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 DECEMBER 16, 2011
WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene - Secretary-Treasurer
Stephanie Steer	Stuart Damon
Linda Martin	Joel Manion

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP
Tyler Geiman - Novak | Francella, LLC
Ellen Odell - Calibre CPA Group, PLLC
Justin Sergeant - Calibre CPA Group, PLLC
Ryk Tierney - Associated Administrators, LLC

I. CALL TO ORDER

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

II. TRUSTEES

Mr. John Boardman reported that, in accordance with Trustee action taken at the September 27, 2011 Board of Trustees meeting to reduce the number of Employer and Union Trustees to three on each side, Ms. Stephanie Steer would remain as a Union Trustee and Ms. Linda Martin was appointed effective immediately. Mr. Solomon Keene reported that Mr. Joel Manion of the Washington Court Hotel would remain as an

Employer Trustee and Mr. Stuart Damon, of Marriott Wardman Park Hotel, was appointed effective immediately.

Mr. Boardman and Mr. Keene directed the Administrative Manager to obtain resignation letters from the trustees who had been replaced and send a letter thanking them for their service to the Fund.

III. MINUTES

Board Meeting, September 27, 2011

Mr. Tierney reported that he 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 regular Board meeting held September 27, 2011 are approved.**

IV. INVOICES

Mr. Tierney presented a list of invoices dated December 16, 2011. It was noted that there were no additions, deletions or changes to the list.

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

> **RESOLVED that the invoices set forth in the list dated December 16, 2011 are approved for payment.**

V. AUDITOR REPORT

Mr. Tyler Geiman, of Novak | Francella, LLC ("Novak"), reported that the amended 2009 Form 5500 and financial statements prepared by Salter & Company, LLC, and the Form 5500 for the 2010 Plan Year, prepared by Novak had been filed.

Mr. Geiman distributed copies of the audit Engagement Letter for the 2011 Plan year, which was reviewed by Co-Counsel, for Trustee signature. Mr. Boardman and Mr. Keene executed the engagement letter on behalf of the Board of Trustees.

Mr. Geiman presented a letter that he explained is required by Statement on Auditing Standards (SAS) No. 115. The SAS 115 letter identifies several deficiencies in the Administrative Manager's internal controls and notes that all deficiencies have been corrected. He noted that these deficiencies did not rise to the level that would require the audit opinion on the financial statements to be something other than an unqualified, "clean," opinion.

VI. 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 December 3, 2011, 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 on the Marriott Wardman Park. She explained that, although the employer did not provide Forms W-2 for all its employees, based on the sample chosen by Calibre not deficiencies were found (except with respect to the banquet waiters as described below). She noted that the sample is sufficiently representative and large enough so as not to warrant expanding the scope of the audit. Mr. Singerman asked her to remove reference in the status report to "limited scope audit" since the term does not accurately describe the audit that was performed and to reflect that appropriate statistical sampling was used, and requested that future reports be treated in the same manner. Ms. Odell further explained that the employer treats all banquet functions as five hours worked and accordingly pays wages and benefit contributions on all banquet waiters, steadies and extras, based on five hours, with a 40 hour per week maximum. Mr. Singerman recused himself from this discussion as his firm represents the hotel. Ms. Odell said that Marriott Wardman Park does not have timesheets for banquet waiters, only sign-in sheets that do not reflect hours worked. Mr. Boardman expressed concern that this could result in the Employer underpaying the Fund, as the collective bargaining agreement requires contributions to be paid on all hours worked, which could exceed five hours if multiple functions are worked in a single day, or the employee works more than 40 hours in a week. He noted that the banquet waiters can work up to 10-12 hours per day during the busy season. After considerable discussion, the Trustees referred this issue to the Finance and Collections Committee.

The Trustees directed Calibre to ensure that the hotel's General Manager and Director of Finance/Comptroller are invited to attend payroll audit exit interviews so that any issues discovered in the audit are raised to levels of management outside the areas responsible for processing contributions to Fund. They also asked the Administrative Manager to confirm that any payroll audit finding correspondences sent to the hotel are also copied to the General Manager and Director of Finance/Comptroller.

Mr. Tierney reported that the Fund was still receiving contributions from Quantum Services who are working at the Hay Adams hotel. Mr. Boardman said he would contact the employer to determine why they are still utilizing Quantum.

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

VII. PAYROLL AUDIT COLLECTIONS REPORT

Mr. Tierney referred to the Payroll Audit Collections Report dated December 5, 2011 included in the meeting book. A copy of the report is attached to and made a part of the minutes as Exhibit B. Mr. Tierney 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.

VIII. COLLECTION COUNSEL REPORT

Ms. Ellen Ranzman of Katz & Ranzman, P.C. presented the Collection Counsel's Report. A copy of the report is attached to and made a part of the minutes as Exhibit C.

Ms. Ranzman reported that Collection Counsel had sent a demand letter to the Hilton Washington Embassy Row ("Hilton") for payment of delinquent contributions, in the amount of $2,676.18, found during the payroll audit covering the period January 1, 2009 through January 1, 2011. Mr. Singerman recused himself from this discussion as his firm represents Hilton. Having received no response from the Hilton, Collection Counsel filed a suit in U.S. District Court seeking the delinquent contributions, attorney's fees, audit fee, liquidated damages and costs. Ms. Ranzman reported that after the suit was filed, a Settlement Agreement with the Hilton was executed on October 25, 2011 and upon receipt of payment, the lawsuit was dismissed.

The Trustees thanked Ms. Ranzman for her report and she was excused for the balance of the meeting.

IX. CO-COUNSEL REPORT

A. Summary Plan Description ("SPD") Update

Co-Counsel informed the Trustees that the SPD has been updated and now that the change in the number of Trustees is complete, it will be sent to the printer for publishing and mailing to the participants.

B. Department of Labor ("DOL") Audit Update

Co-Counsel updated the Trustees on the status of the DOL audit. They said that the investigator requested to meet and interview Mr. Boardman and Mr. Keene. The meeting is scheduled for January, 2012. In preparation for the interview, Mr. Singerman requested that Mr. Tierney provide an explanation of how credits and debits are being made to the Training Fund.

X. ADMINISTRATIVE MANAGER REPORT

A. Second Quarter 2011 Administrative Manager's Report

Mr. Tierney presented and reviewed the Second Quarter 2011 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit D.

B. Third Quarter 2011Adminstraive Manager's Report

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

C. Investments

The Trustees reviewed and discussed the investments in Dodge and Cox and Harbor and concluded due to current market conditions no action on this subject is necessary at this time.

XI. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting to be held March 29, 2011, 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. 01/05/12)

Attachments:
Exhibit A: Calibre CPA Group, PLLC: Compliance Audit Program Status Report as of December 3, 2011
Exhibit B: Associated Administrators, LLC: Payroll Audit Collections Report as of December 5, 2011
Exhibit C: Katz and Ranzman, PC: Collection Counsel Report
Exhibit D: Associated Administrators, LLC: Administrative Manager Report, Second Quarter 2011
Exhibit E: Associated Administrators, LLC: Administrative Manager Report, Third Quarter 2011