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

Held by videoconference on September 24, 2020

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
Marcella Pascal, Novak Francella
Bill Stahl, Prudential Retirement
Casey Golosky, Prudential Retirement
Henry Jaung, Meketa Investment Group (for part of the meeting)

I. Call to Order

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

II. Approval of Minutes of Prior Meeting

The Trustees reviewed the minutes of the Board of Trustees meeting of June 4, 2020 and approved them with no changes.

III. Investment Consultant's Report

Henry Jaung provided the Investment Review for the second quarter of 2020. The value of the Plan as of June 30, 2020 was $42.1 million. The value was flat over the past 12 months. All investment options posted positive returns during the second quarter. Touchstone and Artisan MidCap were the two strongest performers over the three-month period, returning 37.8% and 37.4%, respectively. Mr. Jaung said that all asset classes outperformed their benchmark except for investment grade bonds and international developed equity. As to the latter, Mr. Jaung explained that the investment option in this space, DFA International Small Cap Value Fund, is a value fund that holds cyclical securities, and is out of favor with the market. Nonetheless, DFA is doing what it is supposed to do, has been in the top half or quarter of its peer group for the past 1, 3 and 5 periods, and the fees are relatively low. Meketa continues to have conviction in DFA and expects it to make up lost ground once cyclicals are back in vogue. Mr. Jaung said that Meketa has no concerns about the performance or fees for any investment option.

IV. Auditors Report

Marcella Pascal presented the draft Financial Statements for the years ended December 31, 2019 and 2018.

Tyler Geiman reported that the Form 5500 is in process and that he is working with Prudential on the delinquency schedules.

Mr. Geiman referred the Trustees to the report entitled Status of Payroll Reviews as of 9/17/2020, which had been discussed earlier at the meetings of the related Funds. The Trustees noted that their intention to hold off on audits until at least after the new year, as discussed at the meetings of the related Funds, also applies to the 401(k) Plan audits.

V. Prudential

Bill Stahl reviewed with the Trustees the Plan Summary as of June 30, 2020, including Plan demographics, distributions, and investment option statistics. He noted that distributions were up $2.5 million as of June 30 over the 12-month period ending June 30, 2019.

He reviewed with the Trustees a report showing, for each participating hotel, the last pay period for which contributions have been received. The Trustees agreed that the report was helpful and asked him to provide a similar report at each meeting. Mr. Boardman will follow up with Gaylord to confirm that no employees have elected to participate in the Plan. He noted that Marriott does not permit anyone to participate in Marriott's corporate 401(k) plan once they become eligible for contributions to the Pension Fund. The Trustees asked for additional information about the WA Grande.

VI. Co-counsel Report

Anne Mayerson and Fred Singerman suggested that the Trustees consider adopting a Plan amendment permitting participants who have terminated employment and are currently required to take a distribution at age 70-1/2 to defer that distribution to age 72, as discussed at the February meeting. They explained that, while no formal Plan amendment is required to be adopted until the end of 2022, adoption of this change now will permit the annual mailing scheduled to be sent in November to include notice of this change, thus alerting participants who would otherwise be required to take a distribution in April 2021 that it will not be required.

> **MOTION** made, seconded and adopted to change the required beginning date for participants who have terminated employment from age 70-1/2 to age 72, effective for participants who reach age 70-1/2 after 2019.

Ms. Mayerson reminded the Trustees that the Plan will be required to provide participants with an annual estimate of monthly income that the participant would receive if a life annuity were purchased with his or her plan account balance effective 12 months after guidance is issued by the Department of Labor. The Department issued interim final guidance on September 18, which is currently scheduled to become effective September 18, 2021. Mr. Stahl confirmed that Prudential will be prepared to implement the guidance in a timely manner.

Mr. Singerman reported on the status of the Department of Labor audit. In late August, he had provided the Department with a detailed explanation of the Plan's procedures for determining whether a participant who has reached age 70-1/2 and has terminated service and is therefore due an RMD distribution. Specifically, at the beginning of each year, Prudential provides Associated with a list of participants over age 70-1/2, and any individual for whom contributions to the Pension Fund were not made during the last three months of the prior calendar year will be deemed terminated for purposes of the 401(k) Plan and the cash-out process is commenced. The individuals identified by the DOL as over 70-1/2 but not receiving a distribution in 2020 had service in the last quarter of 2019 and therefore were not treated as terminated. The Plan will perform a similar process in 2021 which will result in minimum required distributions for any of this population that does not have service in the last quarter of 2020. The agent appeared satisfied with this explanation and nothing further has been requested from the Plan.

Mr. Singerman suggested that the Trustees consider reminding employers that, upon re-opening, they should honor pre-pandemic salary reduction contribution elections. Mr. Boardman and Mr. Keene agreed that this is not necessary since the deductions applicable to any particular employee are already built into the payroll systems, so the correct payroll deductions should be made as a matter of course. This issue will be discussed again at the next meeting in case this proves to be an issue before then as more hotels reopen.

VII. Administrative Manager's Report

Ms. Sims presented the Administrative Manager's Report for the second quarter 2020. Two assessments remain outstanding from the January 2020 assessment.

The Trustees discussed the potential for a shortfall of revenue to defray expenses due to the dramatic decline in hours on which the administrative assessment is based. Mr. Stahl said that it may take Prudential up to two months to implement an increase in fees assessed against participant accounts (whether on a per capita or assets basis), and 30 days' advance notice to participants is required as well. The Trustees asked Ms. Sims to prepare a statement of cash position and send it to them for review, and to schedule a call as soon as feasible for consideration of whether adjustments need to be made to the participant fees to ensure that all expenses through the end of the year and on an ongoing basis can be paid.

As hotels reopen, Ms. Sims has and will continue to follow up requesting payment of any outstanding delinquency assessments (and additional late fees).

VIII. Next Meeting Date and Adjournment

The next meeting was scheduled to immediately follow the meetings of the related funds on December 8, 2020. There being no further business before the Board of Trustees, the meeting was adjourned at 2:00 p.m.

Approved by the Board of Trustees on ______________________________, 2020

By: ______________________________

Anne-Marie Sims