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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 SEPTEMBER 9, 2016
IN WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene
Stephanie Steer	Steve Smith
Linda Martin	Joel Manion

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP
Brian Dana – Meketa Investment Group
Anne-Marie Sims - Associated Administrators, LLC
Barbara Maiorano - Associated Administrators, LLC
Henry Jaung - Meketa Investment Group
Kevin Woodrich - Cheiron, Inc.

I. CALL TO ORDER

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

II. MINUTES

Board Meeting, July 13, 2016

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 July 13, 2016 are approved.**

III. INVOICES

Ms. Sims presented a list of invoices dated September 9, 2016. 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 September 9, 2016 are approved for payment.**

IV. PAYROLL AUDIT REPORT

Payroll Audit Collections Report

Ms. Sims referred to the Payroll Audit Collections Report as of September 7, 2016 included in the meeting book. A copy of the report is attached to and made part of the minutes as Exhibit B. Ms. Sims reviewed the report which contains 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.

Ms. Sims reported that due to a scheduling conflict Ms. Odell was unable to attend this meeting but would attend the next scheduled meeting. She noted that in respect to the Aramark audit, Local 23, Aramark and the auditors are in discussions concerning the categories of covered employment.

V. COLLECTION COUNSEL REPORT

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

VI. INVESTMENT CONSULTANT REPORT

Investment Consultant Report

The Trustees welcomed Messrs. Jaung and Dana of Meketa Investment Group (MIG).

Executive Summary

Mr. Jaung began by stating that the Fund total assets at the end of July 2016 were valued at $181.9 million. This represents an approximately $12.3 million increase from January 1, 2016. The Fund returned 7.9% YTD through the end of July. The leading asset classes continued to be the natural resources and emerging markets debt portfolios. These two asset classes were the laggards for most of 2015, but they have rebounded very strongly in 2016. For the shorter term, the Fund has outperformed the two benchmarks and peer group. For periods ending Q2 2016, the Fund placed in the top 17%, 7% and 32% of its peer group for Q2 2016, YTD and 1 year, respectively. Since inception in October 2011 to July 31, 2016, the Fund returned 8.3%, slightly trailing the two benchmarks by 0.2%.

He discussed the individual asset class aggregates, saying that the recent strong performance has led the emerging markets bonds market to post positive return since inception in 3/1/12. This leaves natural resources as the only negatively performing asset class that MIG has introduced to the Fund since MIG's inception in October 2011. At the same time, every asset class aggregate continues to outperform its primary benchmark, with the exception of real estate.

Mr. Jaung reminded the Trustees that the Fund pays approximately 0.28% in investment management fees. This is extremely low for a fund of this size. The average all in investment fee for a fund of this size is approximately 0.4% to 0.45%.

Recent Investment Changes

Mr. Dana described MIG's tactical rebalancing in the second quarter, which generally reflect MIG's cautious capital market views and include a reduction in equities, both U.S. and foreign, and non-investment grade bonds. The proceeds were invested primarily in U.S. investment grade fixed income on July 26, 2016.

Total Plan Level Risk

Mr. Singerman asked MIG to provide the total Fund's risk profile relative to the two benchmarks described at the last Board meeting. Mr. Jaung shared a chart with the trustees that outlined the standard deviations of the Fund, and of the two benchmarks. The chart showed that the Fund's standard deviation is the same as the Target Policy Benchmark and 0.1% higher than the Policy Benchmark. Mr. Jaung stated that the Funds overall risk/return profile is very similar to that of the benchmarks.

New Investments

Mr. Jaung concluded the remarks by reporting that the documents for the latest private markets investment, SVB, a venture capital fund of funds, has been completed and the Fund has committed $3 million. The paperwork for DRA Fund 9, which Messrs. Jaung and Spatrick described in detail at the previous Board of Trustees meeting, is almost completed and the fund should close in mid-September. MIG is holding a bit more cash on hand than it otherwise would to fund the capital calls for these two funds beginning Q4 2016.

VII. ACTUARY REPORT

Mr. Kevin Woodrich of Cheiron, Inc. reviewed potential benefit increase options for Trustee consideration.

VIII. CO-COUNSEL REPORT

Meketa Fiduciary Management Agreement

Anne Mayerson reported that, as requested by the Trustees at the last meeting, the assignment of the Fund's investment management agreement from Meketa to Meketa Fiduciary Management ("MFM"), had been completed.

Co-Counsel reported that they had no further legal matters to come before the Board at this time.

IX. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2016 Administrative Manager's Report

Ms. Sims presented and reviewed the Second Quarter 2016 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit D.

B. Second Quarter 2016 Pension Benefit Applications

Ms. Sims presented and reviewed the Second Quarter 2016 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 Second Quarter 2016 pension benefit applications are approved for payment as presented.**

X. NEXT MEETING DATE AND LOCATION

At Mr. Boardman's request, the Trustees scheduled a special meeting for 10/26 to consider benefit increase proposal. The Trustees scheduled the next regular Board meeting for Friday, December 16, 2016.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,

Solomon Keene
Secretary-Treasurer

AMS/bm

(Org. 09-13-16)

Attachments:
Exhibit A: Payroll Audit Collections Report: Dated September 7, 2016
Exhibit B: Associated Administrators, LLC – Second Quarter 2016
Exhibit C: Pension Benefit Applications Report – Third Quarter 2016