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***CONFIDENTIAL ATTORNEY-CLIENT
PRIVILEGED MEMORANDUM***

DATE: April 1, 2014

TO: HANYC Labor Relations Members and General Members Who Are Bound to the Industry-Wide Collective Bargaining Agreement (“IWA”) General Managers, Human Resource Directors and Controllers

FROM: Kane Kessler, P.C.
Labor and Employment Law Department

RE: *Extension of Deadline to Return Signed Bargaining Authorizations*

You were notified by Memorandum on March 25, 2014 that the Bargaining Authorization for the upcoming negotiations was modified to specify that the negotiations will be limited to “wage related” items. As a result of this change and in order to give Hotels time to consider it, the deadline to submit signed Bargaining Authorizations will be extended to April 17, 2014.

Another copy of the revised Bargaining Authorization is attached. We ask that you please sign and return it by April 17, 2014 to:

nfranzitta@kanekessler.com

While there is no guarantee that these early negotiations will result in an Agreement, not signing a Bargaining Authorization places a Hotel at risk of the following:

1. Risk of a three (3%) percent increase in Health Fund contributions. If there is a settlement, the settlement will contain a waiver of the Union’s claims for additional contributions attributable to the fact that the Health Fund’s liquid assets are below twenty-five percent (25%) and that such contributions are necessary to finance the construction of the new medical facility.

The settlement will mean that there will be two contracts – the modified IWA with the likely waivers noted applying to Hotels that have signed Bargaining Authorizations; and the current IWA applying to Hotels that did not sign a Bargaining Authorization.

Thus, the Union will have the right to claim against the Hotels that did not sign a Bargaining Authorization that there is a breach of the contractual obligation to maintain the liquid assets of the Health Fund at 25% and of the obligation to fund the development of the new Brooklyn Health Center.

Again, assuming a settlement, Hotels that signed a Bargaining Authorization would not be subject to these claims.

2. Hotels that do not sign a Bargaining Authorization will be subject to one-on-one negotiations with the Union on June 30, 2019. It is highly unlikely that in any one-on-one negotiations (possibly with committees of employees present, as occurred in 2006) that the Union would agree to smaller wage increases than it agreed to with the Hotel Association. Moreover, these one-on-one negotiations would expose the Hotel to the possibility that the Union would seek to extract more – in wages, benefits or contract language. Finally, Article 39 of the IWA, which provides that the Union may not enter into a contract whereby a Hotel receives any “benefit or aid not accorded to the HANYC Bargaining Group” Hotels, means that the Hotel would not be able to obtain a more beneficial settlement than that which is negotiated by the Association.

If you have any questions, do not hesitate to contact David R. Rothfeld, Judith A. Stoll, Niki J. Franzitta, Lois M. Traub, Alexander Soric or Robert L. Sacks.

Enc.

cc: Joseph E. Spinnato, Esq.
Geoffrey A. Mills, Chairman

BARGAINING AUTHORIZATION AND CONSENT

The Hotel Association of New York City, Inc. ("HANYC") is hereby authorized to engage in early, wage related negotiations for a successor to, or extension of, the Industry Wide Collective Bargaining Agreement ("IWA") on behalf of the undersigned Hotel as a member of multi-employer group represented by HANYC.

I consent to be bound by the successor to, or extension of, the IWA if approved by HANYC's Board of Directors. If the Board does not approve a successor to, or extension of, the IWA by said date, this authorization will expire on or about July 1, 2014. I understand that if I do not consent to this authorization I will continue to be bound to the current IWA, but will have the right to negotiate at the expiration of the current IWA on June 30, 2019.

Dated: April _____, 2014
New York, New York

HOTEL (Owner, Manager and Operator)

Print name of Hotel

Sign: _____

Print Name

Print Title

Return to Kane Kessler, P.C. by fax to (212) 541-9799,
or by email to: nfranzitta@kanekessler.com or

Kane Kessler, P.C.
Attn: Niki J. Franzitta, Esq.
1350 Avenue of the Americas
New York, NY 10019-4896

PLEASE RETURN NO LATER THAN APRIL 17, 2014