**UNITE HERE Local 25 and Hotel Association Of Washington, D.C.**
**Group Legal Services Fund**

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DRAFT

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES OF
**UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C.**
**GROUP LEGAL SERVICES FUND**
HELD ON JANUARY 24, 2019
IN WASHINGTON, D.C.

The following Trustees were present:

| UNION TRUSTEES | EMPLOYER TRUSTEES |
|---|---|
| John Boardman - Chairman | Solomon Keene |
| Stephanie Steer | Charles Hill |
| Linda Martin | |

Also present were:

Anne Mayerson – Bredhoff & Kaiser, PLLC
Fredric Singerman – Seyfarth Shaw, LLP
Henry Jaung – Meketa Investment Group
Anne-Marie Sims – Associated Administrators, LLC
Carl Macomber – Caliber CPA Group, PLLC
Coralie Milligan – Cheiron, Inc.
Ellen Odell – Caliber CPA Group, PLLC
Kevin Woodrich – Cheiron, Inc.

## I. CALL TO ORDER

Mr. Keene reported that Mr. Walsh had provided him with a proxy for all matters coming before the Board. A quorum being present, Chairman Boardman called the meeting to order.

## II. MINUTES

Board Meeting, September 12, 2018

Ms. Sims reported she had received no further comments on the draft of the subject minutes which had been circulated prior to this meeting.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the minutes of the Board meeting held September 12, 2018 are approved.**

## III. INVOICES

Ms. Sims presented a list of invoices dated January 24, 2019. It was noted that there were no additions, deletions or changes to the list.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the invoices set forth in the list dated January 24, 2019 are approved for payment.**

## IV. PAYROLL AUDIT REPORT

Payroll Audit Collections Report

The Trustees welcomed Ms. Ellen Odell and Mr. Carl Macomber of Calibre to the meeting. Ms. Odell referred the Trustees to the Payroll Audit Collections Report dated January 24, 2019, that was included in the meeting book. A copy of the report is attached to and made part of the minutes as Exhibit A. She reviewed the report which contains results for collection of payroll audit deficiencies after receipt of the audits from Calibre and before referral of unpaid billed deficiencies to the Fund's Collection Counsel.

Ms. Odell reported that during the audit of the W Hotel it was determined that the employer had failed to report some payroll periods. In addition, she noted that the audit was issued as a limited scope audit due to the W's failure to provide banquet sheets for review. The matter was referred to the Finance and Collections Committee for consideration during its upcoming conference call.

Ms. Odell advised that Calibre was experiencing problems scheduling audits with Levy at Verizon Center, Centerplate, Capitol Skyline and Quantum Services. The Finance and Collections Committee will discuss these issues during its conference call. The Trustees requested that that Finance and Collections Committee confer quarterly to move outstanding payroll audits forward.

The Trustees requested that the list of hotels to be audited in 2019 be expanded to include Fairfax Embassy Row, Liaison Capitol Hill and Beacon, as these properties have recently been or will soon be sold.

Ms. Mayerson reported that during a recent payroll audit of the Omni-Shoreham hotel, for the period 2014 through 2016, the employer was assessed a principal amount of $8,909.34. She said the employer had subtracted the overpayment from the principal due and paid the difference ($21,277.22). She noted that under the Fund's audit and collection policy, however, employers are not permitted to unilaterally net overpayments against underpayments. Instead, employers must request a refund of overpayments from the Board, which has the sole discretion as to whether to provide a credit to an employer for the overpayments, and whether to offset a portion of the credit towards audit costs. After discussion, the Trustees agreed to deny the employer's request to waive interest due on delinquent amounts, but to grant the employer's request to credit the principal overpayment against amounts due; accordingly, the Funds' claims for the 2014-2016 audit period shall be treated as fully resolved provided that the employer promptly pays the interest due.

## V. <u>COLLECTION COUNSEL REPORT</u>

Ms. Sims reported that there were no collection matters requiring Board action at this time.

## VI. CO-COUNSEL REPORT

A. Summary Plan Description ("SPD") Update

Co-Counsel informed the Trustees that a new SPD had been finalized; Ms. Sims advised that is was mailed to all plan participants in December 2018.

B. Collection Policy Update

Co-counsel recommended that the Trustees clarify the provision of the collection policy that currently provides that the Finance and Collection Committee may credit the employer with overpayments made "for the period of the payroll audit (not to exceed three years)." Specifically, they recommended that this language be replaced by a new sentence providing that, if an employer discovers an overpayment and requests the Fund to credit the overpayment towards future obligations, the Finance and Collection Committee may, in its sole discretion, agree to the employer's request with respect to overpayments made no earlier than three Plan Years preceding the date of the request.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the Collection Policy is amended to strike the words "for the period of the payroll audit (not to exceed three years)" and add a new sentence following the sentence in which these words appeared, reading as follows: "Similarly, if an employer discovers an overpayment and requests the Fund to credit the overpayment towards future obligations, the Finance and Collection Committee may, in its sole discretion, agree to the employer's request with respect to overpayments made no earlier than three Plan Years preceding the date of the request."**

## VII. NEW BUSINESS

Transfer of UNITE HERE Local 23 Employers

Mr. Boardman reported that Local 23 employers are on a glide path to leave the Funds. Specifically, Centerplate Convention Center (which participates in the Legal and H&W Funds), Levy at National Ballpark (which participates in the H&W Fund), and Aramark at Verizon Center (which participates in the Pension, Legal, and H&W Funds) would be exiting in the next three to four months. Levy at Verizon Center terminated participation in December 2017. Local 23 itself will stay in and is required under its participation agreement with the Fund to be paying contributions at Hotel Association Rates. The Trustees requested an exit payroll audit of these employers.

## VIII. PROVIDER REPORT

Ms. Sims distributed a copy of the Third Quarter 2018 Utilization Report provided by Regan and Associates Chartered as contained in the meeting booklet. A copy of the subject report is attached to and made a part of these minutes as Exhibit B. Mr. Boardman observed that the Legal Fund will likely dip below the level of the September 15, 2017 reserve as a result of the increases to Reagan, triggering a contribution increase under Section 14.12 of the CBA: he requested that this item be added to the agenda for the next meeting.

## IX. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2018 Administrative Manager's Report

Ms. Sims presented and reviewed the Third Quarter 2018 Administrative Manager's Report, a copy of which is attached to and made part of these minutes as Exhibit C.

B. Administrative Services Agreement – Renewal January 1, 2019, 2020 and 2021

Ms. Sims summarized Associated Administrators' renewal proposal for 2019, 2020 and 2021 which was included in the meeting booklet. The proposal requests increases in the monthly administrative services fee by 3% in 2019, 3% in 2020 and 3% in 2021. The Trustees called went into Executive Session with Co-Counsel and excused Ms. Sims from the meeting.

Following discussion in Executive Session, on Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

> **RESOLVED to renew the Administrative Services Agreement with Associated Administrators for a 3-year period beginning January 1, 2019, with a 3% fee increase in the per member per month administrative services fee effective January 1, 2019, a 3% fee increase effective**

**January 1, 2020, and a 3% fee increase effective January 1, 2021.**

## X. OTHER FUND BUSINESS

A. Form 5500 for the Plan Year Ended December 31, 2017

Ms. Sims reported the timely filing, under extension, of the Form 5500 for the Plan year ended December 31, 2017.

B. Summary Annual Report

Ms. Sims reported that the Summary Annual Report had been mailed to plan participants on time.

C. Fund Auditor Engagement Letter – 2018 Plan Year

Ms. Sims reported that copies of the proposed audit engagement letter for the 2018 Plan Year from Mr. Tyler Geiman of Novak|Francella, LLC ("Novak") had been circulated prior to the meeting. A copy of subject letter is attached to and made a part of these minutes as Exhibit D.

Ms. Sims noted that the requested fee of $8,250 2018 for the audit and related services is the same as that for the prior year. Counsel noted that some of the provisions of the engagement letter were still being negotiated with Mr. Geiman.

Following discussion, upon Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

**RESOLVED that, the engagement of Novak|Francella, LLC for the 2018 audit and related services is approved at the requested fee of $8,250, subject to counsel's negotiation of a final engagement letter.**

## XI. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting for Thursday, April 25, 2019, commencing at 10:00 a.m.

## XII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,

Solomon Keene
Secretary-Treasurer

AMS/bm
(Org. 01-25-19)

Attachments:

Exhibit A: Payroll Audit Collections Report: Dated January 24, 2019
Exhibit B: Regan and Associates Chartered – Third Quarter 2018 Utilization Report
Exhibit C: Associated Administrators, LLC – Administrative Managers Report – Third Quarter 2018
Exhibit D: Novak Francella - Fund Auditor Engagement Letter – 2018 Plan Year