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: January 24, 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
Henry Jaung, Meketa Investment Group (for part of the meeting)
Bill Stahl, Prudential Retirement
Casey Golosky, Prudential Retirement

I. Call to Order

The meeting was called to order at approximately 12:45 p.m.

II. Approval of Minutes of Prior Meeting

The Trustees reviewed the minutes of Board of Trustees meeting of September 13, 2018 and approved them with no changes.

III. Investment Consultant's Report

Mr. Jaung reported that Meketa has acquired an investment consulting firm based in Portland, Oregon, Pension Consulting Alliance, LLC. He said that the acquisition will have no effect on the services provided to the Fund.

Mr. Jaung presented the report of Meketa Investment Group for the year ending December 31, 2018. The value of the Plan decreased by $3.2 million during the fourth quarter of 2018 due to negative investment performance, ending at $36.3 million on December 31, 2018.

Mr. Jaung explained that the Artisan MidCap fund has underperformed for the last three- and 5-year periods, but it did relatively well in 2018. As reported at the last meeting, Meketa has no concern with this fund over the long term: the same team continues to manage the fund and there have been no material changes in the strategy. He reported that the Columbia High Yield fund had poor performance in 2018, but this resulted from having very high-quality bonds and Meketa continues to think very highly of the management team. Mr. Jaung said that Meketa does not recommend a change to either fund.

Mr. Jaung reported that, except for these two funds, each of the remaining funds performed well for 2018 compared to (1) its benchmark, (2) its peer group; and (3) the annual standardized deviation ranking. He reviewed the expense ratios for each investment option; all options had a net expense ratio at or below the respective peer average except for the Artisan MidCap Principal Small Cap Growth funds.

In response to a question from co-counsel, Mr. Jaung agreed that a total plan benchmark is not relevant for the Plan and he would remove it from future reports.

IV. Prudential

Bill Stahl introduced his colleague Casey Golosky, who has replaced Paul Sullivan as the day-to-day point of contact.

Mr. Stahl reviewed with the Trustees the Plan Summary as of December 31, 2018, including demographics, distributions, and investment option statistics.

With respect to participant education, Mr. Stahl reported that he had conducted an educational meeting at Local 25 in December for the business agents at which he had asked the agents to complete and return to him forms to use as a basis for Prudential to formulate a participant education strategy. The forms would provide contact information for the employers and suggested times for a participant education meetings. Mr. Boardman said that Ms. Butler will provide Mr. Stahl with the completed forms received by Local 25 and said that he would follow up with the business agents to collect the rest.

It was discussed that the following hotels where employees had received fund SPD and enrollment information but where no employees are contributing would particularly benefit from an education session:

- **Gaylord and St. Regis**: Mr. Boardman asked Mr. Stahl to obtain from Vilma Butler the names of business agents so that Prudential could schedule education meetings.
- **W Hotel**: Ms. Sims said that the W had reached out to her for more information about the Plan and that she will provide Ms. Golosky with contact information so that an educational meeting could be set up there.
- **Hilton Crystal City**: Mr. Boardman said that there is a new GM at this hotel and that an education meeting should be scheduled once the new GM settles in.

Mr. Stahl distributed a delinquency report for the period July 1, 2019 through December 31, 2018. He noted that the calculations for Double Tree Crystal City and Embassy Suites Crystal City were done assuming that they have bi-weekly pay periods, which Mr. Boardman confirmed was correct. Mr. Stahl explained that the "Trade Date" is the date that the contributions are allocated to a participant's account, and that the calculations assume that Prudential received the contributions on the preceding business day. The Trustees agreed that the interest and associated penalties owed by employers for whom he delinquency report shows that interest due is under $40 (the Embassy Suites Convention Center, Capitol Hilton and Hyatt Regency) should be waived assuming that they have no other delinquencies for the year, but that they should nonetheless be notified of their late payments and the waiver. The remaining hotels (Capitol Hilton, Madison, Marriott Wardman Park) should be assessed with interest and penalties. Anne Mayerson reminded the Trustees that they had deferred a decision as to whether assess delinquent contributions for the period April 1, 2018 through July 31, 2018 pending the third quarter delinquency report (except for the Madison, which did not pay any contributions for payroll periods from inception with Prudential until July 19, 2018). In addition, she noted that there appear to be entire pay periods missing from:

- Harrington (no contributions received for pay periods ending after 4/12/18 and before 5/31/18)
- Washington Hilton (no contributions received for pay period ending 5/18 (but duplicate contribution was received for pay period ending 5/11)
- Renaissance Mayflower (no contributions received for pay periods 5/25 and 6/1)

Ms. Mayerson reported that Prudential has been asked to confirm that there is no gap in contributions between the last pay period for which contributions were remitted to Principal and the first pay period for which contributions were remitted to Prudential. Once this has been done, she will follow up with the Trustees as to how they wish to proceed to assess delinquencies for the transition period.

Mr. Stahl turned to a discussion of the distribution forms. Under the current procedure, participants submit distribution requests to Prudential, Prudential sends them to Local 25 for review by Ms. Butler and signature by John Boardman on behalf of the Trustees, and then they are returned to Prudential. Mr. Stahl suggested streamlining this process by having participants provide their forms directly to Local 25 rather than to Prudential. Local 25 would then return the signed forms to Prudential as is done currently. The Trustees agreed to this approach (and confirmed that this administrative function has been and will continue to be delegated to Local 25), subject to any concerns that Ms. Butler may have. Local 25 should retain the forms for audit purposes for a period of six years following the year in which the form is completed. Mr. Boardman said that he would discuss this matter with her and one of them would get back to Prudential.

Mr. Stahl discussed the possibility of adding an "emergency savings plan" feature to the Plan to encourage after-tax contributions. He will provide more information about the program to the Trustees for their consideration.

Mr. Stahl noted that Prudential still intends to send new beneficiary designation forms to all participants with an account balance and is working with co-counsel to finalize the forms.

VI. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the third quarter 2018. She referred the Trustees to Associated Administrators's request for a three-year contract renewal, including an increase in the monthly flat fee to $5,000 for 2019, $5,500 for 2020, and $6,000 for 2021. Ms. Sims was excused from the meeting. Upon her return, the Trustees advised her that the request had been approved and thanked her and her firm for their diligence and hard work.

Ms. Sims reported that all employers have paid the July 2018 administrative assessment except for the Double Tree Crystal City, the Fairfax Embassy Row and the W Hotel. Prior assessments remain due from the Madison ($1,347 assessed in July 2017), and Hilton Crystal City ($965 assessed July 2016 and $949.50 assessed January 2016).

Ms. Sims reported that the new summary plan description was sent to all participants, including individuals who are eligible to participate but have no account balance, in December 2018.

VII. Payroll Auditor Report

Ms. Sims referred the Trustees to the payroll auditors' report, which showed that audits of Harrington and W Hotel had been completed for the 2015-2017 period, with no findings. The Trustees requested that, as requested earlier in the day in the meetings for the related funds, the list of hotels to be audited in 2019 be expanded to include the Fairfax Embassy Row, Liaison Capitol Hill, and Beacon, all of which have recently been or will soon be sold.

VIII. Co-counsel Report

Mr. Singerman reported on the status of the Department of Labor investigation. He said that he and Ms. Mayerson had spoken with the investigator in November concerning his request for certain payroll information, and that the investigator appears to be satisfied (at least for now) with relying on the documentation received by Principal. During the meeting, counsel received an email from the auditor requesting that summary information be provided by pay period and by employer, with individual participant amounts aggregated. Mr. Singerman said that he would investigate whether this information can be derived from the Principal report.

IX. Next Meeting Date and Adjournment

The next meeting was scheduled to immediately follow the meetings of the related funds on April 25, 2019. In addition, the Trustees would discuss any outstanding audit and collection issues during the Finance and Collection Committee telephone meeting scheduled for March 7 at 10:00 a.m.

There being no further business before the Board of Trustees, the meeting was adjourned at 2:00 p.m.