Gastronomical Workers Union Local 610
and Metropolitan Hotel Association
Pension Fund
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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
GASTRONOMICAL WORKERS UNION LOCAL 610 AND
METROPOLITAN HOTEL ASSOCIATION PENSION FUND
OCTOBER 6, 2016
WASHINGTON, D.C.

The following Trustees were present:

Union Trustee	Employer Trustee
J. Rivera, Chairman	D. New, Secretary
M. Vazquez	

Also present were:
L. DuVall – Associated Administrators, LLC
R. Egan – The Segal Company (via teleconference)
M. Lotruglio – Quan-Vest Consultants (via teleconference)
A. Madan – Slevin & Hart, P.C.
M. Nham – Slevin & Hart, P.C.
L. Ortiz – The Segal Company (via teleconference)
J. Millan – UNITE HERE! Local 610, La Gastronomica

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. TRUSTEESHIP

Ms. DuVall stated that in accordance with the Fund's Declaration of Trust, the Trustees are to elect a Secretary of the Board. After discussion, and upon a MOTION duly made and seconded, the Trustees

> **RESOLVED, to elect Trustee New to serve as Secretary to the Board effective October 6, 2016.**

III. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on May 31, 2016, which were circulated in advance of the meeting. After discussion, and upon a MOTION duly made and seconded, the Trustees

> **RESOLVED, that the minutes of the regular Board meeting held on May 31, 2016 are approved as presented.**

IV. ATTORNEY'S REPORT

Ms. Nham reviewed a Memorandum from Slevin & Hart, P.C. dated April 25, 2016 regarding the impact of the Supreme Court's decision in *Montanile* on efforts to recover benefit overpayments. She presented a draft Amendment No. 2 to amend the Pension Plan's Section 8.6 regarding recoupment of overpayments, as well as a draft Summary of Material Modifications ("SMM") to the Fund's Summary Plan Description ("SPD"). After discussion, and upon a MOTION duly made and seconded, the Trustees

> **RESOLVED, that Amendment No. 2 to the Fund's Declaration of Trust and the accompanying SMM to the SPD are approved as presented.**

The Trustees signed Amendment No. 2 during the meeting. Ms. DuVall advised that the Fund Office will print and mail the SMM to Plan participants.

A. Pension Protection Act Notices

Ms. Nham reported that Fund counsel had worked with the Fund Office to prepare the Fund's Annual Funding Notice and Notice of Critical and Declining Status, as well as a cover letter to participants regarding the same. She reported that the Fund Office mailed the three documents to the Plan participants.

B. Delinquency Report

Ms. Nham reviewed a report dated October 6, 2016 concerning the status of employers that owe delinquent amounts to the Fund. Ms. Nham stated that Fund counsel is drafting a letter addressed to the U.S. Bankruptcy Court for the District of Puerto to request assistance in requiring Club Deportivo to comply with the terms of the bankruptcy plan of reorganization.

C. Hotel Melia

Ms. Nham reviewed the status of the Hotel Melia delinquency. After discussion, the Board agreed that Trustees Rivera and New should set up a conference call with the attorney representing Hotel Melia's owner in an attempt to reach a resolution.

D. Hospital Del Maestro

Ms. Nham discussed the outstanding withdrawal liability amount owed by Hospital Del Maestro and the settlement proposal made by the employer. After discussion, the Board authorized Fund counsel to propose a counter settlement offer of $5,000 to Hospital Del Maestro.

V. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Mr. Mark Lotruglio of Quan-Vest Consultants, Inc. ("Quan-Vest") to the meeting, via teleconference.

A. Performance Report

Mr. Lotruglio reported that the market value of the Fund's portfolio as of August 31, 2016 was $10.2 million as compared to $14.9 million ten years ago. He reviewed the investment performance report for the period ended August 31, 2016. He reported that for the one-year period ended August 31, 2016, the Fund's total portfolio returned 8.2% compared to a passive index return of 8.5%. The equity portfolio returned 11.5% and the Fund's fixed income portfolio returned 6.9% for the one-year period ended August 31, 2016. He stated that these reported returns were net of investment fees.

Mr. Lotruglio reported that the investment fees assessed to the Fund by Vanguard and Cutwater are in the lowest quartile of investment fees. However, he noted that the Vanguard may raise its investment fee by 1 basis point (from 0.04% to 0.05%) because the Fund no longer met the minimum balance requirement to qualify for the lower fees payable by institutional investors. If Vanguard increases the investment fee by 1 basis point, Mr. Lotruglio recommends remaining with Vanguard because its overall investment fee will still be in the lowest quartile of fees assessed by mutual funds.

B. Amendment to Investment Policy Statement ("IPS")

Ms. DuVall reported that in follow up to the May 31, 2016 Board meeting, the IPS was amended effective June 1, 2016, as recommended by Mr. Lotruglio and as approved by the Board.

The Trustees thanked Mr. Lotruglio for his report and excused him from the meeting.

VI. ACTUARY'S REPORT

The Trustees welcomed Ms. Rosanna Egan and Ms. Lissette Ortiz from The Segal Company ("Segal") to the meeting, via teleconference.

A. Actuarial Valuation and Review as of June 1, 2015

Ms. Ortiz and Ms. Egan reviewed the actuarial valuation and review as of June 1, 2015. They provided an overview of the actuarial valuation and explained that it establishes the funding requirements for the current year, analyzes the preceding years' experience, summarizes the actuarial data, and includes the actuarial information that is required to be filed with Form 5500.

B. Pension Protection Act ("PPA") Zone Certification as of June 1, 2016

Ms. Ortiz reviewed the Plan's Actuarial Status Certification, which was filed with the Internal Revenue Service ("IRS") on August 26, 2016. She stated that Segal certified the Plan to be in Critical and Declining Status (Red Zone) under the Pension Protection Act of 2006. Ms. Egan stated that based on annual standards described in the Fund's Rehabilitation Plan, Segal certified that the Plan is making scheduled progress since the projected insolvency date is after June 2019.

The Trustees thanked Ms. Egan and Ms. Ortiz for their reports and excused them from the meeting.

VII. ADMINISTRATIVE MANAGER'S REPORT

Ms. DuVall presented the Administrative Manager's Report for March 2016 through May 2016. A review of the quarter indicated contributions of $1,164, withdrawal liability payments of $0, and interest/dividend income of $58,072, producing total income of $59,236. Expenses included $563,843 for pension benefits and $174,733 in operating expenses, producing total expenses of $738,576, which resulted in a cash flow deficit of $679,340 for the period March 2016 through May 2016.

Ms. DuVall presented the Administrative Manager's Report for June 2016 through August 2016. A review of the last quarter indicated contributions of $1,164, withdrawal liability income of $0, and interest/dividend income of $55,043, producing total income of $56,207. Expenses included $535,124 for pension benefits and $92,239 in operating expenses, producing total expenses of

$627,363, which resulted in a deficit of $571,156 for the period June 2016 through August 2016. Ms. DuVall noted that the number of active participants was four.

Ms. DuVall presented the pension report for the period May to August 2016. She reviewed the pension roll, a list of deleted/deceased participants, a list of adjustments and changes, a list of small pension cash-out payments and pension applications submitted for Trustee approval. After further discussion, and upon a MOTION duly made and seconded, the Trustees unanimously

> **RESOLVED, that the pension applications and small pension cash-out payments were approved as presented.**

VIII. <u>INVOICES</u>

Ms. DuVall presented a list of invoices dated October 6, 2016. The Trustees reviewed the list and determined that all invoices represented proper Fund expenses. Ms. DuVall presented an invoice dated July 21, 2016 from Associated Administrators, LLC in the amount of $350. The invoice was for computer programming required to produce the information data requested by Senator Elizabeth Warren, which the Board previously agreed to provide to Senator Warren. After discussion and upon a MOTION duly made and seconded, it was unanimously

> **RESOLVED, that the invoices listed in the Administrative Manager's Report dated October 6, 2016 and the invoice from Associated Administrators, LLC dated July 21, 2016 were approved for payment.**

IX. <u>OTHER FUND BUSINESS</u>

Ms. DuVall reported the following:

A. <u>Annual Funding Notice</u>

The Annual Funding Notice was mailed with a cover letter to Plan participants, filed with the Pension Benefit Guaranty Corporation ("PBGC"), and mailed to contributing Employers and the participating Union on September 23, 2016.

B. <u>Notice of Critical Status</u>

Notice of Critical Status was mailed to Plan participants, filed with the PBGC and Department of Labor ("DOL"), and mailed to contributing Employers and the participating Union on September 23, 2016.

C. Notice of Availability of Pension Benefits Statement

The annual Notice of Availability of Pension Benefits Statement was mailed on July 6, 2016 to actively working Plan participants.

D. Report of Foreign Bank and Financial Accounts ("FBAR") Filing

Ms. DuVall reported that Mr. Lotruglio confirmed that the Fund was not required to file to a FBAR filing.

E. Annual Retiree Information Form ("RIF")

The 2016 RIFs were mailed on September 28, 2016.

X. NEXT MEETING DATE AND ADJOURNMENT

The Trustees decided that the next regular Board meeting would be held in Puerto Rico on Thursday, March 9, 2017, starting at 10:00 a.m.

There being no further business to come before the Trustees, the Board meeting adjourned.

Respectfully submitted,

______________________	______________________
Chairman	Secretary
______________________	______________________
Date	Date

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