UNITE HERE Local 25 and Hotel Association Of Washington, D.C.

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

4301 Garden City Drive, Suite 201
Landover, Maryland 20785-6102
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

FINANCE AND COLLECTIONS COMMITTEE OF THE
THE BOARD OF TRUSTEES OF
UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON D.C.
HEALTH AND WELFARE FUND
PENSION FUND
GROUP LEGAL SERVICES FUND
MEETING HELD ON JANUARY 22, 2014
VIA TELECONFERENCE

The following members of the Subcommittee were present:

UNION TRUSTEE	EMPLOYER TRUSTEE
J. Boardman	S. Keene

Also present were:

A. Mayerson - Bredhoff & Kaiser, PLLC
F. Singerman - Seyfarth Shaw
E. Odell - Calibre CPA Group, PLLC
A. Sims - Associated Administrators, LLC
D. Welch - Associated Administrators, LLC

I. CALL TO ORDER

A quorum being present, Chairman Boardman called the meeting to order.

II. PAYROLL AUDITOR REPORT

The Committee welcomed Ms. Ellen Odell of Calibre CPA Group, PLLC ("Calibre") to the meeting.

a. Washington Marriot Wardman Park - Banquet and Steady Employees Issue

As previously reported, Ms. Odell explained that, during an audit of Washington Marriott Wardman Park (the "Employer") covering the period June 2007 through December 2010, the Employer advised Calibre that it paid contributions for steady and extra banquet waiters based on five hours per function, capped at 40 hours per weekand that it did not track hours for steady or extra banquet waiters. Ms. Odell said the Employer had conducted a self audit of its steady banquet waiters and had agreed to conduct a similar self-audit of its extra banquet waiters assuming five (5) hours per banquet function to determine the hours that should have been reported due to the lack of paid hours. Calibre would then review the self audit findings. Ms. Odell explained that, instead of basing the calculation on five (5) hours per banquet, the self-audit calculation for the extra banquet waiters was based on three (3) hours per function, plus w hours for cleanup and setup based on function sheets. She reported that this self-audit showed an underpayment of $1,610.00. Ms. Odell stated that Calibre cannot verify whether this calculation is correct because no time-keeping records are available for review. She requested direction from the Committee on whether the methodology of assuming three (3) hours per shift plus setup and cleanup based on function sheets was acceptable. After considerable discussion, Mr. Boardman requested Mr. Singerman to ask whether the Employer would accept a settlement of the matter with the following conditions: (1) no retroactive contributions owed; (2) the Employer would cover the cost of the audit fees, (3) the Employer agrees to the audit methodology of reporting five (5) hours per function for extra banquet waiters with no cap on hours effective for periods following the end of the audit period.

b. <u>Haute on the Hill</u>

Ms. Odell reported that Calibre had tried to schedule a payroll audit with Haute on the Hill but was notified by Haute on the Hill that it is not required to submit to an audit because its collective bargaining agreement (CBA) is with UNITE HERE Local 23, not UNITE HERE Local 25. Mr. Boardman said that the CBA was transferred to UNITE HERE Local 23 on or about November 11, 2011, but Haute on the Hill remained obligated to contribute to the UNITE HERE Local 25 and Hotel Association of Washington, D.C. Group Legal Services Fund under the new CBA with UNITE HERE Local 23.

After discussion, the Committee directed the Administrative Manager to submit the dispute to Collection Counsel for resolution.

c. Embassy Suites Convention Center – Interest Waiver Request

Ms. Sims reviewed a letter from Charles Hill, General Manager of the Embassy Suites Washington, D.C. Convention Center, requesting a waiver of the interest fee owed due to findings from a recently performed payroll audit. She said the letter states, "If this audit had been performed on an annual basis as it does with Hilton Worldwide and our ownership group, any interest fee would have been nominal and such a significant fee avoided." After discussion, in the course of which the Committee noted that the last audit of this employer was for a period in excess of one year and the employer paid all interest assessed, and that a change in its current three-year audit cycle was not warranted, the Committee decided to deny the waiver request.

d. Restaurant Associates, Inc/ Kennedy Center – Overpayment Credit Request

Ms. Odell reported that Calibre recently completed the payroll audit of the Restaurant Associates, Inc./Kennedy Center. She said that the Employer is requesting credit on overpayments to the Pension, Health and Welfare and Group Legal Services Funds for the month of November 2010. Ms. Odell explained that the overpayments were due to a reporting error, whereby the employer made payments for the same week of hours. Ms. Odell said that Calibre had reviewed the request and agrees with the Employer's overpayment findings and the credit request of $7,334.36. Co-Counsel reported that the Funds' Collection Policies state: "The Employer shall be credited with such overpayments towards future obligations for the period of the payroll audit up to three years subject to an offset, in the Finance and Collection Committee's discretion, for the cost of the audit." After discussion, the Committee: (1) confirmed that the reference to three years is the maximum period for which an employer may take credit for an overpayment; (2) requested that any overpayment findings during an audit of the Pension Fund be reviewed by the Administrative Manager to determine if any benefits being paid are attributable to overpaid contributions and, if so, the credited amount would be reduced by the amount of those contributions, and (3) confirmed that all credit requests need to go before the Finance and Collection Committee for direction. The Committee concluded that the credit request from the Restaurant Associates, Inc. /Kennedy Center be approved. Co-Counsel reported that they would revise the Collections Policy to reflect the above clarifications on the Policy.

e. L'Enfant Plaza Hotel

Mr. Boardman reported that the L'Enfant Plaza Hotel had recently been sold. The Committee directed Calibre to perform a closing payroll audit on the prior Management Group, Davidson Company, as soon as practicable.

III. OTHER FUND BUSINESS

a. Embassy Row Application for Exemption from Withdrawal Liability

Ms. Mayerson reported that the Fund had recently received an Application for Exemption from Withdrawal Liability and Related Bond/Escrow Requirement from AREP Embassy Row LLC., c/o Ark Real Estate Partners LP. She said the application had been reviewed by Co-Counsel and found to be acceptable. After discussion, the Committee approved the Application for Exemption from Withdrawal Liability received from AREP Embassy Row LLC, but noted that this action would need to be ratified at the next Board of Trustees meeting. At that time, they will also recommend that the Board formally delegate to the Committee the authority to approve future applications for exemptions from withdrawal liability.

b. Fidelity Bond Renewal

Ms. Sims reported that, at the September 23, 2013 Board of Trustees meeting, the Trustees discussed consolidating the Fund's Fidelity Bond and Fiduciary Insurance Policies that are all set to renew at various dates in 2014. She said that the renewal for the Group Legal Services Fidelity Bond policy is April 1, 2014 and requested direction from the Trustees on whether to extend this policy to the later of the other policies' renewal dates to create consistency or to obtain a quote for the renewal of this policy at this time. After discussion, the Committee approved extending the renewal date of the current Fidelity Bond policy for the Group Legal Services Fund to the later of the other Funds' policy dates, subject to the Board of Trustees ratifying this action at its next meeting.

c. Citibank Location Closure

Ms. Sims reported that the Citibank located closest to the Fund office in Sparks was closing March 1, 2014. She said that the Fund's operating account was held at this location and would be transferred to another Citibank location approximately 20 miles away. Ms. Sims explained that going forward this would require that all contribution deposits be couriered to the new location once a week for a $15 fee. After discussion, the Committee confirmed that this was acceptable.

III. **NEXT MEETING DATE AND LOCATION**

The Committee scheduled regular Board meetings for all three funds to be held on March 19, 2014, at the offices of UNITE HERE Local 25, preceded by a meeting of the Board of Trustees of the Hospitality Industry 401(k) Plan commencing at 8:30 A.M, subject to the availability of the remaining Trustees.

V. **ADJOURNMENT**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Anne Marie Sims
Account Executive

AMS/dw
(Rev.01-23-14)