The Board of Trustees
UNITE HERE Local 25 and Hotel Association of Washington, D.C. Group Legal Service, Health and Welfare and Pension Funds.

Re: Administrative Services Contracts Renewal

Trustees:

The administrative services contracts between Associated Administrators, LLC ("Associated") and the UNITE HERE Local 25 and Hotel Association of Washington D.C. Group Legal Services, Health and Welfare and Pension Funds ("Funds") expire December 31, 2018. We hope that you will consider favorably our request for a three-year agreement.

Proposed Fee Increases

As you are aware, several pieces of legislation, including Patient Protection and Affordable Care Act ("PPACA"), HIPAA, Pension Protect Act ("PPA") and the Multiemployer Pension Reform Act ("MPRA") have resulted in additional work for the Fund, affecting benefits processing and administration, and will continue to do so. It has been necessary for Associated to add resources to its workforce, training, and systems to provide compliance services to our clients.

Services Recap

Brief recaps of some of the services provided by Associated over the last three years are as follows:

Health & Welfare

- Implemented a new dental service provider, including programming, notices to participants and benefit schedules.
- Implemented new employers into the Plan.
- Maintained up-to-date website for participants to easily access benefit forms, Privacy Statement, and SPD.
- Implemented annual COBRA and self-pay rates.
- Filed Creditable Coverage Disclosure to Centers for Medicare & Medicaid Services ("CMS")
- Distributed Creditable Coverage Notice.
- Tracked employer payroll audits.
- Competed and submitted application to renew Fiduciary Liability and Cyber Liability Insurance.
- Completed and submitted application for Fidelity Bond.
- Employer Benefit Fairs – attended employer benefits fair to increase participant awareness of the benefits available to them.

Pension

The PPA and MPRA contain requirements for reporting which must be provided to participants, beneficiaries, Unions, and contributing employers. The Acts also require coordination with the Fund actuary, auditor and Counsel for the actuarial certification and distributions of the Annual Funding Notice, Notice of Critical Status and Multiemployer Plan Summary Report. Associated has consistently exercised its responsibility to administer timely production and mailing of these notices and filing of these notices with the appropriate reporting entities, including the Department of Labor, EBSA, PBGC, the union and the participating employers.

- Implemented and processed the benefit increases effective January 1, 2017.
- Assisted in the processing and collection of withdrawal liability.
- Tracked employer audits.
- Submitted Form 941-Employers Quarterly Federal Tax Return
- Issued W2 and 1099-MISC forms.
- Reported Unemployment taxes.
- Competed and submitted application to renew Fiduciary Liability Insurance (completed addendum to include cyber liability).
- Completed and submitted application for Fidelity Bond.
- Completed and submitted all PBGC comprehensive filings.

- **Regulatory Changes**

Over the last several years, regulations continue to affect benefits administration. Associated has increased its workforce, training, and systems overtime to abide by these regulations.

- **Pension Protection Act (PPA)/ Multiemployer Pension Reform Act of 2014 (MPRA)**

The PPA and MPRA contain requirements for reporting which must be provided for participants, beneficiaries, unions, and contributing employers. The Acts also require coordination with the Plan actuary, auditor and counsel for the actuarial certification and distributions of the Annual Funding Notice, and Multiemployer Plan Summary Report. Associated has consistently produced and mailed these notices and filed with the appropriate reporting entities, including the DOL, EBSA, PBGC, the union and the participating employers.

- **Class Actions**

Associated continues to work to ensure the Plan participates to its fullest extent and receives settlement checks whenever possible.

- **HIPAA and HITECH Act**

This Act requires breach reporting regarding protected health information. Associated conducts ongoing in–house training of all our employees on the requirements of the Act and has established procedures for breach notification and reporting on behalf of the Plan.

- **Compliance Monitoring**

Associated continues to provide a compliance monitoring program to help each of our client plans track regulatory reporting requirements, vendor contracts, and required documentation.

- **Information Technology Developments**

Associated's highest cost increases and deliberate reinvestment have been in Information Technology. We paid over $767,000 in 2017. System enhancements allow us to better serve our clients and participants and to maintain proper computer security.

- **Postage**

Associated pays all regular postage on behalf of the Plans, excluding mass mailings. The United States Postal Service implemented a rate hike in 2017 of 4.25% for first class mail and on January 1, 2018 an increase of 2.12% in the cost of first class mail.

Proposed Fee Increases

We propose a three-year contract term with 3% annual rate increases. Please see Exhibit A for a full outline of the proposed rates through December 31, 2021.

Associated has assigned to the Fund an Account Executive and an Account Manager with over twenty years of benefits fund administrative experience. We use that experience to continuously look for cost efficiencies. Supporting the account team is a staff of nine employees, which includes staff from our accounting, eligibility, communications, appeals, and IT departments. They are dedicated to providing superior services.

We realize that as fiduciaries, the Committee must be certain that the Plan receives services proportionate in quality and quantity to the fees charged. Associated prides itself on providing excellent service to the Plan and its participants, and we do so at a competitive price. Please see the attached chart for our requested rate adjustment and three year contract rates. We desire to be flexible in whatever way the Trustees feel is appropriate. We would also offer a different three year structure allowing us to achieve the same adjustment over a longer period of time. We look forward to discussing our renewal with you.

Associated Administrators, LLC appreciates the opportunity to serve this Fund and welcomes all questions concerning our proposal.

Sincerely,

Anne-Marie Sims
Account Executive
Associated Administrators, LLC

cc: Anne-Mayerson, Esq.
Fred Singerman, Esq.

UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. GROUP LEGAL SERVICES, HEALTH AND WELFARE AND PENSION FUND

EXHIBIT A

Fund	Current Fee Per Member Per Month	01/01/19 Through 12/31/19	01/01/20 Through 12/31/20	01/01/21 Through 12/31/21
Group Legal Services	$0.73 Per Reported Employer Per Month	$0.75 Per Reported Employer Per Month	$0.77 Per Reported Employer Per Month	$0.79 Per Reported Employer Per Month
Health and Welfare Fund	$2.76 Per Reported Employer Per Month	$2.84 Per Reported Employer Per Month	$2.93 Per Reported Employer Per Month	$3.02 Per Reported Employer Per Month
Pension	$4.26 Per Reported Employer Per Month	$4.39 Per Reported Employer Per Month	$4.52 Per Reported Employer Per Month	$4.66 Per Reported Employer Per Month

01/01/2019 through 12/31/2021 Hourly Rates for Healthcare Reform Work, New Regulatory Changes and Implementation of New Vendors:

$100/Hour – IT/Management
$ 60/Hour – Supervisor
$ 30/Hour – Regular Employee