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 OCTOBER 11, 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
L. Lotruglio – Quan-Vest Consultants (via teleconference)
M. Nham – Slevin & Hart, PC

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 15, 2018, 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 15, 2018 were approved as presented.**

III. AUDITOR'S REPORT

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

A. Resolution Acknowledgement

Mr. Herishen said that a Resolution Acknowledgement was provided in connection with Salter's engagement letter for Plan year beginning June 1, 2018, as requested by Trustees at the prior Board meeting.

B. Salter & Company Merger with Calibre CPA Group, PLLC ("Calibre")

Mr. Herishen reported that Salter & Company merged with another accounting firm, Calibre CPA Group, effective August 1, 2018. He distributed a press release regarding the merger, a report on the Calibre firm and its client base, as well as a brochure about Calibre's services. He confirmed that Salter's professional fees for the Plan year June 1, 2018 to May 31, 2019 will not increase as a result of the merger.

C. Puerto Rico Treasury Form SC 6042 - Deduction for Contributions to Qualified Retirement Plans and Tax on Certain Contributions

Mr. Herishen requested that the Fund pay Salter an additional $1,102.50 for preparing and filing the new Puerto Rico Treasury Form SC 6042, which replaced Puerto Rico Treasury Form 480.7(OE). After discussion, and upon a MOTION duly made and seconded, the Trustees

RESOLVED, to pay Salter $1,102.50 for preparing and filing Puerto Rico Treasury Form SC 6042 for the Plan year ended May 31, 2017.

D. Hotel Melia Payroll Audit

Mr. Herishen reported that, despite repeated attempts to schedule a payroll audit with Hotel Melia and requests for data to perform a payroll audit, no response was received from Hotel Melia. Ms. Nham noted that the lawsuit filed against Hotel Melia requested that Hotel Melia be required to comply with an audit of its payroll records.

IV. 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, 2018 was $5.84 million. He reviewed the investment performance report for the period ended August 31, 2018. He reported that for the one-year period ended August 31, 2018, the Fund's total portfolio returned 4.4% compared to a passive index return of 4.9%. The equity portfolio returned 20.3% and the Fund's fixed income portfolio returned -1.7% for the one-year period ended August 31, 2018. He stated that these reported returns were net of investment fees.

B. Asset Allocation

Mr. Lotruglio reported that the asset allocation on August 31, 2018 was 69.8% in fixed income and 30.2% in domestic equity. He advised that the market value of assets for the combined portfolio was $5,842,701, of which $1,766,105 is held in the Vanguard Total Stock Fund and $4,076,596 is held in the Vanguard Short-Term Bond Index Fund.

Mr. Lotruglio reported that in April 2018, following the March 15, 2018 Board meeting, the Fund's assets managed by Cutwater Asset Management were transferred to the Vanguard Short-Term Bond Index Fund as approved by the Trustees between Board meetings.

C. Petrobras Securities Class Action Lawsuit

Mr. Lotruglio advised that Amalgamated Bank had confirmed that all applicable class action filings related to the Fund's holdings in the Petrobras Class Action settlement had been filed by the due date.

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

V. ACTUARY'S REPORT

The Trustees welcomed Ms. Rosana Egan from The Segal Company ("Segal") to the meeting via teleconference.

A. Updated Solvency Projections for Rehabilitation Plan Update

Ms. Egan reviewed a Memorandum from Segal dated May 10, 2018, which was provided to the Trustees between Board meetings, regarding a projection of the Fund's future market value of assets in order to assist the Trustees in updating the Fund's Rehabilitation Plan ("RP"). Ms. Egan stated that the Fund is projected to be insolvent by January 2021. Based on the projections, Ms. Egan stated that the Fund is currently meeting the annual standards set forth in the RP. She noted that Segal had recommended that the Trustees maintain the same annual standards as reflected in the Third Update to the RP. Ms. Nham reported that on May 14, 2018, the Trustees agreed between Board meetings, to maintain the annual standards set forth in the Third Update to the Fund's Rehabilitation Plan, based on Segal's determination that the Fund is currently meeting the annual standards.

B. Actuarial Valuation as of June 1, 2017

Ms. Egan reviewed the actuarial valuation and review as of June 1, 2017. She provided an overview of the actuarial valuation and explained that it establishes the funding requirements for the current year, analyzes the preceding year's experience, summarizes the actuarial data, and includes the actuarial information that is required to be filed with the Form 5500.

Ms. Egan stated that Segal revised the assumed long-term rate of return on investments from 5.00% to 4.00%, given the current interest rate environment, target asset allocation and expectations of future investment returns for various asset classes. Segal will continue to monitor the Plan's actual and anticipated investment returns relative to the assumed long-term rate of return on investments of 4.00%.

C. Actuarial Certification of Plan Status as of June 1, 2018

Ms. Egan reviewed the Plan's Actuarial Certification, which was filed with the Internal Revenue Service ("IRS") on August 29, 2018. She stated that as of June 1, 2018, the Plan is in critical and declining status (Red Zone) for 2018. Based on the annual standards described in the RP, Segal certified that the Plan is making scheduled progress since the projected insolvency date is after June 2019.

The Trustees thanked Ms. Egan and for her report and excused her from the meeting.

VI. ATTORNEY'S REPORT

A. Fiduciary Liability Insurance Policy Renewal

Ms. Nham reported that between Board meetings the Fund's Fiduciary Liability Insurance was issued by RLI Insurance Company and an Excess Fiduciary Liability Insurance policy was issued by Hudson Insurance Company.

B. Pension Protection Act Notices

Ms. Nham reported working with the Administrative Manager on the Fund's Annual Funding Notice for the Plan year ended May 31, 2018, and the Notice of Critical Status for the Plan year beginning June 1, 2018.

C. Delinquency Report and Litigation Update

i. Club Deportivo

Ms. Nham reported on the status of the Club Deportivo bankruptcy court case. She said that the property was sold and the lien cancelled, so no money is forthcoming to the Fund.

ii. Hotel Melia ("Melia)

Ms. Nham reported that a lawsuit was filed against Hotel Melia on September 12, 2018 and that Hotel Melia's response was due on October 16, 2018. She reported that on October 9, 2018, the Fund office received a contribution report and check from Melia in the amount of $26,615.00 but that it was not yet deposited given the need to reconcile with the reports provided by Melia. After discussion, the Board directed that check be deposited and that a letter be sent to Melia acknowledging receipt of the payment and advising Melia that the payment would be considered a partial payment towards Melia's outstanding withdrawal liability debt to the Fund.

iii. Hospital Del Maestro

Ms. Nham reported that Hospital Del Maestro had signed a Confession of Judgement and is currently paying the reduced withdrawal liability payments of $3,757 per month.

D. Projected Plan Insolvency

Ms. Madan briefly discussed the process of requesting assistance from the PBGC as the Fund moves towards insolvency. She advised that Fund counsel will prepare a memorandum to the Trustees outlining the steps involved in the process for discussion at the next Board of Trustees meeting.

VII. ADMINISTRATIVE MANAGER'S REPORT

Ms. DuVall presented the Administrative Manager's Report for December 2017 through February 2018. Such report indicated contributions of $1,164, settlement income of $0, and interest and dividend income of $46,008, producing total income of $47,172. Expenses included $510,381 for pension benefits and $51,980 in operating expenses, producing total expenses of $562,361, which resulted in a net deficit of $515,189 for the period December 2017 through February 2018. She further noted that contributions were made on behalf of four active participants.

Ms. DuVall presented the Administrative Manager's Report for March 2018 through May 2018. Such report indicated contributions of $1,164, settlement income of $0, and interest and dividend income of $35,945, producing total income of $37,109. Expenses included $505,771 for pension benefits and $248,418 in operating expenses, producing total expenses of $754,189, which resulted in a net deficit of $717,080 for the period March 2018 through May 2018. She further noted that contributions were made on behalf of four active participants.

Ms. DuVall presented the pension report for the period March 2018 through September 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 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 October 11, 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 October 11, 2018 are approved for payment.**

IX. TRUSTEE EXPENSE VOUCHER REPORT

Ms. DuVall presented a report dated October 11, 2018 listing Trustee travel expenses incurred in attending the March 15, 2018 Board of Trustees meeting held in Washington, DC. Upon a MOTION duly made and seconded, it was unanimously

RESOLVED, that the expenses listed on the Trustee Expense Voucher Report dated October 11, 2018 are approved for reimbursement.

X. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Transfer of Assets

Trustees were polled between Board meetings regarding a recommendation from Quan-Vest to transfer assets managed by Insight Investment (also known as Cutwater Asset Management) to the Vanguard Short Term Bond Index Fund. Fixed Income funds managed by Insight Investment were liquidated and transferred to the Vanguard Short Term Bond Index Fund on April 27, 2018.

B. Annual Funding Notice

The Fund's Annual Funding Notice for the Plan year ended May 31, 2018 was filed with the PBGC and mailed to the contributing employer and participating union on September 25, 2018. The Notice was mailed to Plan participants and beneficiaries on September 27, 2018.

C. Notice of Critical Status

The Notice of Critical Status for the Plan year beginning June 1, 2018 was filed with the Department of Labor and the PBGC on September 25, 2018. The Notice was mailed to the participating employer and union on September 25, 2018. The Notice was mailed to Plan participants and beneficiaries on September 27, 2018.

D. Notice of Availability of Pension Benefit Statement

The Notice of Availability of Pension Benefit Statements was mailed to Plan participants on August 27, 2018.

E. Pension Benefit Guaranty Corporation ("PBGC") Reporting

i. Actuarial Valuation

Between Board meetings, the PBGC requested a copy the Fund's most recent Actuarial Valuation. After seeking Board approval, Ms. DuVall provided the PBGC with a copy of the June 1, 2016 Actuarial Valuation on March 20, 2018. Ms. DuVall reported that the PBGC subsequently requested a copy of June 1, 2017

Actuarial Valuation. The Trustees approved providing a copy of the Actuarial Valuation as of June 1, 2017 to the PBGC.

ii. Withdrawal Liability

Between Board meetings, the PBGC requested information regarding withdrawal liability payments to the Fund. After seeking Board approval, Ms. DuVall provided the requested information to the PBGC on July 24, 2018.

F. Fiduciary Liability Insurance Policies

AIG Insurance Company of Puerto Rico notified the Fund that its Fiduciary Liability insurance policy expiring February 21, 2018 would not be renewed. AIG extended the policy period for a total of 60 days from February 21, 2018 to April 21, 2018 at a pro-rated premium in the total amount of $6,576 ($3,288 for each thirty day period) to allow the Fund time to select a new carrier. Between Board meetings, the Trustees approved purchasing a Fiduciary Liability insurance policy with a limit of $1,000,000 effective April 21, 2018 to April 21, 2019 through RLI Insurance Company at a premium of $21,113. Also, between Board meetings, the Trustees approved purchasing an Excess Fiduciary Liability insurance policy with a limit of $1,000,000 effective April 21, 2018 to April 21, 2019 through Hudson Insurance Company at a premium of $15,835.

G. Multiemployer Summary Report 104(d) Notice

On April 9, 2018, the Fund office mailed the Report of Summary Plan Information for the 2016 Plan Year to the participating employers and the Union.

H. 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.

I. Annual Retiree Certification

Despite repeated attempts by the Fund office, there are 88 retirees and 22 beneficiaries who have not returned a 2017 Request for Information Form ("RIF"). Two reminder letters were mailed. The most recent letter states that failure to return the RIF will result in suspension of monthly pension benefit payments until a completed RIF is received at the Fund office. The Trustees agreed that the Fund should proceed with suspension of benefits.

XI. NEXT MEETING DATE AND ADJOURNMENT

After discussion, the Trustees decided that the next regular Board meeting will be held at The Segal Company in New York City on April 9 or 11, 2019, subject to confirmation from Segal regarding the availability of a meeting room.

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

Respectfully submitted,

______________________________	______________________________
Chairman	Secretary
______________________________	______________________________
Date	Date

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