UNITE HERE Local 25 and Hotel Association of Washington, D.C.
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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 NOVEMBER 20, 2019
IN WASHINGTON, D.C.

The following Trustees were present:

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

Also present were:

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

I. CALL TO ORDER

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

II. MINUTES

Board Meeting, August 6, 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. Counsel noted that the minutes included in the meeting materials was a prior draft that did not fully reflect counsels' comments. The Trustees deferred approval of minutes of the Board meeting held August 6, 2019 to the next meeting.

III. INVOICES

Ms. Sims presented a list of invoices dated November 20, 2019. She 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 November 20, 2019 are approved for payment.**

IV. PAYROLL AUDIT REPORT

Payroll Audit Collections Report

Ms. Sims referred to the Payroll Audit Status Report 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 Novak|Francella before referral of unpaid billed deficiencies to the Fund's Collection Counsel.

Ms. Sims reported that after numerous attempts to collect payment on the audit findings for Aramark at Capital One Arena, the Fund office has not received a response or payment. After discussion, the Trustees requested that this matter be referred to Collection Counsel.

Ms. Jackie Coyle provided an overview of the current status of the payroll audits being performed by Novak. She explained Novak was experiencing audit entry issues with Hilton Washington Embassy Row (January 2017 through January 2019 audit period). With respect to Embassy Row, Ms. Coyle reported that the new operator, Crescent Hotels and Resorts, has advised it does not have the payroll records for Destination Hotels, which was the operator during the audit period (the property was sold and the operator changed in December 2018). Mr. Boardman said that he would try to obtain a contact at Destination.

The Trustees asked Anne Mayerson to send audit entry letters to Destination, if necessary, once contact information has been established.

Ms. Coyle reported that, with respect to the Beacon Hotel audit (January 2017 through March 2018), the seller's CFO and payroll administrator, Pattie Tipton, has agreed to provide the requested documentation.

Ms. Coyle reported that, with respect to the Capitol Skyline audit (January 2016 through December 2018), Novak has completed the audit report, and she briefly summarized the findings. She confirmed that Novak generally sends a draft report to the employer before issuing a final report to the Fund office.

Mr. Boardman noted that there were a number of upcoming sales of hotels and/or changes in operator, including Hilton Crystal City, which is going to sale on Friday and is also changing operators from Crescent to Hilton. He also noted that Sheraton Tysons Corner has been on the market for six months. The Trustees discussed the need to come up with procedures for notifying operators of closing audits in a timely manner.

V. COLLECTION COUNSEL REPORT

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

VI. CO-COUNSEL REPORT

Ms. Mayerson reported that the seller of the Liaison Capitol Hotel had obtained a bond in the required amount of $499,255.28 so that it would be exempt from withdrawal liability under ERISA's asset sale exception.

VII. INVESTMENT CONSULTANT REPORT

The Trustees welcomed Brian Dana of Meketa Investment Group. Mr. Dana referred the Trustees to Meketa's performance report for the third quarter 2019.

The Fund was valued at $252.3 million at the end of September 2019, an increase of $5.0 million during the quarter. Mr. Dana reported that the Fund returned .9% during the quarter, even with the policy benchmark. Returns were 6.4% for trailing 12 months ending September 30, 2019 beating the policy benchmark. Since the inception of the relationship with Meketa in 2011, the Fund returned 7.3% (net of fees) annualized, trailing the two benchmarks by 0.6% (Policy) and 0.8% (Target Policy) respectively. The primary reason for the underperformance relative to the two benchmarks continues to be the conservative positioning of the Fund, with the overweight to the investment grade bonds. Mr. Dana stated that the Fund's allocations among asset classes were all within the approved ranges. Meketa made no changes in positioning over the third quarter 2019.

Mr. Dana reported on personnel changes within Meketa as a result of Ed Omata's departure. Mr. Omata was the head of Global Equity research.

VIII. ACTUARY REPORT

2019 Actuarial Valuation Results

Kevin Woodrich and Coralie Taylor of Cheiron, Inc. distributed copies of their report titled "2019 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. The funded status of the Plan (actuarial value basis) as of January 1, 2019 is 72.1%, versus the preliminary result of 71.9%. Mr. Woodrich requested that he be provided with information on incoming groups as it becomes appropriate to share.

IX. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2019 Administrative Manager's Report

Ms. Sims presented and reviewed the Second Quarter 2019 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit C.

B. Second and Third Quarter 2019 Pension Benefit Applications

Ms. Sims presented and reviewed the Second Quarter and Third Quarter 2019 Pension Benefit Application Reports, copies of which are 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 Second and Third Quarter 2019 Pension Benefit Applications are approved for payment as presented.**

X. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting for Thursday, February 27, 2020, commencing at 10:00 a.m.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned.

Approved by the Board of Trustees on __________, 2020

By: ________________________

Solomon Keene, Secretary-Treasurer [or John Boardman, Chair]

AMS/bm

(Org. 12-2-2019)

Attachments:
Exhibit A: Payroll Audit Collections Report, as of November 20, 2019
Exhibit B: Cheiron: 2019 Preliminary Actuarial Valuation Results
Exhibit C: Associated Administrators, LLC-Administrative Managers Report – Second Quarter 2019
Exhibit D: Pension Benefit Applications Report – Second and Third Quarter 2019