

Letter of Agreement between Kowalski's Companies and UFCW Local 663
Health & Welfare Plan Improvements

This letter of agreement between Kowalski's Companies (the "Employer") and UFCW Local 663 (the "Union") is dated as of _____, 2023.

The Employer and the Union agree as follows:

1. The Employer and its eligible UFCW 663 Minneapolis employees will remain in the MRMC Health & Welfare Plan (the "Union Plan") through March 1, 2025 **only if all** of the below Required Improvements are implemented by the Union Plan by May 31, 2024.

2. The failure to implement **all** of the below Required Improvements to the Union Plan by May 31, 2024 will automatically result in the Employer terminating from participation in the Union Plan effective December 31, 2024 and offering its eligible UFCW 663 Minneapolis employees' participation in the Employer's health plan as proposed in 2023 negotiations effective as of January 1, 2025.

3. If **all** of the below Required Improvements are not implemented to the Union Plan by May 31, 2024, then by July 31, 2024, the Union Plan's third-party administrator shall provide a complete demographic and claims experience report to the Employer's insurance benefits consultant of the Employer's UFCW 663 Minneapolis employees meeting the requirements set by the Employer's insurance benefits consultant for the time periods determined by the Employer's insurance benefits consultant. The reports will be de-identified to protect employee Protected Health Information in accordance with HIPAA and shall comply with any data security requirements required by applicable law.

4. FT ratios will remain at 25% until the Union Plan implements **all** of the below Required Improvements by May 31, 2024 or the Employer's eligible UFCW 663 Minneapolis employees are offered participation in the Employer's plan as of January 1, 2025. At that time, the FT ratio requirement will be 30% and will be met within 6 months of the change.

5. Group 3 employees will remain a classification until the Union Plan implements **all** of the below Required Improvements by May 31, 2024 or the Employer's eligible UFCW 663 Minneapolis employees are offered participation in the Employer's plan as of January 1, 2025. At that time, Group 3 employees would:

- (a) Be reclassified as PT.
- (b) Be eligible for Health, Dental and Vision coverage through the Employer's plan.
- (c) Be eligible for Employer 401(k) contributions at \$1.00/hr. up to 39.9 hours per week.

6. **Required Improvements**

(a) **Cost to Employer**

The cost of the Union's Plan to the Employer will not exceed the Union's proposed 2023 and 2024 Health & Welfare rates as follows:

- \$269.83 per week for FT effective on March 5, 2023
- \$287.82 per week for FT coverage on March 3, 2024
- \$158.32 per week for Mod PT effective on March 5, 2023
- \$168.84 per week for Mod PT coverage on March 3, 2024
- \$6.58 per week for ancillary coverage on March 5, 2023
- \$6.76 per week for ancillary coverage on March 3, 2024

(b) **Full Time Employees**

- (i) FT employees will be eligible for coverage on the first day of the month after their first 30 days of employment. Employee and Employer contributions would start when the employee is eligible for and elects' coverage.
- (ii) FT employees would have the option to choose the following:
 - Employee only single coverage at \$10.00 per week
 - Employee plus spouse coverage at \$25.00 per week
 - Employee plus children coverage at \$25.00 per week
 - Family coverage at \$25.00 per week
 - Any eligible employee may decline health insurance coverage in the Union Plan. Neither the employee nor the Employer will be required to make contributions for any employee who declines coverage.
 - Ancillary benefits (dental, vision and AD&D)
 - Annual deductibles no greater than:
 - ◆ \$500 employee only/\$1,000 employee plus spouse/\$1,000 employee plus children/\$1,000 family
 - Annual out of pocket maximum (medical and pharmacy combined) no greater than:
 - ◆ \$1,800 employee only/\$2,600 employee plus spouse/\$2,600 employee plus children/\$2,600 family
- (iii) Health Savings Account (HSA) Option:
 - The Employer will contribute into HSA accounts of eligible employees per IRS guidelines as follows:
 - ◆ \$212.50 each quarter if employee only coverage is elected (\$850/year)
 - ◆ \$425.00 each quarter if employee plus coverage is elected (\$1,700/year)

- ◆ All employee contributions into an HSA account will be made on a pre-tax basis.
 - ◆ Both the Employer contributions and the employee contributions into the HSA are funds that will belong to the employee to pay for eligible medical expenses even if the employee is no longer a participant of the Union Plan or if their employment with the Employer ends.
- (iv) NICE Healthcare program (or a very similar program) at no additional cost to the employee or the Employer.
- (v) Proximal programs (or a very similar program) at no additional cost to the employee or the Employer.
- (vi) FT employees would also have an option to choose:
- Flexible Spending Account
 - Accident Coverage
- (vii) A \$20,000 Life/AD&D benefit for eligible employees with the option to buy additional life insurance coverage up to \$300,000 for the employee and up to 50% of the employee coverage up to \$150,000 on spouses
- (c) Eligible Part time employees**
- (i) Eligible for coverage the first day of the month after their first 30 days of employment. Employee and Employer contributions would start when the employee is eligible for and elects' coverage.
- (ii) Eligible PT employees can choose:
- Employee only coverage at \$10.00 per week
 - Any eligible employee may decline health insurance coverage in the Union Plan. Neither the employee nor the Employer will be required to make contributions for any employee who declines coverage.
 - Ancillary benefits (dental, vision and AD&D)
 - Annual deductible's no greater than:
 - ◆ \$500 employee only
 - Annual out of pocket maximums (medical and pharmacy combined) no greater than:
 - ◆ \$1,800 employee only
- (iii) Health Savings Account (HSA) option:
- The Employer will contribute into eligible employee HSA accounts per IRS guidelines
 - ◆ \$212.50 each quarter for employee only (\$850/year)
 - ◆ All employee contributions into an HSA account will be made on a pre-tax basis.

- ◆ Both the Employer contributions and the employee contributions into the HSA are funds that will belong to the employee to pay for eligible medical expenses even if the employee is no longer a participant of the Union Plan or if their employment with the Employer ends.

- (iv) NICE Healthcare program (or a very similar program) at no additional cost to the employee or the Employer.
- (v) Proximal programs (or a very similar program) at no additional cost to the employee or the company.
- (vi) PT employees would also have an option to choose:
 - Flex Spending Account
 - Accident Coverage
- (vii) A \$20,000 Life/AD&D benefit for eligible employees with the option to buy additional life insurance coverage up to \$300,000 for the employee and up to 50% of the employee coverage up to \$150,000 on spouses

7. Employer and the Union will conduct joint town hall meetings with employees/members to allow employees to ask any questions they may have about the Employer's plan so that employees have the opportunity to understand the Employer's plan in the event all of the Required Improvements are not implemented by the Union's Plan by May 31, 2024. Town hall meetings will be held at each store and there will be 2 meetings per store.

Kowalski's Companies

UFCW Local 663

By: _____
Its: _____

By: _____
Its: _____