**UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C.
HEALTH AND WELFARE FUND**

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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.
HEALTH AND WELFARE FUND**
HELD ON MARCH 29, 2012
WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene - Secretary-Treasurer
	Stuart Damon
	Joel Manion

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP
Ellen Odell - Calibre CPA Group, PLLC
Justin Sergeant - Calibre CPA Group, PLLC
Anne-Marie Sims - Associated Administrators, LLC
Ryk Tierney - Associated Administrators, LLC

I. CALL TO ORDER

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

II. TRUSTEE WEBPORTAL

Ms. Sims provided an overview of the new Trustee Web Portal created by Associated Administrators, LLC. She explained that a secure portion of Associated Administrators' website has been established to allow the Trustees to access meeting materials online in advance of scheduled meetings.

III. MINUTES

Board Meeting, December 16, 2011

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, 2011 are approved.**

IV. INVOICES

Ms. Sims presented a list of invoices dated March 29, 2011. 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 March 29, 2012 are approved for payment.**

V. PAYROLL AUDITOR REPORT

Ms. Ellen Odell and Mr. Justin Sergeant of Calibre CPA Group, PLLC ("Calibre") distributed copies of the "Health and Welfare Fund Compliance Audit Program Status Report as of March 21, 2012," 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 recently completed the payroll audit of the Omni Shoreham Hotel. She reported that that the employer failed to report new employees from the date of hire, failed to report the pay period ended April 30, 2008, and failed to report double-time hours. Ms. Odell further reported that the employer also failed to report on-call banquet employees over the five hour minimum per function. She stated that, per the Trustees' directive, due to the size of the employer, large volume of records, and time needed to test on-call banquet employees, the findings were extrapolated based on sample testing.

Mr. Sergeant informed the Trustees that, during the audit, Calibre determined that the Omni Shoreham Hotel and Hyatt Regency Hotel used temporary agencies for covered work (Penguin Staff and Temps of D.C. in the case of the Omni Shoreham, and Three G's Services in the case of the Hyatt Regency) and these hours were not reported to the Fund. After discussion, the Trustees directed the Payroll Auditor to release the audit for both Employers with the notation that the temporary agency findings were under investigation. The issue of the use of temporary agencies was referred to the Finance and Collections Committee.

Ms. Odell reported that Calibre had recently completed the audit of Levy Restaurants at the Verizon Center. The employer disputed the findings of $660.51 underpayment because it claimed that it was entitled to a net credit in the amount of $13,429.77 for overpayments made on employees working non-union supervisory positions during the period of October 2009 through September 2010. After considerable discussion, the Trustees determined that the contributions paid on behalf of the disputed members made them eligible for Fund benefits during this period. They further concluded the Fund paid premiums to the service providers on their behalf and these members were treated as eligible for fully-insured benefits. Therefore, the Trustees denied Levy Restaurants' request for credit of the overpayment to the Health and Welfare Fund.

Ms. Odell distributed copies of the proposed list of Employers to be audited in the first half of 2012 for Trustee approval. She explained that all Employers would now be on a three-year cycle for payroll audits. The Trustees approved the proposed list as presented.

As follow up to a prior Board of Trustees meeting, Mr. Boardman reported that he had contacted the General Manager of the Hay Adams Hotel regarding the use of Quantum Services and was informed that they would discontinue using them within six months.

The Trustees thanked Ms. Odell and Mr. Sergeant for their presentation and excused them from the balance of the meeting.

VI. PAYROLL AUDIT COLLECTIONS REPORT

Ms. Sims referred to the Payroll Audit Collections Report dated March 27, 2012 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.

VII. 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.

VIII. CO-COUNSEL REPORT

A. Summary Plan Description ("SPD") Update

Co-Counsel informed the Trustees that the SPD dated February 2012 has been mailed to Participants.

B. DOL Audit

Co-Counsel reported on the Department of Labor (DOL) audit of the Welfare Fund. DOL personnel interviewed Trustees Boardman and Keene regarding the operation of the Fund on February 7. Co-Counsel reported that the interview went well and that no significant concerns were raised, although DOL indicated that there would be follow up questions. One area of inquiry focused on Fund expenses and how combined expenses are allocated among funds. In general, these expenses are allocated based upon contributions to the respective funds. Co-Counsel noted that, although collection counsel's fees are allocated on the same basis, the DOL was told that a different allocation method applied. Co-Counsel will correct this misstatement when it hears back from the DOL with its follow-up questions.

C. Amendment to the Health and Welfare Fund Agreement and Declaration of Trust

Co-Counsel distributed a copy of an amendment to the Health and Welfare Fund Agreement and Declaration of Trust to reduce the number of Employer and Union Trustees to three on each side. A copy of the amendment is attached to and made a part of these minutes as Exhibit C.

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

> **RESOLVED to approve the Amendment to the Health and Welfare Agreement and Declaration of Trust as presented.**

Chairman and Secretary executed the Amendment on behalf of the Board of Trustees.

IX. DENTAL PROVIDER REPORT

A. 2011 Annual Utilization Report

Mr. Ralph Foxman, Mr. Ethan Foxman and Mr. Dwight Hymen of Group Dental Service of Maryland, Inc. ("GDS") came before the Trustees. Mr. Foxman distributed copies of the 2011 Annual Utilization Report and reviewed the report in detail. A copy of the report is attached to and made a part of these minutes as Exhibit D. Mr. Foxman referred to the Report that showed, during the period of January 1, 2011 through December 31, 2011, the Fund paid $3,152,954 in premiums, patient copayments were $315,882, and $2,545,258 was paid to participating dentists, resulting in a cost of care of 80.7%. The relative value of the total income to the Usual, Customary and Reasonable ("UCR") value was 1.97.

B. Group Dental Services Agreement - Rate Increase Request Effective January 1, 2012

It was noted that, during the Board meeting held February 24, 2011, the Trustees approved GDS's request for an 8% rate increase retroactive to January 1, 2011 and a 6% increase effective January 1, 2012. Mr. Foxman said that the amount of the January 1, 2012 fee increase was subject to claims not escalating and the cost of care remaining within the 80% range. He reported that claims during 2011 had escalated significantly and the cost of care for the Fund is currently running at 80.7% which is higher than the desired loss ratio percentage. Mr. Foxman requested that the Trustees consider a 9% increase effective January 1, 2012. He said that a 9% increase would be necessary to bring the cost of care to within an acceptable range for 2012.

Following discussion, the Employer Trustees called for a caucus. The meeting reconvened and the Employer Trustees requested that GDS provide them with additional information, including: (1) information regarding historical rates, (2) a chart showing how an 8%, 7% and 6% increase in the rate would affect the cost of care, (3) industry documents regarding recent projected dental trend and justification of a 70% cost of care request, and (4) how much of the excess cost of care is GDS's profit. The Trustees deferred consideration of the requested increase pending receipt of the requested information and determination of any contribution increase agreed to in collective bargaining. While a decision was pending, the Trustees directed that the 6% increase for 2012 previously agreed to be implemented.

The Trustees thanked Messrs. Foxman and Hymen for their report and excused them from the balance of the meeting.

X. ADMINISTRATIVE MANAGER REPORT

A. Forth Quarter 2011 Administrative Manager's Report

Ms. Sims presented and reviewed the Fourth Quarter 2011 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit E.

XI. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting to be held June 28, 2012, at the offices of the UNITE HERE Local 25, commencing at approximately 10:30 a.m., immediately following the adjournment of the Group Legal Service Fund Board meeting.

XII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,
Solomon Keene
Secretary-Treasurer

RT/AMS
(Org. 04/1/12)

Attachments:
Exhibit A: Calibre CPA Group, PLLC: Compliance Audit Program Status Report as of March 21, 2012
Exhibit B: Associated Administrators, LLC: Payroll Audit Collections Report dated March 27, 2012
Exhibit C: Amendment to the Health and Welfare Fund Agreement and Declaration of Trust
Exhibit D: Group Dental Services: 2011 Annual Utilization Report
Exhibit E: Associated Administrators, LLC: Administrative Manager Report, Fourth Quarter 2011