# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2016**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
PORTOLA HOTEL & SPA AT MONTEREY BAY 401(K) PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 01/01/1989

**2a** Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
CUSTOM HOUSE HOTEL CO., LTD. DBA PORTOLA HOTEL & S

TWO PORTOLA PLAZA
MONTEREY, CA 93940

**2b** Employer Identification Number (EIN) 86-0316128

**2c** Plan Sponsor's telephone number 831-649-4511

**2d** Business code (see instructions) 721110

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 08/29/2017 | TONI BAU |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

| | | | |
|---|---|---|---|
| **3a** | Plan administrator's name and address [X] Same as Plan Sponsor | **3b** Administrator's EIN | |
| | | **3c** Administrator's telephone number | |
| **4** | If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: | **4b** EIN | |
| **a** | Sponsor's name | **4c** PN | |

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 389 |
| **6** | Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** | Total number of active participants at the beginning of the plan year | **6a(1)** | 338 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 331 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 56 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 387 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 1 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 388 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 315 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2F 2G 2J 2K 2T 3D

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

| **9a** Plan funding arrangement (check all that apply) | | **9b** Plan benefit arrangement (check all that apply) | |
|---|---|---|---|
| **(1)** | [ ] Insurance | **(1)** | [ ] Insurance |
| **(2)** | [ ] Code section 412(e)(3) insurance contracts | **(2)** | [ ] Code section 412(e)(3) insurance contracts |
| **(3)** | [X] Trust | **(3)** | [X] Trust |
| **(4)** | [ ] General assets of the sponsor | **(4)** | [ ] General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

## Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2016**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
PORTOLA HOTEL & SPA AT MONTEREY BAY 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CUSTOM HOUSE HOTEL CO., LTD. DBA PORTOLA HOTEL & S

**D** Employer Identification Number (EIN)
86-0316128

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 37 60 64 65 | RECORDKEEPER | 3730 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3.** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| INVS DIVRS DIVD R5 - INVESCO INVES<br><br>52-2269240 | 0.35% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| JH DSCPL VAL MDCP I - JOHN HANCOCK<br><br>01-0233346 | 0.10% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| RBC SMALL CAP CORE A - U.S. BANCOR P.O. BOX 701<br>MILWAUKEE, WI 53201 | 0.40% |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

# SCHEDULE H (Form 5500)

Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2016**

**This Form is Open to Public Inspection**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
PORTOLA HOTEL & SPA AT MONTEREY BAY 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CUSTOM HOUSE HOTEL CO., LTD. DBA PORTOLA HOTEL & S

**D** Employer Identification Number (EIN)
86-0316128

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 0 | 0 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 0 | 0 |
| **(2)** Participant contributions | 1b(2) | 0 | 0 |
| **(3)** Other | 1b(3) | 0 | 0 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 710545 | 731967 |
| **(2)** U.S. Government securities | 1c(2) | 0 | 0 |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | 0 | 0 |
| **(B)** All other | 1c(3)(B) | 0 | 0 |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | 0 | 0 |
| **(B)** Common | 1c(4)(B) | 0 | 0 |
| **(5)** Partnership/joint venture interests | 1c(5) | 0 | 0 |
| **(6)** Real estate (other than employer real property) | 1c(6) | 0 | 0 |
| **(7)** Loans (other than to participants) | 1c(7) | 0 | 0 |
| **(8)** Participant loans | 1c(8) | 178762 | 168188 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 0 | 0 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | 0 | 0 |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | 0 | 0 |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | 0 | 0 |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 3130915 | 3408094 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 0 | 0 |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 0 | 0 |
| | **(2)** Employer real property | 1d(2) | 0 | 0 |
| **e** | Buildings and other property used in plan operation | 1e | 0 | 0 |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 4020222 | 4308249 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | 0 | 0 |
| **h** | Operating payables | 1h | 0 | 0 |
| **i** | Acquisition indebtedness | 1i | 0 | 0 |
| **j** | Other liabilities | 1j | 0 | 0 |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 4020222 | 4308249 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 0 | |
| | **(B)** Participants | 2a(1)(B) | 358601 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 23822 | |
| | **(2)** Noncash contributions | 2a(2) | 0 | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 382423 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 358 | |
| | **(B)** U.S. Government securities | 2b(1)(B) | 0 | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | 0 | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | 0 | |
| | **(E)** Participant loans | 2b(1)(E) | 11371 | |
| | **(F)** Other | 2b(1)(F) | 0 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 11729 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | 0 | |
| | **(B)** Common stock | 2b(2)(B) | 0 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 105359 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 105359 |
| | **(3)** Rents | 2b(3) | | 0 |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 0 | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 0 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | 0 | |
| | **(B)** Other | 2b(5)(B) | 0 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 0 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | 0 |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | 0 |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | 0 |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 100254 |
| c Other income | 2c | | 0 |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 599765 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 306983 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | 0 | |
| (3) Other | 2e(3) | 0 | |
| (4) Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 306983 |
| f Corrective distributions (see instructions) | 2f | | 0 |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | 1025 |
| h Interest expense | 2h | | 0 |
| i Administrative expenses: (1) Professional fees | 2i(1) | 0 | |
| (2) Contract administrator fees | 2i(2) | 0 | |
| (3) Investment advisory and management fees | 2i(3) | 0 | |
| (4) Other | 2i(4) | 3730 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 3730 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 311738 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 288027 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | 0 |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)** [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: RINA ACCOUNTANCY FIRM **(2)** EIN: 94-3158857

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)** [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 500000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3 | 4n | | X | |
| o | Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service? | 4o | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

## Part V Trust Information

| **6a** Name of trust | **6b** Trust's EIN |
|---|---|
| | |

| **6c** Name of trustee or custodian | **6d** Trustee's or custodian's telephone number |
|---|---|
| | |

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2016**

**This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
PORTOLA HOTEL & SPA AT MONTEREY BAY 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CUSTOM HOUSE HOTEL CO., LTD. DBA PORTOLA HOTEL & S

**D** Employer Identification Number (EIN)
86-0316128

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1**

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year ..... **3**

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6 a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11 a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

## Part VII IRS Compliance Questions

| | |
|---|---|
| **20a** Is the plan a 401(k) plan? If "No," skip b | ☐ Yes ☐ No |
| **20b** How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply: | ☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A |
| **21a** What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply: | ☐ Ratio percentage test ☐ Average benefit test ☐ N/A |
| **21b** Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules? | ☐ Yes ☐ No |

**22a** If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter _____/_____/_____ and the serial number _____.

**22b** If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter _____/_____/_____.

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2016 AND DECEMBER 31, 2015

RINA
accountancy corporation

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

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RINA *accountancy corporation*
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# Independent Auditors' Report

The Administrative Committee
Portola Hotel and Spa at Monterey Bay 401(k) Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Portola Hotel and Spa at Monterey Bay 401(k) Plan, which comprise the statement of net assets available for benefits as of December 31, 2016 and December 31, 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016 and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company LLC, the Plan asset custodian and trustee, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan administrator that the Plan asset custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the plan asset custodian as of and for the years ended December 31, 2016 and December 31, 2015, that the information provided to the Plan administrator by the Plan asset custodian is complete and accurate.

## Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

**Other Matter**

The supplemental schedule of assets held for investment is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

**Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Plan asset custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974.

RINA accountancy corporation

Certified Public Accountants

Walnut Creek, California
August 10, 2017

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS: | | |
| Investments, at fair value | $ 4,140,059 | $ 3,841,460 |
| Notes receivable from participants | 168,188 | 178,762 |
| NET ASSETS REFLECTING INVESTMENTS AT FAIR VALUE | 4,308,247 | 4,020,222 |
| LIABILITIES | - | - |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 4,308,247 | $ 4,020,222 |

See notes to financial statements.

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

## YEAR ENDED DECEMBER 31, 2016

| | | |
|---|---|---|
| ADDITIONS: | | |
| Investment income attributed to: | | |
| Net appreciation in fair value of investments | $ | 100,254 |
| Interest and dividend income | | 105,715 |
| Total income from investments | | 205,969 |
| Interest income on notes receivable from participants | | 11,371 |
| Total income from investments and notes receivable from participants | | 217,340 |
| Contributions: | | |
| Rollover | | 23,822 |
| Salary deferral | | 358,601 |
| TOTAL ADDITIONS | | 599,763 |
| DEDUCTIONS: | | |
| Benefit distributions | | 308,008 |
| Administration fees | | 3,730 |
| TOTAL DEDUCTIONS | | 311,738 |
| NET INCREASE | | 288,025 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year | | 4,020,222 |
| End of year | $ | 4,308,247 |

See notes to financial statements.

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 1. DESCRIPTION OF THE PLAN:**

The following description of the Portola Hotel and Spa at Monterey Bay 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

Fidelity Management Trust Company is the custodian and trustee of the Plan assets.

General:

The Plan is a single employer plan maintained by Custom House Hotel Co., Ltd., dba Portola Hotel and Spa at Monterey Bay and Gainey Suites Hotel Co., LLC dba Gainey Suites Hotel – Scottsdale. The Plan is a defined contribution plan covering all full-time employees who have six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions:

Participation in the Plan is voluntary. Participants are automatically enrolled in the Plan once they are eligible unless they elect to opt-out of participation in the Plan. The deferral percentage is subject to an annual limit of 60% of the participant's eligible compensation, up to the maximum annual limit determined by the Internal Revenue Service. The maximum annual amount that can be contributed to a 401(k) arrangement as an elective deferral, that is, as a pre-tax contribution, is $18,000 for 2016 and 2015. Individuals age 50 or older by the end of the plan year are allowed to make additional contributions to a 401(k) plan, in excess of the standard limits. Such additional contributions will be limited to the lesser of a specified dollar amount $6,000 in 2016 and 2015, or the participant's compensation for the year reduced by the participant's other elective deferrals.

Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers mutual funds and one money market as investment options for participants.

Participant accounts:

Each participant's account is credited with the participant's contribution and investment earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account value.

Vesting:

Participants are immediately vested in their contributions plus actual earnings thereon.

Investment options:

Upon enrollment in the Plan, a participant may direct the investment of his or her account balance into the various investment funds offered under Fidelity Management Trust Company, the trustee of the Plan.

Fidelity Management Trust Company has certified that the accounting policies of the Fidelity Investment Funds and Spartan Fund are in accordance with the accounting principles generally accepted in the investment company industry. Fidelity's certification applies to all investment assets and transactions, including employer contributions and employee deferrals, participant loans and distributions, and income and expenses.

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 1. DESCRIPTION OF THE PLAN (Continued):**

Participant loans:

Participants may borrow from their fund accounts a minimum of $1,000. The maximum amount is the lesser of one-half of the vested account balance or $50,000 reduced by the highest outstanding loan balance in the account during the prior twelve-month period.

Loan terms are for five years with level payments made at least quarterly. Loans for the purpose of purchasing a primary residence may be repaid over a ten year period.

The loans are secured by the vested balance in the participant's account and bear a reasonable rate of interest as determined by the Plan Administrator based on the prevailing interest rates charged by persons in the business of lending money for loans, which would be used under similar circumstances. Principal and interest is paid ratably through payroll deductions and the participant may make additional payments directly to Fidelity.

Payment of benefits:

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over his or her life in the form of an annuity. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Terminated participants' accounts with balances less than $5,000 will be automatically distributed to the participant or to an individual retirement plan designated by the Plan Administrator.

Forfeited accounts:

At December 31, 2016 and December 31, 2015, forfeited accounts totaled $27,820 and $24,803, respectively. These accounts may be used to pay plan administrative expenses and to reduce future employer contributions. For the year ended December 31, 2016, no payments were made from the forfeited account for administrative expenses.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of accounting:

The financial statements of the Plan are prepared using the accrual method of accounting.

Investment valuation and income recognition:

Investments are generally included in the financial statements at fair value as reported to the Plan by Fidelity Management Trust Company. Shares are stated at quoted market value. Gains and losses on investments are recognized in the period in which the appreciation or depreciation occurs. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in fair value of investments, which consists of the net realized gains or losses and unrealized appreciation or depreciation on those investments.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Participant loans:

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 and 2015. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Purchases and sales of securities are recorded on trade date basis.

Payment of benefits:

Benefit payments are recorded when paid.

Expenses:

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

Accounting changes:

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*. Part I eliminates the requirements to measure the fair value of fully-benefit responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully-benefit responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5% or more of net assets available for benefits and net appreciation or depreciation in fair value of investments by general type. Part III also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part I is not applicable to the Plan. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Parts II is applied retrospectively. Management elected to early adopt Parts II and III for the year ending December 31, 2015.

Date of management's review:

Management has evaluated subsequent events through August 10, 2017, the date which the financial statements were available for issue. Management has concluded that there were no subsequent events to be disclosed or recognized in the financial statements.

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 3. NATURE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

**Note 4. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK:**

The Plan's investments are held in a trust fund administered by the Fidelity Management Trust Company.

The Plan provides for various investment options in any one of a combination of mutual funds that invest in stocks, bonds, fixed income securities and other investment securities. These investments are exposed to various risks, such as credit, interest rate and market. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Note 5. INFORMATION CERTIFIED BY TRUSTEE (UNAUDITED):**

In accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the custodian and trustee certified information regarding the cost and fair value of all investments and notes receivable from participants transactions held at December 31, 2016 and 2015 and investment and notes receivable from participants transactions entered into during 2016, which was used in preparation of the accompanying financial statements and supplemental schedule.

**Note 6. FAIR VALUE MEASUREMENTS:**

The professional accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

| | |
|---|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br><br>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

**Note 6. FAIR VALUE MEASUREMENTS (Continued):**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

***Mutual funds:*** Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, the Plan's assets at fair value as of December 31, 2016 and December 31, 2015.

**Assets at Fair Value as of December 31, 2016**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | $ 4,140,059 | $ - | $ - | $ 4,140,059 |
| Total investments at fair value | $ 4,140,059 | $ - | $ - | $ 4,140,059 |

**Assets at Fair Value as of December 31, 2015**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | $ 3,841,460 | $ - | $ - | $ 3,841,460 |
| Total investments at fair value | $ 3,841,460 | $ - | $ - | $ 3,841,460 |

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 7. PLAN TERMINATION:**

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will be 100% vested in their accounts.

**Note 8. INCOME TAX STATUS:**

The Internal Revenue Service has determined and informed the Company by a letter dated December 23, 2003, that the Plan and related Trust, as designed by Fidelity Management and Research Company, are in accordance with the applicable sections of the Internal Revenue Code.

The Plan Sponsor has adopted Fidelity Basic Plan Document No. 17 as of September 24, 2015. The Plan Administrative Committee believes the Plan is designed and is currently operated in compliance with the applicable requirements of the Internal Revenue Code and therefore believe that the Plan is qualified and the related trust is tax-exempt.

**Note 9. ADMINISTRATIVE COSTS:**

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. In addition to the Trustee fees, certain audit and accounting fees were paid by the Company. Total fees paid the by the Plan were $3,730 for the year ended December 31, 2016.

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## SUPPLEMENTAL INFORMATION

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN
## PLAN NUMBER – 001, EIN 86-0316128

## SCHEDULE OF ASSETS HELD FOR INVESTMENT
## FORM 5500 – Schedule H, Part IV, Line 4i
## (Required by ERISA Sec. 103(b)(3)(c))

## AS OF DECEMBER 31, 2016

| (a) | (b) Identity of Issuer | (c) Description of Investment | (e) Current Value |
|---|---|---|---|
| * | Funds Held By Fidelity Investments: | | |
| * | FID Retirement MMKT | Money Market | $ 731,967 |
| * | FID Contrafund | Mutual Fund | 591,103 |
| * | Spartan 500 Index Adv | Mutual Fund | 387,433 |
| * | FID Puritan | Mutual Fund | 354,040 |
| * | FID Growth & Income | Mutual Fund | 324,145 |
| * | FID Freedom 2030 | Mutual Fund | 181,795 |
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| * | FID Freedom 2035 | Mutual Fund | 161,840 |
| * | FID GR Strategies | Mutual Fund | 156,668 |
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| * | FID Independence | Mutual Fund | 133,681 |
| * | FID Overseas | Mutual Fund | 126,217 |
| * | FID Freedom 2050 | Mutual Fund | 118,144 |
| * | FID OTC Portfolio | Mutual Fund | 105,084 |
| * | FID Freedom 2040 | Mutual Fund | 90,614 |
| * | FID Freedom 2055 | Mutual Fund | 72,843 |
| * | FID Freedom 2045 | Mutual Fund | 41,033 |
| * | FID FREEDOM 2060 | Mutual Fund | 23,163 |
| * | SPTN REAL ES IDX ADV | Mutual Fund | 12,133 |
| * | FID Freedom 2015 | Mutual Fund | 8,927 |
| * | FID Freedom Income | Mutual Fund | 8,190 |
| * | RBC SMALL CAP CORE A | Mutual Fund | 4,786 |
| * | Spartan 500 Index Inv | Mutual Fund | 4,469 |
| * | JH DSCPL Value Mid Cap I | Mutual Fund | 2,948 |
| * | Spartan Small Cap Index Adv | Mutual Fund | 2,394 |
| * | FID US BOND IDX PR | Mutual Fund | 1,708 |
| * | FID INTL INDEX PR | Mutual Fund | 1,526 |
| * | FID Freedom 2005 | Mutual Fund | 1,145 |
| * | FID Freedom 2010 | Mutual Fund | 681 |
| * | FID EXT MKT IDX PR | Mutual Fund | 13 |
| * | INVS DIVRS DIVD R5 | Mutual Fund | 13 |
| | Total investments | | $ 4,140,059 |
| | * Participant loans | Interest at 5.25 to 9.50% | $ 168,188 |

* Represents a party in interest to the Plan
Column (d), Cost Information, is not applicable

See notes to financial statements.

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2016 AND DECEMBER 31, 2015

RINA
accountancy corporation

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

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| Schedule of assets held for investment purposes | 13 |

RINA *accountancy corporation*
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*phone:* 925.210.2180 *fax:* 925.210.2190 1.800.RINA.CPA *web:* www.rina.com

# Independent Auditors' Report

The Administrative Committee
Portola Hotel and Spa at Monterey Bay 401(k) Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Portola Hotel and Spa at Monterey Bay 401(k) Plan, which comprise the statement of net assets available for benefits as of December 31, 2016 and December 31, 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016 and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company LLC, the Plan asset custodian and trustee, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan administrator that the Plan asset custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the plan asset custodian as of and for the years ended December 31, 2016 and December 31, 2015, that the information provided to the Plan administrator by the Plan asset custodian is complete and accurate.

## Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

**Other Matter**

The supplemental schedule of assets held for investment is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

**Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Plan asset custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974.

RINA accountancy corporation

Certified Public Accountants

Walnut Creek, California
August 10, 2017

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS: | | |
| Investments, at fair value | $ 4,140,059 | $ 3,841,460 |
| Notes receivable from participants | 168,188 | 178,762 |
| NET ASSETS REFLECTING INVESTMENTS AT FAIR VALUE | 4,308,247 | 4,020,222 |
| LIABILITIES | - | - |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 4,308,247 | $ 4,020,222 |

See notes to financial statements.

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

## YEAR ENDED DECEMBER 31, 2016

| | | |
|---|---|---|
| ADDITIONS: | | |
| Investment income attributed to: | | |
| Net appreciation in fair value of investments | $ | 100,254 |
| Interest and dividend income | | 105,715 |
| Total income from investments | | 205,969 |
| Interest income on notes receivable from participants | | 11,371 |
| Total income from investments and notes receivable from participants | | 217,340 |
| Contributions: | | |
| Rollover | | 23,822 |
| Salary deferral | | 358,601 |
| TOTAL ADDITIONS | | 599,763 |
| DEDUCTIONS: | | |
| Benefit distributions | | 308,008 |
| Administration fees | | 3,730 |
| TOTAL DEDUCTIONS | | 311,738 |
| NET INCREASE | | 288,025 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year | | 4,020,222 |
| End of year | $ | 4,308,247 |

See notes to financial statements.

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 1. DESCRIPTION OF THE PLAN:**

The following description of the Portola Hotel and Spa at Monterey Bay 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

Fidelity Management Trust Company is the custodian and trustee of the Plan assets.

General:

The Plan is a single employer plan maintained by Custom House Hotel Co., Ltd., dba Portola Hotel and Spa at Monterey Bay and Gainey Suites Hotel Co., LLC dba Gainey Suites Hotel – Scottsdale. The Plan is a defined contribution plan covering all full-time employees who have six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions:

Participation in the Plan is voluntary. Participants are automatically enrolled in the Plan once they are eligible unless they elect to opt-out of participation in the Plan. The deferral percentage is subject to an annual limit of 60% of the participant's eligible compensation, up to the maximum annual limit determined by the Internal Revenue Service. The maximum annual amount that can be contributed to a 401(k) arrangement as an elective deferral, that is, as a pre-tax contribution, is $18,000 for 2016 and 2015. Individuals age 50 or older by the end of the plan year are allowed to make additional contributions to a 401(k) plan, in excess of the standard limits. Such additional contributions will be limited to the lesser of a specified dollar amount $6,000 in 2016 and 2015, or the participant's compensation for the year reduced by the participant's other elective deferrals.

Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers mutual funds and one money market as investment options for participants.

Participant accounts:

Each participant's account is credited with the participant's contribution and investment earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account value.

Vesting:

Participants are immediately vested in their contributions plus actual earnings thereon.

Investment options:

Upon enrollment in the Plan, a participant may direct the investment of his or her account balance into the various investment funds offered under Fidelity Management Trust Company, the trustee of the Plan.

Fidelity Management Trust Company has certified that the accounting policies of the Fidelity Investment Funds and Spartan Fund are in accordance with the accounting principles generally accepted in the investment company industry. Fidelity's certification applies to all investment assets and transactions, including employer contributions and employee deferrals, participant loans and distributions, and income and expenses.

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 1. DESCRIPTION OF THE PLAN (Continued):**

Participant loans:

Participants may borrow from their fund accounts a minimum of $1,000. The maximum amount is the lesser of one-half of the vested account balance or $50,000 reduced by the highest outstanding loan balance in the account during the prior twelve-month period.

Loan terms are for five years with level payments made at least quarterly. Loans for the purpose of purchasing a primary residence may be repaid over a ten year period.

The loans are secured by the vested balance in the participant's account and bear a reasonable rate of interest as determined by the Plan Administrator based on the prevailing interest rates charged by persons in the business of lending money for loans, which would be used under similar circumstances. Principal and interest is paid ratably through payroll deductions and the participant may make additional payments directly to Fidelity.

Payment of benefits:

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over his or her life in the form of an annuity. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Terminated participants' accounts with balances less than $5,000 will be automatically distributed to the participant or to an individual retirement plan designated by the Plan Administrator.

Forfeited accounts:

At December 31, 2016 and December 31, 2015, forfeited accounts totaled $27,820 and $24,803, respectively. These accounts may be used to pay plan administrative expenses and to reduce future employer contributions. For the year ended December 31, 2016, no payments were made from the forfeited account for administrative expenses.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of accounting:

The financial statements of the Plan are prepared using the accrual method of accounting.

Investment valuation and income recognition:

Investments are generally included in the financial statements at fair value as reported to the Plan by Fidelity Management Trust Company. Shares are stated at quoted market value. Gains and losses on investments are recognized in the period in which the appreciation or depreciation occurs. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in fair value of investments, which consists of the net realized gains or losses and unrealized appreciation or depreciation on those investments.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Participant loans:

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 and 2015. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Purchases and sales of securities are recorded on trade date basis.

Payment of benefits:

Benefit payments are recorded when paid.

Expenses:

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

Accounting changes:

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Date of management's review:

Management has evaluated subsequent events through August 10, 2017, the date which the financial statements were available for issue. Management has concluded that there were no subsequent events to be disclosed or recognized in the financial statements.

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 3. NATURE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

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The professional accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. |
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**Assets at Fair Value as of December 31, 2016**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | $ 4,140,059 | $ - | $ - | $ 4,140,059 |
| Total investments at fair value | $ 4,140,059 | $ - | $ - | $ 4,140,059 |

**Assets at Fair Value as of December 31, 2015**

| | Level 1 | Level 2 | Level 3 | Total |
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| Mutual funds | $ 3,841,460 | $ - | $ - | $ 3,841,460 |
| Total investments at fair value | $ 3,841,460 | $ - | $ - | $ 3,841,460 |

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015

**Note 7. PLAN TERMINATION:**

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will be 100% vested in their accounts.

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# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN

## SUPPLEMENTAL INFORMATION

# PORTOLA HOTEL AND SPA AT MONTEREY BAY
# 401(k) PLAN
## PLAN NUMBER – 001, EIN 86-0316128

## SCHEDULE OF ASSETS HELD FOR INVESTMENT
## FORM 5500 – Schedule H, Part IV, Line 4i
## (Required by ERISA Sec. 103(b)(3)(c))

## AS OF DECEMBER 31, 2016

| (a) | (b) Identity of Issuer | (c) Description of Investment | (e) Current Value |
|---|---|---|---|
| * | Funds Held By Fidelity Investments: | | |
| * | FID Retirement MMKT | Money Market | $ 731,967 |
| * | FID Contrafund | Mutual Fund | 591,103 |
| * | Spartan 500 Index Adv | Mutual Fund | 387,433 |
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| * | FID Intermediate Bond | Mutual Fund | 163,977 |
| * | FID Freedom 2035 | Mutual Fund | 161,840 |
| * | FID GR Strategies | Mutual Fund | 156,668 |
| * | FID Freedom 2020 | Mutual Fund | 146,622 |
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| * | FID Freedom 2015 | Mutual Fund | 8,927 |
| * | FID Freedom Income | Mutual Fund | 8,190 |
| * | RBC SMALL CAP CORE A | Mutual Fund | 4,786 |
| * | Spartan 500 Index Inv | Mutual Fund | 4,469 |
| * | JH DSCPL Value Mid Cap I | Mutual Fund | 2,948 |
| * | Spartan Small Cap Index Adv | Mutual Fund | 2,394 |
| * | FID US BOND IDX PR | Mutual Fund | 1,708 |
| * | FID INTL INDEX PR | Mutual Fund | 1,526 |
| * | FID Freedom 2005 | Mutual Fund | 1,145 |
| * | FID Freedom 2010 | Mutual Fund | 681 |
| * | FID EXT MKT IDX PR | Mutual Fund | 13 |
| * | INVS DIVRS DIVD R5 | Mutual Fund | 13 |
| | Total investments | | $ 4,140,059 |
| | * Participant loans | Interest at 5.25 to 9.50% | $ 168,188 |

* Represents a party in interest to the Plan
Column (d), Cost Information, is not applicable

See notes to financial statements.