

**Kowalski's Tentative Agreement
2023-2025**

- 2-year agreement March 5, 2023 – 11:59pm on March 1, 2025
- New PTO (paid time off) accrual schedule that allows employees pto accruals to be started in the first year and used in the first year if desired based on what has been accrued.
- New Health and Safety language
- Move FT ratio from 25% to 30% within 6 months following tiered options are available in the MRMC or employer plan for FT employees and their coverage is based on their need level of coverage. When this is available the employee and employer would pay the appropriate premiums for the level of coverage the employee needs.
- Increase PT top 24% who receive guaranteed hours to the top 30%
- MOD/FES Premium: Part-time managers on duty (MOD) will receive a minimum premium of \$1.50/hour for all hours they are performing these duties. Any part-time front-end/supervisor will receive a premium of \$1/hour for all hours they are performing those duties.
- Full time waiver: In the event that a part-time employee is advanced to full-time status during the period of January 1st – December 31st, such employee will sign a waiver guaranteeing him/her the full-time rate of \$23.50 for the duration of the waiver. If the employee exceeds 1200 hours they will become a classified Assistant.
- Increased Bereavement: Change the maximum of 2 days to 3 days for days of leave with pay in the event of a death of a brother, sister, mother-in-law, or father-in-law and add grandparent or grandchild.
- Carryout's will be eligible for holiday pay from after 90 days. (Currently after 1 year)
- Carryout's will be guaranteed 15 hours per week.
- All employees who have worked a complete shift shall be given a minimum of nine (9) hours before the next scheduled shift, unless by mutual agreement.
- Add to Appendix A-1 Sunday clause a note to see Section 2.5(A) re Mod PT
- The employer will make every effort to provide more predictable schedules.
- Visitation language change business agent to Union representative.
- The employer shall supply to the Union an electronic copy of work schedules weekly. Entire weekly schedules for all associates and departments shall be provided in Excel spreadsheets and emailed as attachments to the Union.
- The employer will allow Union representation to provide a Union orientation for employees during the new hire orientation meetings.
- Employees can use PTO/vacation time in 1 hour or half day increments.
- Increase 401(k) contributions for FT hired before March 6, 2016 to 3.32 per hour up to 40 hours each week. (Retroactive back to 3/5/23)
- Increase 401(k) contributions for FT to \$1.93 per hour up to 40 hours each week. (Retroactive back to 3/5/23)
- Increase 401(k) contributions for PT to \$1.43 per hour up to 39.9 hours per week. (Retroactive back to 3/5/23)
- At ratification Group 3 employees will become eligible for 401(k) contributions at \$1.00/hr. up to 39.9 hours per week once they reach the plan eligibility requirements. Group 3 employees who have already reached the plan eligibility requirements at the ratification date will be eligible for the employer contributions right away.
- 401(k) contributions on all hours of vacation time up to 39.9 (pt) 40 hours (ft).
- Union No Match Letter language from 3/3/23 at 6:00PM
- Change from BMS to FMCS for grievances, mediations, etc.

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Health & Welfare

- FT & PT employees who currently have coverage through the MRMC plan will not make any weekly contributions from July 30, 2023 through June 21, 2025, employee contributions would resume on June 22, 2025.
- Kowalski's will not make their MRMC contributions from July 30, 2023 through September 23, 2023, to equal Kowalski's Redirect portion of H&W funds (estimate from Wilson McShane is \$443,911.86). Employer contribution would resume into the MRMC plan at the new rates on September 24, 2023.
- The Union and Kowalski's will adopt and be signatory to the Health Care Letter of Understanding and the following rates will apply. Employer rate changes will be retroactive to March 3, 2023.

BREAKEVEN / TRUE COST RATES

	2023	2024	EE CONTRIBUTION FOR DURATION OF CBA
FT	\$269.83	\$287.82	\$25.00
MOD PT	\$158.32	\$168.84	\$10.00
ANCILLARY	\$6.58	\$6.76	\$1.00

- Wages:

- FT \$2.00/hr. for those at or above the top scales effective 3/5/23 (retroactive back to 3/5/23)
 - FT \$2.00/hr. for those at or above the top scales effective 3/5/24
 - PT \$1.00/hr. for those at or above the top scales effective 3/5/23 (retroactive back to 3/5/23)
 - PT \$1.00/hr. for those at or above the top scales effective 3/3/24
 - Increased starting rates on all scales.
 - Retroactive to 3/5/23 employees at a rate in the scale will place into the next rate on the scale and continue to progress through the scale. If the next step in the scale is less than .20 they will go up 2 steps.
 - Retroactive to 3/5/23 employees not at a rate in the scales will move to the next rate and progress through the scales. If the next step in the scale is less than .20 they will go up 2 steps.
 - If an employee with less experience from the list that was provided to the Union was hired at a higher rate than an employee in the same department that employee will have their rate of pay adjusted up \$1.00/hr. from their new rate after contract ratification. (Employer will send Union the list of impacted employees.)
- Withdrawal of ULP Charges: Upon ratification, the Union and the Company will withdraw all pending ULPs and both parties agree that no ULPs for the time period prior to ratification shall subsequently be filed.
- Additionally, there shall be no forms of retaliation for any employee who participated in bargaining or any other union activity.

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LETTER OF AGREEMENT: HEALTH & WELFARE BENEFIT PLAN IMPROVEMENTS

Background

- Kowalski's and UFCW Local 663 share an interest in improving the Health & Welfare benefits offered to Kowalski's employees with membership to UFCW Local 663.
- Both parties remain committed to this effort and seek to renew their partnership to improve H&W benefits.

Benefit Improvements

Guiding principles for H&W benefit improvements and enrichment:

1. Current benefits will not be reduced
2. Waiting periods will be shortened to attract and retain employees
3. Financial integrity and sustainability of H&W benefits will be maintained
4. New benefit plan design will become effective no later than January 1, 2025
5. Decisions will be guided by recommendations from Plan Professionals. Union and Employer Trustees will make decisions in the best interest of the Plan for all participants and employers.

Benefit design improvements may include:

- Transition to monthly coverage and eliminating grace weeks
- Coverage termination to coincide with employment termination, not extended with accrued paid time off benefits
- Eliminate "tunnel contributions" which are made today prior to benefit coverage taking effect
- Benefit waiting periods need only be satisfied once by an employee – no "re-waiting" due to qualified life events
- Offer tiered coverage for Full-time employees (*i.e., Employee, Employee + Spouse, Employee + Child(ren), Family*)
- Lower deductibles and out-of-pocket maximums
- Increase Life/AD&D benefit with the option to buy additional supplemental life insurance coverage
- Implement a Value-Based wellness incentives or rewards program

Benefit design improvements are based on the understanding that data provided by the Plan professionals will inform Trustee decision-making and (1) there may be increased costs on a per Employer basis associated with plan design changes and (2) the implementation of changes depends on all stakeholders willingness to accept these changes.

Both parties commit to being objective and open minded when evaluating how to provide the best possible benefit coverage to Kowalski's employees who are members of UFCW Local 663 in advance of negotiations on a successor Agreement. To achieve this, the following actions will be taken:

Evaluation of MRMC Health & Welfare Plan Actions & Timeline:

- The Chair for the MRMC Health & Welfare Board of Trustees has recommended that the trustees of the MRMC H&W Fund evaluate options for improving the current benefit plan design.
- Representatives from UFCW Local 663 and Kowalski's will actively engage MRMC Plan Trustees in the plan improvement process and be advocates for benefit design changes that are fiscally responsible and sustainable.
- The next special H&W Trust meeting is scheduled for August 14, 2023. MRMC H&W plan

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professionals have been instructed to update the model created in 2017-2019 by the Trustee subcommittee with current and additional data from all participating Employers relating to eligibility and costs. This instruction has been renewed to ensure provision of this information by July 13, 2023.

- The Company will comply with any data requests that the MRMC H&W Fund consultants need to fully evaluate options for improving the current plan design and eligibility within two (2) weeks of request.
- Improvements to the MRMC H&W benefit design and eligibility rules must be approved by the Board of Trustees no later than May 31, 2024. Both parties will ensure that their representatives on the Trust Fund will act in good faith to achieve improvements and support improvements consistent with guiding principles for H&W benefit improvement and enrichment and benefit design improvements set forth herein.

Evaluation of Company-Sponsored Health & Welfare Plan Actions & Timeline:

- No sooner than May 31, 2024, the Company may make a formal request of the MRMC Health & Welfare Plan third-party administrator to provide a full, thorough, and complete demographic and claims experience report of its employees per the reporting requirements set by the Company's benefit consultant for a time period as defined by the benefit consultant. Such data shall be de-identified to safeguard employees' Protected Health Information (PHI) in accordance with HIPAA and shall comply with any data security requirements of the Plan Trust and as required by law. The Company, Kowalski's, and any potential benefit consultants shall enter into a Business Associate Agreement allowing for the release of PHI.
- The Chair for the MRMC Health & Welfare Board of Trustees will recommend that the trustees of the MRMC H&W Plan approve such a request. All trustees shall be encouraged to vote in favor of the data request being provided to the Company's benefit consultant.
- No sooner than May 31, 2024, the Company will inform the Union and its bargaining committee of its intent to bring forth a proposal of an alternative company-sponsored health and welfare plan.

Failure to Adopt H&W Benefit Improvements

With the understanding that both parties seek to provide the best possible benefit coverage to Kowalski's employees with membership to UFCW Local 663, should Plan Trustees fail to approve all measures to improve the MRMC plan by May 31, 2024, the parties shall begin the following process. Should Plan Trustees approve all improvement measures no later than May 31, 2024, the provisions of this section shall be deemed null and void.

1. The parties agree to begin meeting for the exclusive purpose of evaluating, in good faith, health and welfare plan options between the MRMC Health & Welfare plan and any other Kowalski's sponsored Health & Welfare plan will occur starting no later June 5, 2024.
2. Kowalski's employees with membership to UFCW Local 663 that are selected to serve on the Union's healthcare committee will be determined as follows:
 - o UFCW Local 663 at its sole discretion shall select no more than ten (10) individuals that are employed by Kowalski's and who have membership with their Local.
3. The healthcare committee will meet in good faith with management representatives with regular frequency, but no less than twice per month, unless mutual agreement is reached between the Union and Company to meet at a different frequency.
4. The Company and the Union will conduct joint town hall meetings with employees/members no earlier than August 2024 for the purposes of explaining the health and welfare options presented to the committee. Such joint town hall meeting(s) will only occur after the Company has provided the Union and the healthcare committee the full details of all health and welfare plans being proposed, discussed and considered, including scope of benefits, eligibility and providers.
5. Town hall meetings will be used to communicate the facts pertaining to the then current Trust plan and the Company proposed plans. Any materials presented will first be provided to all parties involved. Nothing in this agreement shall limit or preclude the Union from any other means of communicating with members.
6. The parties will begin bargaining, in good faith, on a successor agreement no later than September 15, 2024 and will begin bargaining with the subject of health and welfare, with the mutual goal of first bargaining to agreement the 2025 health and welfare of employees. Such health and welfare agreement shall be drafted in a Letter of Understanding (LOU) that shall be expeditiously ratified by the membership of the Union with adequate time for any necessary open enrollment period. The parties agree to endeavor to resolve 2025 health and welfare before bringing forth other bargaining proposals.
7. Should the parties, after bargaining in good faith, not come to agreement on a health and welfare LOU, the

Union shall commit to take the Employer's last, final health and welfare proposal for a vote of the membership. The members shall vote whether to accept or reject the Employer's last, final offer. Both parties commit to respect the will of the membership and the outcome of the vote. The vote shall be executed consistent with the United Food and Commercial Workers International Union Constitution Article 23.D.3. This vote shall occur no later than September 30, 2024, so in the event that a plan transition takes place there is still time to conduct open enrollment and have the plan go into effect January 1, 2025.

Company Commitment to MRMC Health & Welfare Plan

Should the MRMC Plan Trustees adopt all reasonable measures to improve the Plan by the deadlines agreed herein, the Company commits to not propose any alternative company-sponsored health and welfare plan affecting bargaining unit employees during the negotiations of a 2025 successor agreement.

Disputes Over This Agreement

Should any disputes occur over the application and interpretation of the Letter of Agreement, the parties agree to expedited grievance arbitration. The arbitrator's authority shall be limited to interpreting and applying the language and intent of this agreement. In lieu of Article 16, the parties agree that the following process will be applicable to disputes arising out of this LOA:

- A. A grievance concerning this provision may be submitted by either party for expedited arbitration.
- B. A grievance will be filed directly with the other party.
- C. The party in which the grievance was served upon will have five (5) days to issue a final decision to the grievance.
- D. The request for expedited arbitration will be made within five (5) calendar days after receipt of the final decision in the grievance procedure. If no final decision has been issued, the request will be made within five (5) calendar days from the date such decision should have been issued.
- E. The parties agree that such matters will be heard by an arbitrator agreed upon by the parties, or if they do not agree the grieving party shall request from FMCS a panel of seven (7) regionally available arbitrators from the National Academy of Arbitrators. The parties shall strike arbitrators within three (3) business days of receipt of the panel, with the grieving party striking first. An arbitrator unable to hear an expedited arbitration case within thirty (30) calendar days will be deemed unavailable and the Parties will select another arbitrator.
- F. The hearing will be conducted as soon as possible but in no event later than 30 days from the request to the Arbitrator. The Parties may arrange for a pre-hearing conference with or without the Arbitrator to consider means of expediting the hearing.
- G. The arbitrator will issue a decision as soon as possible, but no later than twenty (20) calendar days after the official closing of the hearing, unless otherwise agreed by the Parties. By mutual agreement, the arbitrator may issue a bench decision.

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2023 Kowalski's Companies UFCW 663 Last, Best and Final Proposals
28-Jul-23

Kowalski's reserves the right to add, modify, subtract, or delete any of its proposals at any time during these negotiations.

March 5, 2023 to March 1, 2025

PT Deli Specialist Scale		3/5/2023	3/3/2024
	inc after		
Step 1	0-.5yr	\$16.00	\$16.00
Step 2	.5-1yr	\$16.50	\$16.50
Step 3	1-1.5yr	\$17.50	\$17.50
Step 4	1.5-2	\$18.50	\$18.50
Step 5	2-2.5yr	\$19.50	\$19.50
Step 6	2.5-3yr	\$20.50	\$20.50
Step 7	3-3.5yr	\$21.50	\$21.50
Step 8	3.5+yr	\$22.50	\$22.50

employees at the top or above will receive 1.00 retroactive to 3/5/23 and 1.00 3/3/24

All PT, Group 3, Courtesy & Custodial		3/5/2023	3/3/2024
took out 12.75	Years		
Step 1	0-1 yr	\$13.25	\$13.25
Step 2	1 yr	\$13.75	\$13.75
Step 3	1.5 yr	\$14.25	\$14.25
Step 4	2 yr	\$14.75	\$14.75
Step 5	2.5 yr	\$15.25	\$15.25
Step 6	3 yr	\$15.75	\$15.75
Step 7	3.5 yr	\$16.25	\$16.25
Step 8	4 yr	\$16.75	\$16.75
Step 9	4.5 yr	\$17.75	\$17.75
Step 10	5 yr	\$18.75	\$18.75
Step 11	5.5 yr	\$19.75	\$19.75
Step 12	6 yr	\$20.75	\$20.75

Employees who are at the top or above scale will receive the following increases

1.00	1.00
3/5/2023	3/3/2024

Retroactive to 3/5/23 employees at a rate in the scale will place into the next rate on the scale and continue to progress through the scale.

Retroactive to 3/5/23 employees not at a rate in the new scale will map to the next rate above where they are at and progress through the scale.

If the next rate above is \$0.20 or less they will map to the rate two steps above their rate versus one rate.

For all PT, Group 3, Courtesy, & Custodial employees at 16.75 or above they will place into the next rate on the scale and will receive retroactive pay back to 3/5/2023.

All PT Deli Specialist employees will place into the next rate higher with retro pay back to 3/5/2023. If they progressed through the scale after 3/5/2023 they would receive retro pay back to 3/5/2023 of the difference and progress to the next rate 9/3/2023.

Provided further that Food Handlers, Custodial, Courtesy, Deli Specialists and Pharmacy Employees in stores outside of Minneapolis shall receive not less twenty cents (\$0.20) above federal, state, city or county minimum wage, whichever is higher, during the term of this agreement.

Revised verbiage to combine both statements around minimum wage. All other minimum wage language come out of the CBA.

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