

Mr. Marvin Jones
UNITE HERE Local 878
530 E. 4th Avenue
Anchorage, AK 99510

c/o marvinj@union878.com

July 3, 2010

Re: Sheraton Anchorage Hotel

Dear Mr. Jones:

I have received a petition signed by over 50% of the employees in the bargaining unit, expressing their lack of desire for continued representation by local 878. I have reviewed the events of the collective bargaining dating back to October of 2008, before my tenure here. And, since my arrival here in July of last year, I have witnessed several events and heard from many employees. Based on this history and the facts I have personally gathered, it is clear that a majority of the employees have lost confidence in your union.

When I spoke with you yesterday evening, you acknowledged the report of my conclusion stated above concerning the loss of majority support (as set forth in a letter sent yesterday from one of our attorneys). Contrary to your statement that "only" the NLRB can determine the representative status of your union, I have been advised that upon receipt of a petition of non-support signed by a majority of the bargaining unit, an employer is required to withdraw recognition. In fact, the petition we received from the employees states the following:

Should the undersigned employees make up 50% or more of the bargaining unit represented by UNITE-HERE Local 878, the undersigned employees hereby request that Sheraton Anchorage Hotel & Spa withdraw recognition from this union immediately as it does not enjoy the support of a majority of employees in the bargaining unit.

As a result of this clear directive from a majority of the employees, I cannot communicate with you in your now-extinguished capacity as a representative of the employees. The purpose of this letter is to ensure you understand this, and why this has happened. Accordingly, neither you nor any other representatives of local 878 may

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attempt to enter the hotel's property for any purposes related to the representative capacity you no longer possess.

The history of collective bargaining that I have reviewed, and the facts that I have personally witnessed and gathered, together with the petition, have led to my conclusion of loss of majority support:

- Nearly two years, back to October 2008, of collective bargaining that has not resulted in a contract.
- The lack of willingness of Mr. Sawyer, based in Seattle, to supplement face-to-face negotiations with conference calls, emails and other means by which to efficiently move negotiations forward. It is clear to me that these refusals made no sense, in view of the fact that negotiators on both sides do not reside in Anchorage, and in view of the time and expense required in traveling to Anchorage.
- The lack of proposals from your union in response to the hotel's proposals. Instead of recognizing the plain reality of the difficult economic situation we face currently in our industry here in Alaska, what I have seen from my review of your union's participation in the bargaining is simply an intent to seek nothing more than an extension of the previous collective bargaining agreement.
- After we implemented the second final offer in May of this year, with a health insurance proposal made in March that was superior to any previous proposal by either party, the Union's response was to call for a boycott of the Hotel, thus driving business in some instances to the non-union Marriott. The boycott has caused us to lose business, and has caused the loss of hours and income for the employees your union was supposed to represent. I have heard the employees express their great dissatisfaction over this.
- Even after this harmful boycott, we continued to deduct Union dues, process grievances, and pay into the UNITE HERE National Retirement Fund, as called for in the implemented proposal. Your union's response was the filing of frivolous ULPs.
- Worse, while all this was going on, your representatives have harassed and tried to intimidate the employees of the Hotel. We in fact had to ban Mr. Esparza from the hotel following numerous incidents of outrageous behavior, including the incident in which he called an employee "trash" to her face. I also received complaints from employees upset over the invasions of their privacy by the uninvited visits to their homes by you. Employees have also complained that you and other union representatives have continued to take pictures of them in the employee cafeteria, notwithstanding my request – twice verbally and once in writing – that you cease this activity. Employees have indicated this conduct was

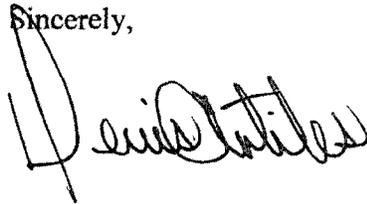
intimidating and made them uncomfortable, as they have no idea of any legitimate purpose for these pictures ... other than to intimidate.

- Matters were made even worse for your union, based on what I have observed, when employees received notice from the UNITE HERE National Retirement Fund that their retirement benefits will be cut substantially. The employees have learned also that the Trustees of the former Alaska Hotel and Restaurant Employees Pension Trust, in 2008, voted 8-1 to transfer the assets of that fully-funded Trust to the national Fund, and that the latter was not fully funded.

For these reasons, among others, it is plain to me that your union by its actions has lost majority support. We can no longer recognize your representative status. Your presence on our property has no legitimate purpose.

I would also like to add that your threatening conduct yesterday in the employee cafeteria – stating that “those who sided with management will pay” – was witnessed by many, and that appropriate action regarding this threat will be taken.

Sincerely,

A handwritten signature in black ink, appearing to read "Denis Artiles". The signature is written in a cursive style with a large initial "D".

Denis Artiles
General Manager, Sheraton Anchorage