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, 2021. We hope that you will consider favorably our request for a three-year agreement.

<u>Services Recap</u>

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

<u>Health & Welfare</u>

- Implemented new employers into the Plan.
- Maintained up-to-date website for participants to easily access benefit forms, Privacy Statement, and SPD.
- Implemented annual Dental and Optical COBRA.
- Filed Creditable Coverage Disclosure to Centers for Medicare & Medicaid Services ("CMS")
- Distributed Creditable Coverage Notice.
- Tracked employer payroll audits.
- Completed and submitted application to renew Fiduciary Liability and Cyber Liability Insurance.
- Completed and submitted application for Fidelity Bond.
- Distributed all the required COBRA subsidy notices and filed the Form 941 credit on behalf of the Plan.
- Continued to deliver accurate and efficient service to the Plan and Participants despite the serious challenges/restrictions faced during the COVID-19 pandemic.

<u>Pension</u>

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.

- Worked with the Fund Actuary, Consultant, and Accounting firms to provide Fund data.
- Performed the Annual Retiree Information Form Request.
- Provided pension benefit estimates and Unemployment/Pension Verification Requests, as requested by the Participant.
- Responded to Subpoenas in collaboration with Fund Counsel.
- 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.
- Completed 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.

<u>Legal</u>

- Implemented a revised modified level of benefits and extended eligibility during the COVID-19 pandemic.

Associated works hard to control its operating costs, but most are increasing. Associated's expenses track higher than the CPI for many reasons, but chiefly because we are dependent on IT and computer services to a greater degree than is represented in the CPI. Our expenses go up every year, as described below, but we do not depend solely on increases in our rates to compensate. We work hard to control our costs internally, including frequent re-negotiations with our vendors, such as Basys.

- **Regulatory Changes**

Over the last several years, regulations continue to affect benefits administration. Associated has increased its workforce, training, and systems 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 Fund participates to its fullest extent and receives settlement checks whenever possible. (Associated even files unclaimed property claims with the State to benefit the Fund.)

- **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 $560,000 in 2020 and recently negotiated a contract with Basys for upgrades to software and increased cloud-hosting to improve protections against cyber intrusions. System enhancements allow us to better serve our clients and participants, and to maintain proper computer security. We utilize industry proven software to monitor network performance and to further block malware and phishing attacks on our ports, machines and applications. Our servers, desktops, and laptops are updated on a regular basis from software vendors to include critical and security patches. Four servers were replaced at a cost of $140,000 in 2020 and $150,000 was spent on Basys software upgrades.

- **Postage**

Associated pays all regular postage on behalf of the Fund, excluding mass mailings. The United States Postal Service implemented a rate hike in 2019 of 10% for first class mail. Another increase was implemented January 2021.

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, 2024.

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.

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 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	$ 5,700 Per Month	$ 5,871 Per Month	$ 6,047 Per Month	$ 6,228 Per Month
Health and Welfare Fund	$ 15,000 Per Month	$ 15,450 Per Month	$ 15,913 Per Month	$ 16,390 Per Month
Pension	$ 29,500 Per Month	$ 30,385 Per Month	$ 31,297 Per Month	$ 32,236 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

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