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**MEMORANDUM**

**DATE:** June 11, 2015

**TO:** Hotel Association of New York City, Inc.  
General Members  
General Managers, Human Resources Directors and Controllers

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

**RE:** **HANYC – NYHTC: 2015 Memorandum of Understanding Ratified**

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The Union has ratified the 2015 Memorandum of Understanding (“MOU”) between the Hotel Association of New York City Inc., on behalf of its Bargaining Group Hotels, and the New York Hotel Trades Council, AFL-CIO. A copy of the signed MOU is attached for your records. The Effective Date of the MOU is Thursday, June 5, 2015.

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

DRR: cmb  
cc: Joseph E. Spinnato, Esq.  
Vijay Dandapani, Chairman

## MEMORANDUM OF UNDERSTANDING

Memorandum of Understanding entered into by and between the Hotel Association of New York City, Inc. in its own behalf and in behalf of the HANYC Bargaining Group Hotels<sup>1</sup> (hereinafter collectively referred to as "Employer") and the New York Hotel and Motel Trades Council, AFL-CIO in its own behalf and in behalf of its members, now employed or hereafter to be employed by the Employer (hereinafter referred to as "Union").

WHEREAS, the Employer and the Union are signatories to a Collective Bargaining Agreement entered into as to be effective July 1, 2012, which Agreement by its terms, expires on June 30, 2019 (hereinafter referred to as the "IWA"); and

WHEREAS, the Employer and the Union desire to modify and extend the IWA as now restated in this Memorandum of Understanding (hereinafter referred to as "this Agreement").

NOW, THEREFORE, it is mutually agreed as follows:

1. Except as expressly provided for herein, the IWA is renewed and extended until midnight June 30, 2026.
2. The following wage increases to Schedule A minimum rates and actual rates, if higher, shall apply:

<u>July 1, 2019</u>	All non-tipped employees:	An additional \$1.00 per hour;
	All tipped employees:	An additional \$.50 per hour.
<u>July 1, 2020</u>	All non-tipped employees:	An additional \$1.00 per hour;
	All tipped employees:	An additional \$.50 per hour.
<u>July 1, 2021</u>	All non-tipped employees:	An additional \$1.00 per hour;
	All tipped employees:	An additional \$.50 per hour.
<u>July 1, 2022</u>	All non-tipped employees:	An additional \$1.00 per hour;
	All tipped employees:	An additional \$.50 per hour.
<u>July 1, 2023</u>	All non-tipped employees:	An additional \$1.00 per hour;
	All tipped employees:	An additional \$.50 per hour.
<u>July 1, 2024</u>	All non-tipped employees:	An additional \$1.00 per hour;
	All tipped employees:	An additional \$.50 per hour.
<u>July 1, 2025</u>	All non-tipped employees:	An additional \$1.00 per hour;
	All tipped employees:	An additional \$.50 per hour.

<sup>1</sup> A list of HANYC Bargaining Group Hotels is attached hereto as Exhibit I. The aforesaid list is expected to increase on a continuing basis.



Nothing herein is intended to modify Article 6(C).

3. The percentage, on an industry-wide basis, attributable to the wage increases provided for in paragraph 2 shall, in accordance with past practice, be applicable to all wage-related items contained in the IWA, e.g., extra room rates, cots, night shift differential rates, portorage and group fees, banquet rates, etc.
4. IWA contribution rates to the Pension Fund shall be as follows:

Effective Date	Contribution Rate
July 1, 2015	6%
July 1, 2016	6.5%
July 1, 2018	10.5%
January 1, 2026	11.5%

5. On the Effective Date of this Agreement, one-half (1/2) of the contributions currently payable to the Prepaid Legal Fund (0.25%) shall be reallocated to the Health Benefit Fund for the duration of this Agreement. Notwithstanding the foregoing, the Trustees shall maintain the projected liquid assets of the Prepaid Legal Fund at not less than twenty-five percent (25%) of the following year's expenses of the Fund. In the event the liquid assets fall below twenty-five percent (25%), the Association Bargaining Group Hotels shall have the right to reallocate up to the one-half (1/2) of the contributions reallocated to the Health Benefit Fund (0.25%) from the Health Benefit Fund back to the Prepaid Legal Fund, provided that it does not cause the Health Benefit Fund's liquid assets to fall below twenty-five percent (25%). The Employers acknowledge and agree that they shall maintain all benefits currently provided by the Prepaid Legal Fund at no less than current eligibility and coverage during the life of this Agreement, and in no event shall any benefit, eligibility, or coverage be reduced for any reason absent signed agreement by the parties to the contrary.
6. IWA contribution rates to the Health Benefit Fund (not inclusive of the reallocation of the contributions from the Prepaid Legal Fund referred to in Paragraph 5 nor the amount described in the paragraph immediately below) shall be as follows:

Effective Date	Contribution Rate
January 1, 2015	23.5%
July 1, 2015	27%
January 1, 2016	27.5%
January 1, 2017	28%
July 1, 2018	24.5%
January 1, 2019	25.25%
January 1, 2020	26.5%
January 1, 2021	27%

In the event the cost of renovations to the Queens Medical Center, as described in paragraph 7(a), and the cost of acquisition and construction of the Brooklyn Health Center

(collectively, "Construction Costs") exceed a sum equal to three and one-half percent (3.5%) of employee wages, as defined in Schedule B, for the period between July 1, 2015 and June 30, 2018 ("Funding Increase"), the above contributions to the Health Benefit Fund shall be increased on January 1, 2019, by up to an additional one (1) percentage point until such time as such contribution increase results in additional contributions to the Health Benefit Fund equal to the difference between the Construction Costs and Funding Increase.

Nothing herein is intended to modify the minimum funding or maintenance of benefits provisions of the IWA.

7. The parties agree that the following changes shall be made to the Health Benefit Plan as soon as is practicable after the ratification of this Agreement:
  - a. **Queens Medical Center:** The parties agree that the existing Queens Medical Center needs to be refurbished and expanded and, therefore, commencing as soon as is practicable, the Queens Medical Center shall be completely renovated, refitted, redesigned, and expanded to include the existing square footage that is currently utilized as or for ITP programs, the warehouse, and the noodle factory. The parties shall find a new location to house the ITP program or to provide ITP benefits that is more centrally located in order to better service employees, it being understood that any relocation or change to the ITP program shall not exceed Employer contributions on an annual basis.
  - b. **Pharmacy:** The pharmacy in each of the Health Centers shall remain open on Saturdays and Sundays. If, after a year, it is unanimously determined by the Trustees that this benefit is being underutilized, the Trustees may agree to keep the pharmacies open on only one (1) weekend day.
  - c. **Ambulance:** Provided the use thereof is justified under the terms of the Plan, ambulance costs shall be fully covered, absent unanimous agreement of the Trustees to change same.
  - d. **Orthodontics:** The Fund shall provide orthodontia benefits up to one thousand dollars (\$1,000) for each minor dependent of a covered employee.
  - e. **Vision:** The current GVS vision benefit shall be discontinued. The contribution amount that was previously allocated to vision benefits shall be reallocated to the general Health Benefit Fund. The Health Benefit Fund will provide vision tests and exams at each Health Center free of charge. The Health Benefit Fund shall reimburse each eligible participant and dependent for vision related expenses (e.g., exams not performed at Health Benefit Fund facilities, frames, lenses, eyeglasses, and contact lenses) up to two hundred dollars (\$200) per calendar year.
  - f. **Health Reimbursement Arrangement ("HRA"):** The Health Benefit Fund shall create and administer a HRA. Each calendar year, commencing January 1, 2017, the Health Benefit Fund shall pay into a HRA account on behalf of each employee who is eligible for health benefits two hundred dollars (\$200) for individuals and four hundred dollars (\$400) for families. Such HRA account may be used for any purposes permitted by law, including those under IRC Section 213(d). Any unused funds may be carried over into subsequent years



to the maximum extent permitted by law. Sums in a HRA account may not be forfeited for any reason, including cessation of employment, and contributions may continue to be made following any such cessation in accordance with COBRA.

8. Article 54(A) of the IWA shall be modified to include the following:

“Employees employed less than one (1) year will accrue one (1) hour for every thirty (30) hours worked, up to a maximum of forty (40) hours of paid sick leave per calendar year, until they become entitled to benefits pursuant to Article 54.”

9. The parties agree to meet within three (3) months of the Effective Date of this Agreement to discuss the Association’s proposals for food and beverage (a la carte, room service, and banquet) relief unless the parties mutually agree to a later date for the commencement of such discussions.

10. The Employer shall not be permitted to hire from any employment referral agency that requires prospective applicants to pay a fee or commission. The Employer may not, directly or indirectly, charge any prospective applicant any fee or commission.

11. This Successor Agreement is subject to ratification by both parties (“Effective Date”).

Dated: April \_\_\_\_, 2015

HOTEL ASSOCIATION OF NEW YORK CITY,  
INC. on behalf of its Bargaining Group Hotels

NEW YORK HOTEL AND MOTEL  
TRADES COUNCIL, AFL-CIO

By: Joseph E. Spinato  
Joseph E. Spinato, President

By: Peter Ward  
Peter Ward, President

The parties agree the percentages, on an industry-wide basis, attributable to wage increases, are as follows:

2019: 2.75%  
2020: 2.68%  
2021: 2.61%  
2022: 2.54%  
2023: 2.48%  
2024: 2.42%  
2025: 2.36%

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