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 SEPTEMBER 30, 2021
VIA VIDEO CONFERENCE

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene
Stephanie Steer Jones	Charles Hill
Linda Martin	Satinder Palta

Also present were:

Anne Mayerson – Bredhoff & Kaiser, PLLC
Fredric Singerman – Seyfarth Shaw, LLP
Henry Jaung – Meketa Investments (for part of the meeting)
Peter Belval – Meketa Investments (for part of the meeting)
Barbara Maiorano – Associated Administrators, LLC
Anne-Marie Sims – Associated Administrators, LLC
Tyler Geiman – Novak|Francella, LLC
Jackie Coyle – Novak|Francella, LLC
Robert Coover – Dentegra (for part of the meeting)
Mary Stouffer - Dentegra (for part of the meeting)

I. CALL TO ORDER

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

II. MINUTES

Board Meeting, June 2, 2021

The Trustees reviewed the draft minutes of the June 2, 2021 meeting.

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

> **RESOLVED that the minutes of the Board meeting held June 2, 2021 are approved as presented.**

III. INVOICES

Ms. Sims presented a list of invoices dated September 30, 2021. She 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 September 30, 2021 are approved for payment.**

IV. AUDITOR REPORT

Financial Statements for years ended December 31, 2020 and 2019

Mr. Tyler Geiman of Novak | Francella, LLC ("Novak"), reviewed copies of the Financial Statements for years ended December 31, 2020 and 2019, which were distributed to Trustees prior to the meeting and copies of which are attached to and made a part of these minutes as Exhibit A. He confirmed that the audit included an unmodified opinion of the financial statements of the Fund, and he presented the report in detail. Mr. Geiman reported that the Form 5500 and Financial Statements would be filed timely

V. PAYROLL AUDIT REPORT

Payroll Audit Collections Report

Ms. Sims referred to the Payroll Audit Collections Report dated September 20, 2021, included in the meeting book. A copy of the report is attached to and made part of the minutes as Exhibit B. Ms. Sims reviewed the report which contains results for collection of payroll audit deficiencies after receipt of the audits from Novak|Francella and before referral of unpaid billed deficiencies to the Fund's Collection Counsel.

Ms. Sims reported that after numerous attempts to collect payment on the payroll audit findings from the employer formerly operating at the Fairfax Embassy Row, the Fund has not received a response or payment. Accordingly, this matter will be referred to Collection Counsel.

Ms. Jackie Coyle provided an overview of the current status of the payroll audits performed by Novak. She reported that the exit audit for the Marriott Wardman Park has been completed with no findings. She reported that Novak is currently experiencing exit audit issues with the W Hotel as the payroll contact, Veronica Whitley, is hesitant to provide electronic information that includes social security numbers, even though she was advised that the auditors already have social security numbers. Ms. Stephanie Steer Jones suggested Ms. Coyle contact Gus Ceccini, who is head of Labor Relations for Marriott Eastern Region, as he can facilitate the receipt of the requested documentation from the W Hotel if this issue continues. The Trustees requested that Ms. Mayerson should be copied on all correspondence. Mr. Singerman recused himself during this discussion, as Seyfarth Shaw represents Marriott International.

Ms. Coyle asked the Trustees if Novak can resume conducting payroll audits on a regular cycle as many of the hotels have recently reopened after the COVID-19 pandemic. Mr. Boardman said that if the properties could share the required documentation needed to perform these audits electronically then payroll audits could resume. Ms. Coyle stated that the auditors at Novak are willing to go on site in order to conduct the audits, if the employer permits. The Trustees agreed that this was acceptable and payroll audits could resume.

VI. PROVIDER REPORT

Dentegra - Dental Service Provider – Contract Renewal Proposal

The Trustees welcomed Mr. Robert Coover and Ms. Mary Stouffer from Dentegra Insurance Company ("Dentegra") to the meeting and thanked them for their willingness to accommodate the Fund by agreeing to defer payments due for individuals eligible for a COBRA subsidy under the provisions of the American Rescue Plan Act.

Ms. Stouffer provided an overview of the Dental Plan Review, a copy of the subject report is attached and made part of the minutes as Exhibit C. Mr. Coover reported that the Plan paid $819,870 in premiums for the period July 1, 2020 through June 30, 2021 and incurred claims in the amount of $677,363. Based on the current premium level and base incurred claims (adjusted for COVID-19) the loss ratio for the plan was calculated to be 82.62% and 88.89% with an annual trend rate applied. Mr. Coover reported that the loss ratio sought by Dentegra was 77.20%. Mr. Coover said that Dentegra is requesting a one-year contract renewal, effective January 1, 2022 through December 31, 2022, with an increase in rates from $0.428 per hour worked, to $0.493 per hour worked, which represents a 15.4% increase.

Mr. Coover provided an overview of the summary of Plan costs and costs per member from 2017 through 2020. A copy of the subject report is attached to and made a part of these minutes as Exhibit D. Mr. Singerman questioned the time period Dentegra utilized for the determination of plan costs used in the underwriting methodology to create the proposed rate for 2022, due to COVID's effect on participant usage and status in 2020. Mr. Coover said he would take these comments and concerns back to Dentegra's underwriters for review and request an adjustment to the proposed renewal rate increase of 15.14%.

The Trustees thanked Mr. Coover and Ms. Stouffer for their presentation and they were excused from the meeting.

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

> **RESOLVED that delegate authority for the review and approval of the revised one-year rate renewal proposal from Dentegra to the Finance and Collections Committee.**

Mr. Boardman reported that the Legal Fund is receiving more money than it requires for cash flow purposes and that his calculations show that it can maintain benefits by drawing upon its reserves. The Health and Welfare Fund, on the other hand, has a negative cashflow even before the rate increase being requested by Dentegra. He said that this discrepancy could be addressed by the bargaining parties agreeing to reallocate future contributions from the Legal Fund to the Health and Welfare Fund, and suggested that the Trustees authorize the Finance Committee to provide cashflow and other information to the bargaining parties to assist in their consideration of this issue.

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

> **RESOLVED, that the Finance and Collections Committee is authorized to provide cashflow and other information to the bargaining parties as necessary to assist the bargaining parties in negotiations regarding future contributions to the Legal Fund and the Health and Welfare Fund.**

VII. COUNSEL REPORT

COBRA Subsidy

Ms. Mayerson noted that the COBRA subsidy period under the American Rescue Plan Act ends on September 30, 2021. Ms. Sims added that Associated has issued the required notices advising participants of the termination of the subsidy and filed the Form 940 requesting the tax credit on behalf of the Fund.

VIII. ADMINISTRATIVE MANAGER'S REPORT

Second Quarter 2021 Administrative Manager's Report

Ms. Sims presented and reviewed the Second Quarter 2021 Administrative Manager's Report, a copy of which is attached to and made part of these minutes as Exhibit E.

IX. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting for Monday, December 20, 2021, commencing at 10:00 a.m.

X. ADJOURNMENT

There being no further business, the meeting was adjourned.

Approved by the Board of Trustees on __________, 2021

By: ________________________
Anne-Marie Sims, Associated Administrators, LLC.

AMS/bm
(Org. 09-30-2021)

Attachments:
Exhibit A: Novak|Francella - Auditor Report – Financial Statements – PYE 2020 & 2019
Exhibit B: Novak|Francella - Payroll Audit Collections Report – September 2021
Exhibit C: Dentegra – Dental Plan Review and Contract Renewal Proposal
Exhibit D: Dentegra – Summary of Costs
Exhibit E: Associated Administrators, LLC-Administrative Managers Report- Second Quarter 2021