

LFHI COMPREHENSIVE PROPOSAL - 9.20.23 @2p

The following is a comprehensive package that the Employer offers to the Union. This package must be accepted in its entirety and without modification. All other proposals made by the Union and not included in this comprehensive package shall be understood to mean the Union has withdrawn such proposals. This package shall represent a total agreement of the parties pending a comprehensive agreement on all economic proposals, which have yet to be proposed by the parties.

These proposals are offered in a good faith effort to reach negotiated agreements for our collective bargaining agreement with UFCW Local 663. We reserve the right to add to, subtract from or modify the terms of our proposals throughout the course of negotiations. Any proposals that are withdrawn by Lund Food Holdings, Inc. during the course of negotiations shall not be introduced as evidence or have any effect in any future bargaining, grievances, or arbitration hearings. Any proposal or any withdrawal or modification of a proposal does not constitute a waiver of any of our present rights. We reserve the right to add to, modify or delete proposals at any time. Any agreement as to a specific proposal is considered to be a tentative agreement subject to final agreement between Lund Food Holdings, Inc. and the Union concerning all matters related to these negotiations.

#	STATUS	CBA LOCATION	PROPOSED CHANGE(S)
1		Article 1 Section 5	NEW CBA LANGUAGE: Temp agency staff will have a 60-day probationary period.
2		Article 4	NEW CBA LANGUAGE: The Employer is proposing that ARTICLE 4 as currently written would be replaced in its entirety by the Employer's proposal as written in APPENDIX: ARTICLE 4 REPLACEMENT
3		Article 6	MODIFICATION TO EXISTING CBA LANGUAGE: No employee shall be discharged without good and sufficient cause. Dishonesty, drunkenness, gross inefficiency, physical violence, intentional damage to and/or destruction of company property , and use of illegal controlled substance(s) (drugs) such that it impairs an employee to safely perform their job duties will be considered as causes for dismissal. Individuals dismissed for use of controlled substance(s) drug-offenders who provide the Employer with a certificate of rehabilitation will be reinstated.
4		Article 8	MODIFICATION TO EXISTING CBA LANGUAGE: It shall not be construed as a violation of the agreement for an employee to refuse to cross a picket line of an authorized strike or lockout of the UFCW Local 663 Fresh Kitchen bargaining unit.
5		Article 9 - Employer Counter to Union #6	MODIFICATION TO EXISTING CBA LANGUAGE: All full-time and part-time employees on the seniority list shall be entitled to bereavement pay according to the following: * A maximum of four (4) days of leave with pay in the event of the death of a spouse, parent, child, and stepchild. * A maximum of three (3) days of leave with pay in the event of the death of a brother, sister, mother-in-law or father-in-law, grandparent or grandchild. Paid leave for days lost from work for bereavement shall, except in the case of leaves of a spouse, parent or child, be the day of burial and the day or days preceding such burial. It is expected the impacted employee will use the available bereavement benefits within ninety (90) days of the eligible family member's death.
6		Article 11 - Employer Counter Union #7	ADDITION TO EXISTING LANGUAGE SPUR (Special Project Union Representative) Leave: A leave of absence will be provided for a period of time, not to exceed one (1) year, for an employee requested by the Union to assist the UFCW International or Local 663 for temporary work as a union representative in the SPUR program. The Union will provide a 30-day minimum notice to the Employer. It is understood that the Union would make any contributions necessary to continue the employee's participation in Health & Welfare and Retirement programs as provided by the agreement during this leave of absence. The Employer would provide this leave without loss of seniority. For Employers with two (2) or fewer stores, the SPUR leave will be granted only upon mutual agreement of the Employer and the Union. No more than one (1) Fresh Kitchen employee will be on SPUR project at a given time.
7		Article 16	MODIFICATION TO EXISTING CBA LANGUAGE: Replace BMS with FMCS, with modification to include FMCS furnishing a list of seven (7) arbitrators to select from Refer to Employer Health & Welfare Letter of Agreement
8		Article 21	The employer shall be responsible for no more than the total premium dollars it has agreed to pay on behalf of each eligible full-time and part-time employee in the retail contract. The Employer agrees to pay the weekly health and welfare payment for part-time employees, when said part-time employees are on a paid vacation provided language in Article 21. Section 6 remains unchanged.
9		New - Employer Counter to Union #13	ADDITION TO EXISTING LANGUAGE Negotiations - All hours served by an employee as a member of the Union negotiating committee will be considered as hours worked for benefit purposes (e.g. health insurance, retirement, and Paid Time Off (PTO) benefit calculations, etc.). For wages during negotiations, the Employer shall submit to the Union an invoice for reimbursement of an amount based on such Employee's gross hourly rate of pay and the Union shall reimburse the Employer for such amount.
10		New - Employer Counter to Union # 14	TECHNOLOGICAL CHANGES AND AUTOMATION (A) change "sixty (60) days" to thirty (30) days (B.2) change "facility" to "bargaining unit"
11		Appendix A	Refer to Employer Proposal APPENDIX: WAGE PROGRESSIONS

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#	STATUS	CBA LOCATION	PROPOSED CHANGE(S)
12		Throughout Contract	MODIFICATION TO EXSTING CBA LANGUAGE: Change "Lund Food Holdings, Inc. Manufacturing" to " Lund Food Holdings, Inc. Fresh Kitchen " throughout the contract
13		Article 29	Length of Contract Term - 4 years

LETTER OF AGREEMENT: HEALTH & WELFARE BENEFIT MODERNIZATION

This letter of agreement shall be included in the new LFHI Fresh Kitchen collective bargaining agreement with UFCW Local 663.

This counter proposal is only offered as part of a package supposal and may not be agreed to independently of the total package. This letter of agreement shall only apply to the new CBA and shall sunset at the expiration of this Agreement.

Background

- Lunds & Byerlys and UFCW Local 663 share an interest in improving the Health & Welfare benefits offered to Lunds & Byerlys employees with membership to UFCW Local 663.
- Attempts have been made to modernize the MRMC Health & Welfare plan since 2017, but no improvements have been implemented to date.
- Both parties remain committed to this effort and seek to renew their partnership to improve H&W benefits.

Benefit Modernization and Minimum Thresholds for Improvements

Guiding principles for H&W benefit modernization 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 shall 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*)

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 Lunds & Byerlys 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 Trustee has – or will – recommend that the trustees of the MRMC H&W Fund to evaluate options for modernizing the current benefit plan design.
- Trustees from UFCW Local 663 and Lunds & Byerlys will actively engage fellow Trustees in the modernization process and be advocates for benefit design changes that are fiscally responsible and sustainable.
- The next special H&W Trust meeting is scheduled for July 13, 2023. MRMC H&W plan

professionals have been instructed to update the model created in 2017-2019 by Trustee subcommittee with current and additional data from all participating Employers relating to eligibility and costs. This instruction will be 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 modernizing the current plan design and eligibility.
- Modernization 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 modernization and support modernization consistent with guiding principles for H&W benefit modernization 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, LFHI, 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 and the trustee representative of Lunds & Byerlys will recommend that the trustees of the MRMC H&W Plan to 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 Modernization

With the understanding that both parties seek to provide the best possible benefit coverage to Lunds & Byerlys employees with membership to UFCW Local 663, should Plan Trustees fail to approve all measures to modernize the MRMC plan by May 31, 2024, the parties shall begin the following process. Should Plan Trustees approve all modernization 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 Lunds & Byerlys-sponsored Health & Welfare plan will occur starting no later June 5, 2024.
2. Lunds & Byerlys employees with membership to UFCW Local 663 that are selected to serve on the Union's healthcare committee will be determined as follows:
 - UFCW Local 663 at its sole discretion shall select no more than fifteen (15) individuals that are employed by Lunds & Byerlys 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 modernize 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.

Union Proposals

1. (Article 1, Section 5) Probationary period changed from 60 to 30 days

– See LFHI Proposal Item #1

2. (Article 2, Section 2.A) Overtime after scheduled hours in a day - for example if scheduled for 8 hours, will be paid OT after 8, if scheduled for 9 or 10 hours then will be paid OT after 9 or 10 hours

– LFHI Response: Needs to see comprehensive economic package for further consideration

3. (Article 3, Section 2) Holiday Pay
 - a. Increase rate of pay to 2x and 1.5x for hours worked from 1.5x and straight time
 - b. Easter- need clarity: what is current practice for pay when worked?

- LFHI Response: Needs to see comprehensive economic package for further consideration

4. (Article 4) PTO accrual increase – **See LFHI Proposal Item #2**
 - a. Cash out option for unused vacation
 - b. Change from 1 year to 90 days to use PTO
 - c. Comply with new MN Sick and Safe Time and Paid Family Medical Leave legislation
 - d. Change vacation accrual

FROM 0-1 year	1 week
1-7 years	2 weeks
7-15 years	3 weeks
15-19 years	4 weeks
19+ years	5 weeks

TO 0-5 years	2 weeks
5-12 years	3 weeks
12-19 years	4 weeks
19+ years	5 weeks

5. (Article 5) Wages
 - a. Wage increase
 - b. Increase starting wage
 - c. Pay equity
 - d. Lead pay increase

– LFHI Response: Needs to see comprehensive economic package for further consideration

6. (Article 9) Increase bereavement leave - **See LFHI Proposal Item #5**

All full-time and part-time employees on the seniority list shall be entitled to bereavement pay according to the following:

- A maximum of four (4) days of leave with pay in the event of the death of a spouse, parent, child or stepchild.
- A maximum of three (3) days of leave with pay in the event of the death of a brother, sister, mother-in-law or father-in-law, grandparent or grandchild.

~~Paid leave for days lost from work for bereavement shall, except in the case of leaves of a spouse, parent or child, be the day of burial and the day or days preceding such burial.~~

7. (Article 11) SPUR Leave - **See LFHI Proposal Item #6**

- a. (NEW)SPUR (Special Project Union Representative) Leave: A leave of absence will be provided for a period of time, not to exceed one (1) year, for an employee requested by the Union to assist the UFCW International or Local 663 for temporary work as a union representative in the SPUR program. The Union will provide a 30-day minimum notice to the Employer. It is understood that the Union would make any contributions necessary to continue the employee's participation in Health & Welfare and Retirement programs as provided by the agreement during this leave of absence. The Employer would provide this leave without loss of seniority. For Employers with two (2) or fewer stores, the SPUR leave will be granted only upon mutual agreement of the Employer and the Union.
- b. (NEW) Any employee who is on SPUR leave, shall receive their regular pay from the Employer while on such leave; however, the Employer shall submit to the Union an invoice for reimbursement of an amount based on such Employee's gross hourly rate of pay and benefits for such leave, and the Union shall then reimburse the Employer for such amount.

8. (Article 15) 401K contribution increase

– LFHI Response: Needs to see comprehensive economic package for further consideration

9. (Article 16) Replace BMS with FMCS, with modification to include FMCS furnishing a list of seven (7) arbitrators to select from - **See LFHI Proposal Item #7**
10. (Article 21) Health and Welfare **See LFHI Proposal Item #8**
 - a. Redirect L&B portion of H&W funds to cover all current employees' portion of H&W contributions for 2 year CBA
 - b. Employer will make breakeven / true cost contributions per Union proposal, with no increase to employees
 - c. Section 5. The Employer agrees to pay the weekly health and welfare payment for part-time employees, when said part-time employees are on a paid vacation.
11. (Appendix A1) Increase shift differentials
 - a. 10pm - 6am
 - b. Increase hourly premium for 3rd shift
 - c. NEW hourly premium for 2nd shift

– LFHI Response: Needs to see comprehensive economic package for further consideration

12. NEW: Training differential - \$1 per hour for all hours of the scheduled shift to train new or temporary employees

– LFHI Response: Needs to see comprehensive economic package for further consideration

13. NEW: Negotiations - All hours served by an employee as a member of the Union negotiating committee will be considered as hours worked for benefit purposes (e.g. health insurance, retirement, and Paid Time Off (PTO) benefit calculations, etc.). For wages during negotiations, the Employer shall submit to the Union an invoice for reimbursement of an amount based on such Employee's gross hourly rate of pay and the Union shall reimburse the Employer for such amount.

- See LFHI Proposal Item #9

- NEW: Technological Changes and Automation - See LFHI Proposal Item #10

14.

(A) The parties recognize that automated equipment and technology is available. The Employer recognizes that there is a desire to protect and preserve work opportunities. At the same time the Union recognizes that the Employer has a right to avail itself of modern technology. With this common objective the parties agree as follows: In the event the Employer introduces technological changes or automation which would have a direct material impact affecting bargaining unit work, ~~sixty (60)~~ **thirty (30)** days advance notice of such a change will be given to the Union.

(B) In addition, the Employer agrees:

- 1) Any retraining necessary will be furnished by the Employer at no expense to the employees.
- 2) Where retraining is not applicable, the Employer will make every effort to affect a transfer to another position within the ~~facility~~ **bargaining unit** first before looking at other positions within LFHI.
- 3) In the event an employee is not retrained or transferred and permanently displaced as a direct result of major technological changes or automation, the employee will be eligible for severance pay as follows:

All employees with four (4) or more years of continuous service will be eligible for one (1) week's average pay with a maximum of forty (40) hours for each completed year of continuous service. Maximum severance pay under this Article shall be six (6) week's pay to be paid on the employee's regularly scheduled payday.

(C) An employee shall be disqualified for severance pay in the event the employee:

- 1) Refuses retraining.
- 2) Refuses a transfer within the bargaining unit.
- 3) Voluntarily terminates employment.

(D) It is further agreed and understood between the parties that the layoff provisions contained in this Agreement shall be complied with in the event of any technological or automation changes causing layoff.