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: November 20, 2019

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
Tyler Geiman, Novak Francella
Bill Stahl, Prudential Retirement (for part of the meeting)

I. Call to Order

The meeting was called to order at 1:20 p.m.

II. Approval of Minutes of Prior Meeting

The Trustees reviewed the minutes of the Board of Trustees meeting of August 6, 2019 and approved them with no changes.

III. Investment Consultant's Report

The Board acknowledged receipt of the Investment Review prepared by its investment consultant, Meketa Fiduciary Management, for the third quarter 2019.

IV. Prudential

Bill Stahl reviewed with the Trustees the Plan Summary as of September 30, 2019, including Plan demographics, distributions, and investment option statistics.

Mr. Stahl reported on Prudential's educational meeting with the Gaylord on September 20, and its participation in Gaylord's benefit fair on October 21. Prudential expects to schedule an educational meeting with the St. Regis in early January.

Mr. Stahl said that Prudential is putting together some informational materials for participants and asked what percentage of participants are primarily Spanish-speaking. Mr. Boardman said the percentage was around 35%.

V. Co-counsel Report

Mr. Singerman and Ms. Mayerson reported on the status of the Department of Labor audit and discussed possible interview dates with the Trustees.

Anne Mayerson reported that she and Ms. Sims had had a call with the Madison's GM (Paolo Pedrazzini), Finance Director (Nelson Pabico), and HR Director (Dawn Lee) to get an explanation for the late contributions that Prudential had previously identified (and that were discussed at the last Trustees' meeting). The Madison representatives explained that when the hotel was sold in fall 2017, Hilton took over as the management company and required a changeover to Hilton's accounting system, which uses different software and centralizes the payroll deductions/transmission so that Madison's internal HR was no longer handling it. After an employee complaint about missed deferrals, the Madison undertook an internal audit retroactive to the sale date and found that there were a number of employees for whom payroll deductions had been made but the withheld amounts had not been forwarded to the Fund. Madison has now taken back control of transmitting the payroll deductions to the Plan so there should no longer be significant delinquencies. Ms. Mayerson said that Prudential is in the process of calculating lost earnings om the late contributions based on the actual performance of the accounts of affected individuals during the period of missed contributions, which has required obtaining information from Principal for pre-transition investment performance. The invoice to Madison should go out shortly.

Ms. Mayerson reminded the Trustees that they had amended the delinquency policy earlier in the year to reduce the late payment penalty from $50 per late payment (or $100 where there were delinquencies in the prior month) to a flat $50 per late payment, along with an additional penalty of $10 per month for each full month that a delinquency remains outstanding. She distributed a spreadsheet showing late payments for the first three quarters, along with the penalties using the old and new methodologies. The Trustees agreed that the late payments should be invoiced using the new methodology, and that the policy should be further revised effective January 1, 2020 to (i) reduce the late payment penalty to $100 for each calendar quarter for which a late payment was made, and (ii) increase the late payment penalty for delinquencies that remain outstanding for more than a full calendar month to $100 for each month. As to the allocation of lost earnings under $40.00, Mr. Stahl stated that the cost of allocation far exceeds the amount to be allocated. The Trustees agreed that it did not make sense to require the allocation of lost earnings in this circumstance. Ms. Mayerson was asked to prepare revisions to the policy reflecting the Trustees' discussion and circulate them for the Trustees' approval.

VI. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the second quarter 2019. All January 2019 administrative assessments have been paid. A few July 2019 administrative assessments remain outstanding. Mr. Boardman noted that there is a new operator at the Hilton Washington Embassy Row, and he said that Mabel Boatwright would advise Ms. Sims of the appropriate contact person. Ms. Sims said that new employers are not always aware of the administrative assessment. The Trustees asked her to work with counsel to revise the Fund letter describing the various contributions to the Fund and the related funds to include the administrative assessment.

Ms. Sims reported that the Beacon had not paid contributions to the Fund since September 2019 and that the hotel was not responding to her calls. Mr. Boardman said that communications to the hotel should be addressed to Robert Lafferty and that Ms. Sims should send a written demand. The Trustees agreed that the Fund Office should request counsel's assistance if an employer does not respond to payment requests after repeated notice.

The Trustees reviewed the quarterly recap for the second quarter. Ms. Sims was asked to replace the reference to "Miscellaneous Income" with "Participant Fees." Ms. Sims reported that, based on preliminary third-quarter numbers, the cashflow is sufficient and an adjustment to the participant fee is not necessary. Mr. Singerman asked Ms. Sims to prepare a detailed cashflow projection for the summer meeting to determine whether a future adjustment in the participant fee is appropriate.

Ms. Sims reported on the 2018 lost earnings/penalty assessments, all of which have been paid. Lost earnings/penalty assessments for the first three quarters of 2019 will be sent shortly.

Ms. Sims reported that the Form 5500 had been timely filed and the Summary Annual Reports were timely issued.

VII. Next Meeting Date and Adjournment

The next meeting was scheduled to immediately follow the meetings of the related funds on February 27, 2020. There being no further business before the Board of Trustees, the meeting was adjourned at 2:30 p.m.

Approved by the Board of Trustees on __________, 2020

By: ________________________

Solomon Keene, Secretary-Treasurer [or John Boardman, Chair]