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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 MAY 15, 2013
WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene - Secretary-Treasurer
	Steve Smith

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP.
Henry Jaung - Meketa Investment Group
Ellen Odell - Calibre CPA Group, PLLC
Justin Sargeant - Calibre CPA Group, PLLC
Anne-Marie Sims - Associated Administrators, LLC
Karen Walsh - Associated Administrators, LLC

I. CALL TO ORDER

Mr. John Boardman confirmed that Union Trustees Ms. Steer and Ms. Martin had given him their proxies for all matters to come before the Trustees during this meeting. Mr. Solomon Keene confirmed that Employer Trustee Mr. Manion had given him his proxy for all matters to come before the Trustees during this meeting. A quorum being present, Chairman Boardman called the meeting to order.

II. MINUTES

A. Special Board Meeting, April 16, 2013

Ms. Sims reported that 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 Special Board meeting held April 16, 2013 are approved.**

B. Board Meeting, February 28, 2013

Ms. Sims reported that 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 February 28, 2013 are approved.**

C. Finance and Collections Committee Meeting, December 16, 2012

Ms. Sims reported that 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 December 16, 2012 are approved.**

III. INVOICES

Ms. Sims presented a list of invoices dated May 15, 2013. 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 May 15, 2013 are approved for payment.

IV. PAYROLL AUDITOR REPORT

Ms. Ellen Odell of Calibre CPA Group, PLLC ("Calibre") distributed copies of the "Pension Fund Compliance Audit Program Status Report for the Period from February 21, 2013 Through May 13, 2013," and reviewed the report in detail. A copy of the report is attached to and made a part of these minutes as Exhibit A.

Ms. Odell reported that Calibre had recently made numerous attempts to schedule the payroll audit of the Gaylord National Hotel and Convention Center. She said that Calibre was given a contact name from Ryman Hotels, successor entity of the Gaylord Hotel, but were unable to reach him. Ryman Hotels could not recommend anyone else with payroll knowledge. Mr. Boardman said he would contact General Counsel at Ryman to obtain a contact.

Ms. Odell reported that Calibre had scheduled a payroll audit with L'Enfant Plaza Hotel for the period January 2008 through June 2010 but learned upon arrival that the employer was not prepared for the audit. She noted that the payroll data, banquet function sheets, and invoice information for temporary help were not available. Ms. Odell explained that Crestline had been replaced by Davidson as manager of the hotel, and that Crestline subsequently advised Calibre that the payroll data was available but that it would not send the records; an onsite visit was required. She concluded that Calibre is requesting that the Trustees approve additional fees of $616.00 (for all funds, including the Pension, Health and Welfare, Legal and 401(k) funds) to return to the hotel to complete the audit. After discussion, Mr. Keene said he would reach out to Crestline to see if he can get the payroll records sent to Calibre. The Trustees said that if Crestline will not send the records then the additional fee requested by Calibre would be charged to Crestline.

Ms. Odell reported that Calibre had recently concluded the payroll audit of the Madison Hotel/Loews. She noted that the employer did not have banquet sheets and therefore it could not be determined if banquet employees were paid at the five hour minimum per function or on a per hour basis. The Trustees agreed that, because there are only a small number of employees on call, it would not be cost-effective for Calibre to go back and reconstruct banquet sheets using the five hour minimum per function. They requested Anne Mayerson to write to the employer advising that it is legally required to maintain these records and that the Fund reserves the right to go back and audit functions for the audit period. Mr. Singerman recused himself from this discussion.

Ms. Odell provided an update on the Marriott Wardman steady banquet waiter audit issue. She noted that Calibre had received the self-audit from this employer with a three hour minimum per function rather than the required five hour minimum per function. She explained that Calibre was in the process of reworking the audit to reflect the five hour minimum per function and was waiting for additional contribution reports from the Administrative Manager.

Ms. Odell concluded her report by reporting that Calibre had completed the payroll audit of the Woodner Hotel for the period January 1, 2003 through December 31, 2012. She said that the employer failed to report covered employees from their hire date and also omitted hours. Additionally, no records were provided for the period January 1, 2003 through December 31, 2003 until after the audit was complete, making it necessary for Calibre to use the extrapolation process for this period. Ms. Odell asked the Trustees whether Calibre should rework the payroll audit using the 2003 records, in which case Calibre would request an additional audit fee of $355.00 (for all funds, including the Pension, Health and Welfare, Legal and 401(k) funds) After discussion, the Trustees directed Calibre to notify the employer that it may have the audit reworked for this period but would incur the additional cost of $355.00.

The Trustees thanked Ms. Odell and Mr. Sargeant for their presentation and they were excused from the balance of the meeting.

V. PAYROLL AUDIT COLLECTIONS REPORT

Ms. Sims referred to the Payroll Audit Collections Report dated May 11, 2013 included in the meeting book. A copy of the report is attached to and made a part of the minutes as Exhibit B. Ms. Sims reviewed the report, which confirmed the results to date of the 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.

VI. COLLECTION COUNSEL REPORT

Ms. Sims reported that Mr. Dan Katz and Ms. Ellen Ranzman were unable to attend the meeting, but that there were no collection matters requiring Board action.

VII. INVESTMENT CONSULTANT REPORT

The Trustees welcomed Mr. Henry Jaung from Meketa Investment Group ("MIG").

Performance Review

Mr. Jaung began the performance review with an executive summary. The Fund had a good first quarter with a 3.9% total return, outperforming the Fund's policy benchmark by 0.2%. Since inception of MIG's tenure on October 1, 2011, the Fund returned 23.3% cumulatively versus the benchmark's 21.5%. Mr. Jaung stated that the Fund has had a good run in a short period.

The market value of the Fund's assets at the end of the first quarter was $127.7 million, an increase of $5.8 million from the previous quarter and a $15.7 million increase from March 31, 2012. He stated that the first quarter was a good period for equities and high yield bonds, especially U.S. based investments. Rotation to the U.S. continued to favor domestic equities over foreign equities. This became more pronounced during the quarter as investors favored smaller and mid-sized domestic companies that derive most of their revenue from U.S. consumers. The smaller capitalization companies outperformed the large multi-national companies as the multi-nationals are seen as more dependent on the slower growing regions outside the U.S. (Europe and emerging markets). This was a reaction to the assumption that the U.S. is likely to grow at a faster rate compared to other developed markets and that consumers are stronger here than in other parts of the world.

Mr. Jaung reviewed the changes made to the Fund since October 2011. He identified the new investments and compared the results to the investments that were used to fund them. He identified seven new investments along with their funding sources. Of the seven new investments, five made positive contributions while two detracted from the Fund. The two detractors were emerging markets and natural resources stocks. They were both funded from U.S. equity which was the best performing asset class since October 2011. The five positive trades involved U.S. investment grade bonds being the primary funding source.

Q1 2013 Fund highlights

Mr. Jaung explained that the following factors contributed to the Fund's performance for the first calendar quarter of 2013:

1. Overweight to domestic equity relative to the target weight (31% vs. 25%);
2. Initial investments to mid cap stocks as they were the best performing group within U.S. equities;
3. New allocation to Vanguard Intermediate Corporate Bond Fund (due to a yield advantage, Vanguard outperformed the broad bond market);
4. Initial investments in Loomis Sayles' floating rate fund and Vanguard's Real Estate Investment Trust ("REIT") fund both outperformed cash; and
5. High yield bonds continue to outperform the investment grade bond market.

Next Steps

Mr. Jaung stated that MIG has no major imminent changes planned. MIG is considering trimming high yield bonds and rotating the assets into floating rate notes. The bonds have become expensive as have the floating rates; however seniority in the capital structure makes them potentially more defensive. He also stated that given the domestic focus of the investors' sentiment, MIG may take a slight overweight position in small and mid-cap stocks. MIG is also considering reducing the duration of the Treasury Inflation Protected Securities ("TIPS") portfolio by taking a position in the short-intermediate TIPS fund, funded from the current full TIPS fund.

TA Realty Fund Update

Mr. Jaung informed the Trustees that MIG attended TA Realty's annual meeting. There have been no significant changes to the firm or to the strategy. The TA fund has been making investments and has already sold two properties. He stated that MIG is very comfortable with the investments with TA.

Individual Manager Reviews

Mr. Jaung highlighted a few funds to give more depth as to why they under or outperformed their respective benchmarks. Within the international developed markets, Manning & Napier's underweight position in emerging markets (5% vs. 21%) relative to Morgan Stanley Capital International ("MSCI") All Country World Index ("ACWI") helped with the outperformance. He also noted that the Vanguard developed markets index fund had a 0.5% variance from the index. Upon further research, he found that fair pricing by Vanguard was responsible for the variance. He discussed the practice of fair pricing and how this results in the variance relative to the index. He also highlighted Vontobel's outperformance. He stated that Vontobel defines emerging markets investments as companies domiciled in emerging markets and/or deriving much of the revenue from emerging markets, allowing it to hold several large United Kingdom companies, such as HSBC and British American Tobacco.

Mr. Singerman noted that, in connection with certain investments, including Vontobel and SKY Harbor, MIG was required to confirm that it was named fiduciary for the purpose of appointing the investment managers for the Fund. The Trustees confirmed that this was the Trustees' intent and requested co-counsel to review the Fund's agreement with MIG to confirm that it was consistent with this intent.

The Trustees thanked Mr. Jaung for his presentation and he was excused from the balance of the meeting.

VIII. CO-COUNSEL REPORT

Co-Counsel reported that were no legal matters requiring Board action at this time.

IX. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2012 Administrative Manager's Report

Ms. Sims presented and reviewed the Fourth Quarter 2012 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit C.

B. First Quarter 2013 Pension Benefit Applications

Ms. Sims presented and reviewed the First Quarter 2013 Pension Benefit Application Report, a copy of which is attached to and made a part of these minutes as Exhibit D.

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

> **RESOLVED that the First Quarter 2013 pension benefit applications are approved for payment as reported.**

X. OTHER FUND BUSINESS

Annual Funding Notice

Ms. Sims reported that, as required by law, the Annual Funding Notice was mailed to participants, the Department of Labor, Local 25, and the Pension Benefit Guaranty Corporation by the April 30, 2013 deadline.

Actuary – Cheiron

Mr. Singerman stated the concern of the Employer Trustees that Cheiron's performance during the recent review of the benefit increase proposal had not met expectations and that some action was appropriate to remedy these performance concerns. This included providing incorrect funding projections. After discussion, the Trustees agreed that Cheiron would be asked to provide a written explanation of the projection error and to meet with the Trustees to discuss its performance.

XI. NEXT MEETING DATE AND LOCATION

The Trustees scheduled a regular Board meeting to be held September 4, 2013, at the offices of UNITE HERE Local 25, commencing at 1:00 p.m.

XII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,
Solomon Keene
Secretary-Treasurer

AMS/klw
(Org. 05/23/13)

Attachments:
Exhibit A: Calibre CPA Group, PLLC: Pension Fund Compliance Audit Program Status Report for the Period from February 21, 2013 through May 13, 2013
Exhibit B: Associated Administrators, LLC: Payroll Audit Collections Report dated May 11, 2013
Exhibit C: Associated Administrators, LLC: Fourth Quarter 2012 Administrative Manager's Report
Exhibit D: Associated Administrators, LLC: First Quarter 2013 Pension Benefit Application Report