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DRAFT

THE BOARD OF TRUSTEES OF
FINANCE AND COLLECTIONS COMMITTEE OF THE
UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON D.C.
HEALTH AND WELFARE FUND
PENSION FUND
GROUP LEGAL SERVICES FUND
A MEETING HELD ON DECEMBER 13, 2012
WASHINGTON, D.C.

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
J. Sergeant - Calibre CPA Group, PLLC
A. Sims - Associated Administrators, LLC
K. Walsh - Associated Administrators, LLC

I. CALL TO ORDER

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

II. PAYROLL AUDITOR REPORT

The Trustees welcomed Ms. Ellen Odell and Mr. Justin Sergeant of Calibre CPA Group, PLLC ("Calibre") to the meeting.

a. <u>Capitol Skyline Hotel - Temporary Agency Issue</u>

Mr. Sergeant reminded the Trustees that, during the audit of the Capitol Skyline Hotel, it was determined that temporary agencies Temps of D.C. and Foodstaff Temp were used for "covered work" and the hours were not reported to the Fund. Ms. Odell explained that this has been brought to the attention of the General Manager and Comptroller and numerous requests via email and telephone had been sent to the Employer requesting detailed invoices for the period January 1, 2009 through December 31, 2012. To date, she explained, the requested documents have still not been received. Ms. Odell requested that the Fund assist them in obtaining these documents. The Trustees discussed this matter and Mr. Boardman stated that he would work with the Employer to ensure that these documents were provided to Calibre. Ms. Odell further reported that the Employer disputes the findings that seasonal help is reportable to the Fund, and requested that the findings for these employees be removed from the findings.

The Committee agreed that there should be a specific process for addressing issues that arise in the context of an audit within a specified number of days after the exit interview, and that the Committee should be presented with a written summary of the issues, includes the employer's position and provides an opportunity for the employer to provide supporting information. The goal of the process would be to have the issues framed for a Committee decision within 45 days after the exit interview. The Trustees asked Anne Mayerson to write to Capital Skyline to ascertain the basis for the employer's position.

b. <u>Omni Shoreham - Waiver of Interest Request</u>

Ms. Odell reported that the Omni Shoreham Hotel submitted a request for Trustee consideration that the interest be waived on the contributions assessed because it was not their intent to underpay the Fund. Additionally, according to the Employer *"the amount of time that elapsed between the audit period and the audit completion caused the interest to be excessive."* The Trustees discussed the request, along with the outstanding issue of the use of temporary agencies for "covered work" and the hours not being reported to the Fund, and authorized Mr. Boardman to agree to waive interest on the portion of the claim for the use of temporary employees, provided that the employer pays all remaining amounts due, and to offer the Hyatt the same partial interest waiver. Mr. Boardman stated that he would contact the employer with the decision and to discuss the use of temporary employees for covered work.

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

As previously reported, Ms. Odell explained that during a recent audit of Washington Marriott Wardman Park, the Employer advised Calibre that it pays contributions for steady and extra banquet waiters based on five hours per function, capped at 40 hours per week. She further reported that the Employer does not track hours for steady or extra banquet waiters. Ms. Odell distributed a copy of Calibre's proposal to audit the Employer's banquet waiters, determining the number of functions that each banquet waiter worked per week and assuming that each function lasted five hours. The proposal was for a fee of $105.00 per hour for the auditor and $150.00 for the manager but did not include an estimated number of hours for completion because she did not know the format, condition or the volume of the Employer's payroll records. After she had time to assess the documentation, Calibre could conduct a sample audit and then provide the Trustees with an estimate of time to complete this project.

Ms. Odell reported that the Marriott Wardman had previously provided Calibre with a self audit of the steady Employees. After considerable discussion, the Trustees directed Calibre to work with the Employer to determine an audit and sampling methodology to provide an opportunity for the Employer to self audit for banquet Employees which Calibre would review. The Chairman and Secretary executed the proposed audit engagement letter from Calibre on behalf of the Fund that had been reviewed by Counsel.

The Trustees confirmed their decision during their November 14 conference call to reject the Employer's proposal under which: (i) it would record all hours worked by steady and extra banquet servers; (ii) it would pay the Funds additional contributions for extra banquet servers for the period June 2007 to date for any functions in excess of eight per week (calculated assuming that each such function was five hours); (iii) no additional contributions would be due the Funds for steady banquet servers on the assumption that any underpayments as a result of the failure to pay for hours in excess of 40 would be offset by overpayments as a result of paying contributions as if each function lasted five hours (up to the 40 hour cap); (iv) the Funds would waive any interest or penalties and would not assess audit fees. Instead, the Trustees decided that the audit should proceed as planned and they would address any issues concerning a reduction or waiver of interest and the assessment of audit fees as part of the overall resolution of outstanding issues, or whether there are any other considerations that should be taken into account by the Trustees as part of an overall resolution of the outstanding audit claim.

III. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,

Anne Marie Sims
Account Executive

AMS/klw
(Rev.12-13-12)