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 HELD MARCH 15, 2018 WASHINGTON, D.C.

The following Trustees were present:

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

Also present were:
L. DuVall – Associated Administrators, LLC
R. Egan – The Segal Company (via teleconference)
J. Herishen – Salter & Company
A. Madan – Slevin & Hart, PC
T. Mazur – Quan-Vest Consultants (via teleconference)
M. Nham – Slevin & Hart, PC
L. Ortiz – The Segal Company (via teleconference)

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on March 9, 2017, 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 March 9, 2017 were approved as presented.**

III. INVESTMENT CONSULTANT'S REPORT

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

A. Performance Report

Mr. Mazur reported that the market value of the Fund's portfolio as of February 28, 2018 was $7 million as compared to $15 million ten years ago. He reviewed the investment performance report for the period ended February 28, 2018. He reported that for the one-year period ended February 28, 2018, the Fund's total portfolio returned 4.9% compared to a passive index return of 5.2%. The equity portfolio returned 16.2% and the Fund's fixed income portfolio returned 0.5% for the one-year period ended February 28, 2018. He stated that these reported returns were net of investment fees.

B. Asset Allocation

Mr. Mazur reported that the asset allocation on February 28, 2018 was 68.1% in fixed income, 31.0% in domestic equity, and 0.9% in cash. He advised that the market value of assets for the combined portfolio was $7,027,119, of which Vanguard Total Stock Fund ("Vanguard") held $2,179,506 and Cutwater Asset Management ("Cutwater") held $4,847,613.

C. Investment Portfolio

Mr. Mazur advised that the Fund's asset allocation policy targets are 30% in domestic equity and 70% in fixed income, with an allowable range of plus or minus 10%. He confirmed that the percentage of assets invested in domestic equity and fixed income are in alignment with the target allocations. Mr. Mazur advised that while Cutwater has done a good job for the Fund, now that the assets under management by Cutwater are less than $5 million, he recommends consolidating the Fund's portfolio by transferring the assets managed by Cutwater to Vanguard's Short-Term Bond Index Fund. He noted that if all funds are moved to Vanguard, Amalgamated Bank would no longer be needed as a custodian and this would significantly reduce the fixed income fees paid by the Fund. The Trustees requested a written breakdown comparing fees charged by Vanguard and two comparable investment management firms. Mr. Mazur said that he would provide the requested information between Board meetings.

Mr. Mazur then reported that he had been advised by the Fund's administrative manager that additional funds were needed to pay Fund expenses. After discussion of the Fund's expenses and cash flow needs, the Trustees approved withdrawing $150,000 from the Fund's investment portfolio to pay ongoing expenses. Mr. Mazur recommended withdrawing the money from the Vanguard Total Stock Market Index Fund. After discussion, and upon a MOTION duly made and seconded, the Trustees

RESOLVED, to approve a one-time withdrawal of $150,000 from the Fund's investment in the Vanguard Total Stock Market Index Fund to pay ongoing Fund expenses.

D. Management Changes at Vanguard and Amalgamated Bank

Mr. Mazur reported on management changes at Vanguard and Amalgamated Bank. He stated that Quan-Vest will continue to monitor investment services provided to the Fund by Vanguard and Amalgamated Bank. He stated that no action is recommended at this time.

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

IV. AUDITOR'S REPORT

The Trustees welcomed Mr. Joe Herishen of Salter & Company, LLC ("Salter") to the meeting.

A. Financial Statements

Mr. Herishen reviewed the Independent Auditor's Report and Financial Statements for the Plan years ended May 31, 2017 and 2016. He expressed an unqualified/unmodified opinion on the financial statements, explaining that in his opinion, the financial statements present fairly, in all material respects, the financial status of the Plan as of May 31, 2017. He stated that this is the highest level of opinion that can be achieved in conforming to accounting principles generally accepted in the United States.

Mr. Herishen reported that the Net Assets Available for Benefits on May 31, 2017 were $8,789,402. He said that total additions for the Plan year ended May 31, 2017 were $612,780 and total deductions were $2,520,848, which resulted in a $1,908,068 decrease in Net Assets Available for Benefits.

B. IRS Form 5500 Annual Return

Mr. Herishen reported that he electronically filed the Fund's Form 5500 on March 13, 2018 for the Plan year ended May 31, 2017.

C. Management (Trustee) Representation Letter

Mr. Herishen reported that the annual Management (Trustee) Representation Letter was signed by Trustee Rivera and Trustee New between Board meetings.

D. PR Form 480.70(OE) – Informative Return for Income Tax Exempt Organizations

Mr. Herishen reported that Form 480.70(OE) was no longer required to be filed for a Pension Trust Fund.

E. PR Form 6042 – Deduction for Contributions to Qualified Retirement Plan and Tax on Certain Contributions

Mr. Herishen reported that after consulting with Fund counsel and local counsel in Puerto Rico, he had prepared Form 6042 for the Plan year ended May 31, 2017 and provided it to the Fund office for mailing to the Department of the Treasury in Puerto Rico by March 15, 2018.

F. Hotel Melia Payroll Audit

Mr. Herishen reported that he had been trying for over a year to schedule a payroll audit with Hotel Melia with no success.

A discussion ensued regarding Hotel Melia. After the discussion, and upon a MOTION duly made and seconded, it was unanimously

> **RESOLVED, to authorize Fund counsel to initiate legal action against Hotel Melia for all monies owed to the Fund, and to send Hotel Melia a controlled group questionnaire for purposes of collecting withdrawal liability and to send a 60-day acceleration letter in follow up to the withdrawal liability demand letter already sent. Further resolved, to authorize Fund counsel to send a demand letter compelling Hotel Melia to cooperate with the requested payroll audit and advising that failure to cooperate will result in a Federal District Court lawsuit.**

G. Audit Engagement Proposal for Plan Year Ending May 31, 2018

Mr. Herishen discussed Salter's proposed engagement letter dated March 15, 2018 describing the services and fees for Salter to perform the annual audit and tax preparation of the Fund for Plan year ending May 31, 2018. He said that fees remain the same as the prior year, except that hourly rates for additional work increased by $5.00 per hour.

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

The Trustees reviewed Salter's proposed audit engagement. A discussion followed regarding the lack of timeliness of Salter's work. After discussion, and upon a MOTION duly made and seconded, it was unanimously

> **RESOLVED, to approve the engagement of Salter & Company, LLC to perform the annual audit and tax preparation of the Fund for the Plan year ending May 31, 2018, contingent on Salter agreeing to provide at least a two week turnaround time for anything that needs Fund counsel's review or requires Trustee signatures.**

V. ACTUARY'S REPORT

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

A. 2016 Schedule MB–Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information

Ms. Egan stated that Segal had completed the Fund's Schedule MB and provided it to the Fund auditor to file with the Fund's Form 5500 for the Plan year ended May 31, 2017.

B. Actuarial Certification of Plan Status as of June 1, 2017

Ms. Ortiz reviewed the Plan's Actuarial Certification, which was filed with the Internal Revenue Service ("IRS") on August 29, 2017. She stated that as of June 1, 2017, the Plan is in critical and declining status. She 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.

C. Actuarial Valuation as of June 1, 2017

Ms. Egan said that Segal now has all of the data needed to prepare the Actuarial Valuation and Review as of June 1, 2017 and to make projections for the Rehabilitation Plan before the Plan year ends on May 31, 2018.

Ms. DuVall reported that the Pension Benefit Guaranty Corporation ("PBGC") had requested a copy of the most recent actuarial valuation. After discussion, and upon MOTION duly made and seconded, it was unanimously

> **RESOLVED, to authorize the Fund's administrative manager to provide a copy of the Fund's Actuarial Valuation and Review as of June 1, 2016 to the Pension Benefit Guaranty Corporation.**

D. Hotel Melia

Ms. Egan reported that Hotel Melia's withdrawal liability obligation had been calculated by Segal in accordance with ERISA to be $15,317,822 if paid as a single installment, or $844.09 per month for 240 months if paid in monthly installments. Ms. DuVall stated that no withdrawal liability payment had been received from Hotel Melia in response to the Fund's assessment of withdrawal liability sent on January 11, 2018.

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

VI. ATTORNEY'S REPORT

A. Fiduciary Liability Insurance Policy Renewal

Ms. Nham reported that AIG, the Fund's insurance carrier, declined to renew the fiduciary liability policy for the period February 21, 2018 to February 21, 2019. However, AIG extended the fiduciary liability policy coverage period for an additional 30 days from February 21, 2018 to March 23, 2018 for an additional pro-rated premium of $3,288. She said that AIG offered to extend coverage for up to 60 days if additional time is needed to place coverage through another carrier. Ms. Nham reported that the following quotes had been obtained by the insurance broker from Berkely International and Liberty Mutual and were under review:

Berkley International	
Liability Limit:	$1,000,000
Premium:	$ 50,000
Deductible:	$ 75,000

Liberty Mutual – Private Advantage Policy:	
Liability Limit:	$ 4,000,000
Premium:	$ 38,000
Self-Insured Retention:	$ 25,000 each loss

After discussion and upon a MOTION duly made and seconded, it was unanimously

RESOLVED, that an additional 30-day extension be secured for the period March 23, 2018 to April 22, 2018 from AIG to allow time to consider the quotes presented from Berkeley International and Liberty Mutual, and to utilize Segal Select Insurance Services in an attempt to secure quotes from other insurance carriers for the Trustees' consideration.

B. Delinquency Report and Litigation Update

Diamond Palace

Ms. Nham reported that a check in the amount of $19,032 was received by from the United States Treasury Department ("US Treasury") on November 21, 2017 following a National Labor Relations Board settlement with Diamond Palace.

Club Deportivo

Ms. Nham reported on the status of the Club Deportivo bankruptcy court case.

Hotel Melia

Ms. Nham reported on the status of Hotel Melia's withdrawal from the Fund effective December 31, 2016. After discussion, and upon MOTION duly made and seconded, the Trustees

RESOLVED, to ratify the Trustee poll taken between Board meetings to adopt Segal's calculation of $15,317,882 as Hotel Melia's withdrawal liability obligation to the Fund based on the December 31, 2016 date of withdrawal from the Fund.

Hospital Del Maestro

Ms. Nham discussed the outstanding withdrawal liability amount owed by Hospital Del Maestro.

C. Fee Increase Proposal

Ms. Madan reviewed a letter dated March 13, 2018 from Slevin & Hart proposing hourly rate increases to be effective April 1, 2018 for Ms. Mayoung Nham from $230 to $290 per hour and for Mr. Jeffrey Swyers from $305 to $325 per hour.

After discussion, and upon MOTION duly made and seconded, the Trustees

RESOLVED, to approve hourly rate of $290 for Ms. Mayoung Nham and $325 for Mr. Jeffrey Swyers, effective April 1, 2018.

VII. ADMINISTRATIVE MANAGER'S REPORT

Ms. DuVall presented the Administrative Manager's Report for December 2016 through February 2017. Such report indicated contributions of $1,164, settlement income of $2,000, and interest and dividend income of $36,687, producing total income of $39,851. Expenses included $521,787 for pension benefits and $126,588 in operating expenses, producing total expenses of $648,375, which resulted in a net deficit of $608,524 for the period December 2016 through February 2017. She further noted that contributions were made on behalf of four active participants.

Ms. DuVall presented the Administrative Manager's Report for March 2017 through May 2017. Such report indicated contributions of $1,164 and interest and dividend income of $50,302, producing total income of $51,466. Expenses included $519,774 for pension benefits and $169,155 in operating expenses, producing total expenses of $688,929, which resulted in a net deficit of $637,463 for the period March 2017 through May 2017. She further noted that contributions were made on behalf of four active participants.

Ms. DuVall presented the Administrative Manager's Report for June 2017 through August 2017. Such report indicated contributions of $1,164 and interest and dividend income of $49,772, producing total income of $50,936. Expenses included $511,632 for pension benefits and $72,698 in operating expenses, producing total expenses of $584,330, which resulted in a net deficit of $533,394 for the period June 2017 through August 2017. She further noted that contributions were made on behalf of four active participants.

Ms. DuVall presented the Administrative Manager's Report for September 2017 through November 2017. Such report indicated contributions of $1,164, Diamond Palace bankruptcy proceeds of $19,032, and interest and dividend income of $45,963, producing total income of $66,159. Expenses included $523,221 for pension benefits and $48,935 in operating expenses, producing total expenses of $572,156, which resulted in a net deficit of $505,997 for the period September 2017 through November 2017. She further noted that contributions were made on behalf of four active participants.

Ms. DuVall presented the pension report for the period February 2017 to February 2018. 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 are approved as presented.**

VIII. INVOICES

Ms. DuVall presented a list of invoices dated March 15, 2018. The Trustees reviewed the list and determined that all invoices represented proper Fund expenses. 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 March 15, 2018 are approved for payment.**

IX. TRUSTEE EXPENSE VOUCHER REPORT

Ms. DuVall presented a report dated March 15, 2018 listing Trustee travel expenses incurred in attending the March 9, 2017 Board of Trustees meeting held in Puerto Rico. Upon a MOTION duly made and seconded, it was unanimously

> **RESOLVED, that the expenses listed on the Trustee Expense Voucher Report dated March 15, 2018 are approved for reimbursement.**

X. APPEAL

Ms. DuVall presented Appeal #P17/129-8888 in which a participant was appealing the denial of a disability pension benefit. After review and discussion of the facts, and upon a MOTION duly made and seconded, it was unanimously

RESOLVED, to deny Appeal #P17/129-8888 because the participant does not meet the eligibility requirements for a disability pension benefit.

XI. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Fidelity Bond Renewal

The Fund's fidelity bond was renewed for the period of February 1, 2018 to February 1, 2019.

B. Banco Popular de Puerto Rico ("Banco Popular")

Ms. DuVall reported that Positive Pay services were implemented on the Fund's accounts at Banco Popular, per the direction of the Trustees at the March 9, 2017 Board meeting.

C. Pension Benefit Guaranty Corporation ("PBGC") Premium Filing

The Fund's Comprehensive Filing with the PBGC for the Plan year beginning June 1, 2016 was completed on March 15, 2017, under the extension of time to file. The Fund's Comprehensive Filing with the PBGC for the Plan year beginning June 1, 2017 was completed on March 7, 2018, under the extension of time to file.

D. Annual Funding Notice

The Fund's Annual Funding Notice for the Plan year ended May 31, 2017 was filed with the PBGC on September 25, 2017. The Notice was mailed to Plan participants and beneficiaries, participating employers and Union on September 28, 2017.

E. Notice of Critical Status

Notice of Critical Status for the Plan year beginning June 1, 2017 was filed with the Department of Labor and the PBGC on September 25, 2017. The Notice was mailed to Plan participants and beneficiaries, contributing Employer and Union on September 28, 2017.

F. Notice of Availability of Pension Benefit Statement

Notice of Availability of Pension Benefit Statements was mailed to active Plan participants on July 10, 2017.

G. Foreign Bank and Financial Accounts Reporting ("FBAR")

Quan-Vest provided confirmation that none of the Fund's assets managed by Vanguard and Cutwater were subject to FBAR filing.

H. IRS Form 5500 – Annual Return/Report of Employee Benefit Plan

Form 5500 for the Plan year ended May 31, 2016 was electronically filed by the Fund auditor on March 10, 2017 under the allowable extension of time to file.

I. Multiemployer Summary Report 104(d) Notice

On April 6, 2017, the Fund office mailed the Report of Summary Plan Information for the 2015 Plan Year to the participating employers and the Union.

J. Puerto Rico Tax Filings

Form 480.70(OE) Informative Return for Income Tax Exempt Organizations for the Plan year ended May 31, 2016 was mailed via certified mail on March 9, 2017 under the allowable extension of time to file. Form 480.7C Informative Return–Retirement Plans and Annuities was mailed by February 28, 2018 to each Plan participant and beneficiary for whom the Fund issued a pension distribution for the 2017 tax year. Form 6042–Deduction for Contributions to Qualified Retirement Plan and Tax on Certain Contributions for the Plan year ended May 31, 2017 was mailed on March 7, 2018 to the Puerto Rico Department of the Treasury, per directions of the Fund auditor.

XII. NEXT MEETING DATE AND ADJOURNMENT

After discussion, the Trustee decided that the next regular Board meeting would be held in Washington, D.C. at the law offices of Slevin & Hart on September 13, 2018, 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