MEETING OF THE BOARD OF TRUSTEES OF THE HOSPITALITY INDUSTRY 401(k) PLAN

Held by videoconference on September 30, 2021

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
Barbara Maiorano, Associated Administrators, LLC
Bill Stahl, Prudential Retirement
Casey Golosky, Prudential Retirement
Henry Jaung, Meketa Investment Group

I. Call to Order

The meeting was called to order at 1:25 p.m.

II. Approval of Minutes of Prior Meeting

The Trustees reviewed the minutes of the Board of Trustees meeting of March 24, 2021, and approved them with no changes.

III. Investment Consultant's Report

Henry Jaung provided the Investment Review for the second quarter of 2021. All investment options posted positive returns during the quarter. The value of the Plan increased by $1.3 million during the quarter, ending at $45.3 million on June 30, 3021.

Mr. Jaung reported that investment fund fees remain low, overall, relative to their respective peer groups.

Mr. Jaung reviewed the investment performance of the Plan's investment offerings. He noted that, while the Goldman Sachs Small Cap Value fund has underperformed its peer group over the one-year period, it is a good, solid, conservative fund, and Meketa has no concerns over the long term and recommends that it stay in the investment lineup. He added that Meketa does not recommend making any changes to the lineup.

Mr. Jaung exited the meeting.

IV. Auditor’s Report

Tyler Geiman presented the draft financial statements for the year ending December 31, 2020 and December 31, 2019. He said that the Form 5500 is in process and would be timely filed.

V. Prudential

Bill Stahl reviewed with the Trustees the Plan Summary as of June 30, 2021, including Plan demographics, distributions, and investment option statistics. He reported that the median account balance has decreased ($9,515 as of June 30, 2021, as compared to $10,917 as of June 30, 2021) mainly because of an increase in distributions. However, the market gains have resulted in a net increase in assets, which were $45.3 million as of June 30, 2021 (up from $42.2 million as of June 30, 2020), down only about $1.6 million from the end of 2019 despite an almost fourfold increase in distributions ($8.3 million vs. $2.2 million for 2019). Participants with a balance at the end of 2020 totaled 1,219, down 51 from the prior year.

Mr. Stahl reported on delinquent contributions for the second quarter 2021. He asked for guidance as to the application of the account reconstruction method vs. the DOL calculator method to calculate lost earnings. Mr. Stahl said that Prudential has the software to calculate earnings using either methodology and does not charge the Fund extra for either methodology because it is built into the pricing, but the expectation is that the account reconstruction method will not be used for delinquencies that are only a few days late. Counsel noted that, under the Plan’s Collection Policy, where the contributions are outstanding for 90 days or more, interest is to be calculated based on the earnings applicable to the participant’s investment choices for the period of failure, but the Policy does not explicitly address situations where a single late payment covers payrolls some of which are 90 days or more delinquent and some of which are not. The Trustees asked Mr. Stahl to consult with counsel to formulate a proposal as to which methodology to use for the second quarter delinquencies. [Following the meeting, counsel agreed to propose the methodology that, where an employer pays delinquent contributions for more than one payroll period in a single check, and contributions for at least one payroll period is paid more than 90 days late, the reconstruction method should be used to calculate lost earnings on all late contributions paid in that single check.]

Mr. Stahl reported on the changes to required minimum distributions to beneficiaries that will become effective January 1, 2022 and the new lifetime income disclosure requirements under the SECURE Act. He reported on Prudential’s cybersecurity program, noting that it complies with regulatory requirements and industry standards and best practices, including the recent cybersecurity guidance issued by the DOL.

Mr. Stahl reported that Prudential will be hosting two sessions of a webinar for participants in November on financial strategies for retirement savings and asked the Trustees if they were comfortable with Prudential sending postcards to participants advising them of the webinar. The Trustees had no objections.

IV. Co-Counsel Report

Mr. Singerman reported that the DOL recently asked for some additional documentation to tie in checks from employers to checks from Associated to Prudential. He said that there has been some turnover in DOL personnel on the audit but that the DOL agent said he was hoping to wrap up the audit by the end of the month.

Ms. Mayerson noted that it has been over 5 years since the Trustees had obtained a review of Meketa's performance as discretionary fiduciary. The Trustees asked co-counsel to reach out to potential vendors who could perform such a review and report back at the next meeting.

V. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the second quarter 2021. She reported on the status of lost earnings invoiced for 2020. The W Hotel holds an outstanding balance for 2020 and has been invoiced on three separate occasions. The Hyatt Regency requested a Waiver of Penalties for 2020 lost earnings due to the devastating effects of COVID-19 on the hotel and the hospitality industry in general. The Hyatt Regency has made full payment on the lost earnings assessed. The written waiver notification would be presented to the Trustees for determination.

All administrative assessments made in January 2021 have been paid. The only outstanding assessment is for the Eaton Hotel from January 2020.

Ms. Sims reported on lost earnings assessments for the first quarter of 2021. The Washington Hilton was delinquent in deferring contributions during the first quarter 2021, however, payment has been received and lost earning contributions sent to Prudential.

VII. Next Meeting Date and Adjournment

The next meeting was scheduled to immediately follow the meetings of the related funds on December 20, 2021. 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 __________________________, 2021

By: __________________________
Anne-Marie Sims