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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.
PENSION FUND
HELD ON APRIL 25, 2019
IN WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene
Stephanie Steer	

Also present were:

Anne Mayerson – Bredhoff & Kaiser, PLLC
Fredric Singerman – Seyfarth Shaw, LLP
Brian Dana – Meketa Investment Group
Barbara Maiorano – Associated Administrators, LLC
Anne-Marie Sims – Associated Administrators, LLC
Coralie Milligan – Cheiron, Inc.
Jackie Coyle – Novak|Francella, LLC
Kevin Woodrich – Cheiron, Inc.

I. CALL TO ORDER

Mr. Keene reported that Mr. Walsh and Mr. Hill had provided him with proxies for all matters coming before the Board. Mr. Boardman reported that Ms. Martin 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

A. Board Meeting, January 24, 2019

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 Board approved the following resolution:

> **RESOLVED that the minutes of the Board meeting held January 24, 2019 are approved.**

B. Finance and Collections Committee Meeting, February 14, 2019

Ms. Sims referred the Trustees to the draft minutes of the Finance and Collections Committee meeting that was held by conference call on February 14, 2019.

On Motion made and seconded, the Finance Committee approved the following resolution:

> **RESOLVED that the minutes of the Finance and Collections Committee meeting held February 14, 2019 are approved.**

Following this action, on Motion made and seconded, the Board approved the following resolution:

> **RESOLVED that the minutes of the Finance and Collections Committee meeting held February 14, 2019 are accepted.**

III. INVOICES

Ms. Sims presented a list of invoices dated April 25, 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 April 25, 2019 are approved for payment.**

IV. PAYROLL AUDIT REPORT

A. Payroll Audit Collections Report

Ms. Sims referred to the Payroll Audit Collections Report dated April 25, 2019, included in the meeting book. A copy of the report is attached to and made part of the minutes as Exhibit A. Ms. Sims 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.

The report shows audit entry issues with Capitol Skyline, Centerplate, Levy Restaurant at Verizon Center, and Quantum Services. Anne Mayerson said that she had sent an audit entry letter by email and first-class mail to Yaz Hacan, the General Manager of Quantum. Mr. Hacan did not respond to the email and the letter was returned as undeliverable. Mr. Boardman said that he would discuss this matter with Ms. Mayerson following the meeting. As to Levy, Ms. Mayerson reported that following her audit entry letter Levy had provided additional documentation, which Ms. Sims forwarded to Calibre. Ms. Sims will check with Ellen Odell to see whether Calibre has begun this audit, and will also check to see where Calibre is on Capitol Skyline, Aramark and Centerplate audits.

B. Payroll Auditing Services

Ms. Mayerson reported that at the January 24, 2019 Board of Trustees meeting, the Trustees requested that Counsel solicit a proposal for Payroll Auditing services from Novak|Francella and authorized the Finance and Collections Committee to review the proposal and engage Novak|Francella, if appropriate. She said the Finance and Collections Committee agreed to accept Novak|Francella's proposal for payroll audit services and to terminate the services of Calibre.

On Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED to ratify the actions of the Finance and Collections Committee and approve the engagement of Novak|Francella as detailed in the payroll audit proposal, dated March 12, 2019, and to terminate the services of Calibre upon appropriate completion or transition of audits in progress.**

Mr. Boardman volunteered to call Calibre regarding termination of the relationship. The Trustees welcomed Ms. Jackie Coyle from Novak|Francella, LLC., ("Novak") to the meeting. Ms. Coyle provided an overview of the payroll audit services provided by Novak. She noted that during the audit process she will request clarification on the interpretation of specific Collective Bargaining requirements, including the sub-contracting language. The Trustees requested that these questions be directed to the Finance and Collections Committee through the Third Party Administrator. Mr. Boardman noted that there is to be a turnover in ownership for some of the properties. He said that Ms. Steer would provide Novak an updated database of all the current properties, General Managers, Human Resource/Payroll directors, Operators and Owners, along with copies of the most current Collective Bargaining Agreements.

V. COLLECTION COUNSEL REPORT

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

VI. CO-COUNSEL REPORT

A. Omni Shoreham Payroll Audit

Ms. Mayerson reported that at the January 24th, 2019 Board of Trustees meeting, the Trustees had denied the employer's request to waive interest due on delinquent contribution amounts identified during a payroll audit 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. Ms. Mayerson stated that Counsel had sent a letter to the Omni Shoreham on January 25th, 2019 regarding the outstanding issues with respect to the 2014-2016 audit period and to date have not received a response or payment on the interest owed. Mr. Boardman said that he will follow up with the employer to advise it that if it does not pay all amounts due the Fund will calculate additional interest and consider revoking its prior decision to permit the employer to credit the overpayment against amounts due.

B. Liaison Capitol Hotel Sale

Ms. Mayerson reported that the Liaison Capitol Hotel had been sold and the buyer had requested information on the potential withdrawal liability, which the Fund was not able to provide prior to the sale without the seller's consent.

C. W Hotel

Ms. Mayerson reported that, as requested by the Finance Committee at its February 14, 2019 meeting, she had been working with Stephanie Steer to ensure that this employer provided Calibre with the documentation that it had requested in connection with its audit.

D. Collection Policy

Ms. Mayerson reported that, at its February 14, 2019 meeting, the Finance Committee had agreed to recommend to the Board that the Collection Policy be amended to require employers to retain payroll records for at least six years following the year to which the record relates. On Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED to amend the Collection Policy to add a requirement that documents subject to audit by the Funds be retained for at least six years after the year in which the document is generated and to send a copy of the Collection Policy as so amended to all participating employers.**

VII. INVESTMENT CONSULTANT REPORT

The Trustees welcomed Brian Dana of Meketa Investment Group. Mr. Dana began by outlining the meeting agenda, including an update on the Investment Policy Statement, as well as the performance of the Pension Fund through March 31, 2019.

Executive Summary

Mr. Dana reported that the Pension Fund was valued at $236.9 million at the end of March 2019, which reflects an increase of $16.6 million from the fourth quarter 2018. He noted that the Fund returned 6.7% for the quarter ending March 31, 2019, underperforming the policy benchmark, and 4.3% for the 12 month period ending on that date, beating the policy benchmark. Since the inception of the relationship in 2011, the Fund returned 7.2% (net of fees) annualized, trailing the two benchmarks by 0.7% (Policy) and 0.9% (Target Policy) respectively.

Mr. Dana explained that the primary reason for the underperformance relative to the two benchmarks continues to be the conservative positioning of the Fund, including the overweight to the investment grade bonds. He emphasized that the asset classes were all within the approved investment policy ranges. Mr. Dana said that Meketa took advantage of a strong equity market in the first quarter, selling equity assets in favor of investment grade bonds as equity markets rallied significantly in the quarter. Meketa also modified the duration of the bond portfolio to be more in line with the benchmark.

Mr. Dana reported that the Fund has made two new private market commitments so far in 2019: a $1 million commitment to Flagship Pioneering Special Opportunities Fund II, LP, a venture capital fund focused in life sciences, and a $4 million commitment to Constitution Capital Partners Ironsides V ($2 million to its fund of funds vehicle and $2 million to its co-investment vehicle).

Mr. Dana reiterated Meketa's view that markets seem to be "expensive" around the world and the first quarter rally brought markets back to where they stood prior to the 4Q 2018 market declines.

Mr. Dana presented an update on the ULLICO investment, which is included in the portfolio Meketa manages as discretionary investment manager. He reminded the Trustees that the valuation comes out once a year, and that it is a privately held company so there is no discernable market.

Mr. Dana presented an Investment Policy Statement ("IPS") for approval. He explained that the IPS had been previously reviewed by the Trustees, but never executed. The revised draft includes edits by Fund Counsel to conform the document to the investment management agreement between the Fund and Meketa. On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that Investment Policy Statement is approved as presented.**

With this, Mr. Dana's presentation concluded.

VIII. ACTUARY REPORT

A. 2019 Preliminary Actuarial Valuation Results

Mr. Woodrich and Ms. Milligan of Cheiron, Inc. distributed copies of their report titled "2019 Preliminary Actuarial Valuation Results" and reviewed it in detail. A copy of the report is attached to and made a part of these minutes as Exhibit B.

B. 2019 Retainer Fees

Ms. Sims distributed a March 21, 2019 letter from Cheiron requesting an increase in the annual fee for retainer services from $53,520 to $54,752 and proposing hourly billing rates for non-retainer work for the period April 1, 2019 through March 31, 2020.

The Cheiron representatives exited the meeting.

After discussion, on Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED to approve the increase in the annual fee to Cheiron for retainer services to $54,752 and to approve the proposed hourly rates for non-retainer services the period of April 1, 2019 through March 31, 2020.**

A copy of the report is attached to and made a part of these minutes as Exhibit C.

IX. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2018 Administrative Manager's Report

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

B. Fourth Quarter 2018 Pension Benefit Applications

Ms. Sims presented and reviewed the Fourth Quarter 2018 Pension Benefit Application Report, a copy of which is attached to and made a part of these minutes as Exhibit E.

On Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED that the Fourth Quarter 2018 Pension Benefit Applications are approved for payment as presented.**

X. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting for Tuesday, August 6, 2019, commencing at 10:00 a.m.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,

Solomon Keene
Secretary-Treasurer

AMS/bm

(Org. 04-25-19)

Attachments:
Exhibit A: Payroll Audit Collections Report: Dated April 25, 2019
Exhibit B: Cheiron: 2019 Preliminary Actuarial Valuation Results
Exhibit C: Cheiron: 2019 Retainer Fees
Exhibit D: Associated Administrators, LLC-Administrative Managers Report- Fourth Quarter 2018
Exhibit E: Pension Benefit Applications Report – Fourth Quarter 2018