



THE NEW YORK HOTEL TRADES COUNCIL
PENSION FUND
THE HOTEL ASSOCIATION OF NEW YORK CITY, INC.

305 West 44th Street • New York, NY 10036 • (212) 586-6400 • Fax: (212) 581-6107 • www.HotelFunds.org

April 23, 2008

VIA CERTIFIED MAIL / EMAIL

Pension Benefit Guaranty Corporation
1200 K Street,
NW, Suite 930
Washington, DC 20005

Ladies & Gentlemen:

In accordance with the Pension Protection Act of 2006 (PPA 06) enclosed is a copy of the endangered zone notice for the New York Hotel Trades Council and Hotel Association of New York City, Inc. Pension Fund.

Copies of the enclosed notice were furnished to all Plan Participants, Beneficiaries, Participating Unions and Contributing Employers of New York Hotel Trades Council and Hotel Association of New York City, Inc. Pension Fund.

If you require any additional information or if I can be of any further assistance, please do not hesitate to contact me.

Very truly yours,

Linda McDowell
Chief Executive Officer

cc: U.S. Department of Labor ✓



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Notice of Funded Status
for the
The New York Hotel Trades Council and
The Hotel Association of New York City, Inc. Pension Fund (Pension Plan)

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer pension plans such as ours.

Starting with the 2008 plan year, the PPA requires that a pension plan's actuary determine annually the plan's funded status under these new rules and certify that status to the IRS and the Trustees (plan sponsor). It is important to note that if a plan's funded status for a plan year is "endangered" ("yellow" zone) or "critical" ("red" zone), the Trustees must notify all plan participants, and other interested parties, in writing of this certification, as well as take corrective action to restore the financial health of the plan.

Plan's Status – "Endangered" ("Yellow" Zone)

This letter will serve as the Notice that, on March 28, 2008, the Pension Plan's actuary determined and certified that the Plan's funded status is "endangered" for the 2008 plan year. This determination was made because, based on the PPA's new funding measures, the Fund is currently less than 80% funded. "Endangered" is a label that the law requires us to use, but in fact, the Fund is meeting its funding goals and is expected to continue doing so into the future.

The PPA also requires every pension plan in "endangered" status to adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to increase a plan's funded percentage by 33% over a "Funding Improvement Period" of up to ten (10) years and to assure that contributions will be sufficient to meet the minimum required under the law. The FIP technically does not need to be adopted by the Trustees until November 2008, but, as you know, the 2006 Industry-Wide Agreement (IWA) between the New York Hotel Trades Council ("Council") and the Hotel Association of New York City, Inc. ("Association") already includes a significant increase in the rate of employer contributions, from 7% to 9% of wages..

Funding Improvement Plan

The Trustees have been advised by the Pension Plan's actuary that, based on its best estimate of future experience, the negotiated contribution rate of 9% of payroll already in effect under the IWA is expected to be sufficient to satisfy the funding improvement requirements of the PPA and thereby bring the Pension Plan out of "endangered status" within the Funding Improvement Period. In other words, the Plan is expected to reach an 80% funded level before the end of that ten (10) year period which will begin on January 1, 2011

The Board of Trustees does not expect that any other changes will be needed to meet the PPA's requirements for a Funding Improvement Plan and that the Pension Plan's "endangered" status is temporary due to the contribution increase that has been negotiated. Please note that the PPA requires that the Pension Plan's funded status be reviewed and certified annually and notices like this one will be sent each year. While our goal is to remain on track with the Pension Plan's funding schedule noted above, there are several variables beyond our control that our advisors will monitor annually, including investment market volatility and changes in employment levels and/or the number of contributing employers.

We understand that legally required notices like this one can create anxiety and concern about the Pension Plan's future. The Board of Trustees remains confident, however, that the Plan will continue to provide its participants and their families with retirement benefits that are secure and sufficiently funded under the law.

In the event you have questions or would like additional information, you may contact the Board of Trustees, and Linda McDowell, Chief Executive Officer, at The New York Hotel Trades Council and The Hotel Association of New York City, Inc. Pension Fund at 305 West 44th Street, New York, NY 10036-5498, phone: 212-586-6400.

cc: U.S. Department of Labor
U.S. Pension Benefit Guaranty Corporation