
Solomon Keene

Others Present:

Anne Mayerson, Bredhoff & Kaiser, PLLC, Fund Co-Counsel
Fred Singerman, Seyfarth Shaw LLP, Fund Co-Counsel
Anne-Marie Sims, Associated Administrators, LLC
Marcella Pascal, Novak Francella LLC (for part of the meeting)
Henry Jaung, Meketa Investment Group (for part of the meeting)
Brian Dana, Meketa Investment Group (for part of the meeting)
Bill Stahl, Prudential Retirement
Paul Sullivan, Prudential Retirement

I. Call to Order

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

II. Approval of Minutes of Prior Meeting

The Trustees reviewed the minutes of Board of Trustees meeting of May 18, 2018 and approved them with no changes.

III. Payroll Auditors' Report

[This portion of the meeting occurred earlier in the day in conjunction with the presentation of the payroll auditors' report for the related funds.]

Marcella Pascal of Novak Francella, LLC distributed copies of the Financial Statements for the years ended December 31, 2016 and 2017, a copy of which is attached to and made a part of these minutes as Exhibit A. She confirmed that the audit included a limited scope audit with Disclaimer of Opinion, as allowed by DOL, and she presented the report in detail. Ms. Pascal reported that the Form 5500 and Financial Statements would be filed by the deadline (with extension).

IV. Investment Consultant's Report

Mr. Jaung presented the report of Meketa Investment Group for the calendar quarter ending June 30, 2018. He noted that the value of the Plan increased by approximately $1.9 million during the quarter, ending at $38.23 million. All investment options posted positive returns for all periods, except for Baird Core Bond Plus, which returned –0.2% for the past 12 months. All of the 29 investment options had a net expense ratio at or below the respective peer average except for the Principal Small Cap Growth fund.

Mr. Jaung reported that the only underperforming fund is the Artisan Midcap fund. He explained that Meketa recently met with them and has no concern over the long term: the same team continues to manage the fund and there have been no material changes in the strategy.

In response to a question, Mr. Jaung confirmed that Meketa reviews share classes regularly to ensure that the Fund continues to offer the share classes with the lowest expenses.

V. Prudential

Bill Stahl introduced himself and his colleague Paul Sullivan. He explained that Mr. Sullivan would be the day-to-day point of contact; he is a key account representative and would be assisting Mr. Sullivan during the remainder of the transition.

Mr. Stahl distributed a spreadsheet showing contributions received by Principal since May 8, which was the end of the blackout period. The spreadsheet shows that, with the exception of the Madison, the hotels are now largely remitting contributions within the required 5 business days from the pay date. The Trustees deferred a decision with respect to whether to assess interest on late contributions received during the transition period except in the case of the Madison.

Mr. Stahl discussed with the Trustees the process for scheduling participant education meetings. Mr. Boardman asked Mr. Stahl to reach out directly to the HR departments and said that he would provide Mr. Stahl with the details of who to contact. The Trustees discussed the status of the hotels with no participating employees. Mr. Boardman said that he had every reason to believe that these hotels were distributing enrollment materials in new hire packets and that the issue was one of participant education, which should be addressed in the forthcoming education sessions.

The discussion next turned to the best way to ensure that the Fund has beneficiary designations on file for all participants. Mr. Stahl will ascertain whether Prudential is able to take delivery of hardcopy beneficiary forms and how the current process of designating beneficiaries online or by telephone works in the case of married participants who wish to designate a nonspouse beneficiary.

VI. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the second quarter 2018. She reported that all administrative contributions to date have been paid, except that the Hilton Crystal City has not paid the July 2016 assessment, the Madison has not paid the July 2017 assessment, and a number of the July 2018 assessments, which were invoiced on August 8, 2018, are outstanding. All January 2018 assessments have been paid.

VII. Payroll Auditor Report

Ms. Sims presented the report on completed payroll audits. The only findings were with respect to the Omni-Shoreham, which was found to have failed to remit contributions for the payroll period ending October 15, 2015.

VIII. Co-counsel Report

Mr. Singerman reported that Marriott will not be pursuing its anticipated one-time matching contribution.

Ms. Mayerson explained that, under the Bipartisan Budget Act of 2018, beginning in 2019 participants will be able to withdraw earnings on elective deferrals as part of a hardship withdrawal, and will no longer be required to suspend elective deferrals for six months following a hardship withdrawal. The Trustees agreed to amend the Plan to permit hardship withdrawals to include earnings and to eliminate the 6-month suspension. Ms. Mayerson said that these changes would be included in the forthcoming summary plan description.

Mr. Singerman reminded the Trustees that, in the course of restructuring the participant administrative charge, they had previously agreed in principle to increase the hourly legal fee to the amount charged to the other funds ($515). The Trustees agreed to the requested increase effective retroactive to April 1, 2018, provided that there is sufficient money available in the administrative account.

IX. Next Meeting Date and Adjournment

The next meeting was scheduled to immediately follow the meetings of the related funds on January 24, 2019.

There being no further business before the Board of Trustees, the meeting was adjourned at 2:10 p.m.