



March 21, 2023

Mr. Casey Enevoldsen  
Vice President, Employee Experience, Lund Food Holdings, Inc.  
Sent via email to [Casey.Enevoldsen@lfhi.com](mailto:Casey.Enevoldsen@lfhi.com)

Dear Casey,

**Re: Response to Lunds & Byerlys Letter dated March 16, 2023 Regarding Union Statements Relating to Health and Welfare Withdrawal Argument as written in the Company's Letter dated March 8, 2023**

Your responses to the Union's health & welfare statements related to the Lunds & Byerly (L&B) health & welfare proposal continue to stretch the truth in defiance of reality and history. The Union's detailed response and comments on the five individual points raised by L&B follow:

1. L&B voluntarily withdrew from the MRMC Pension Fund. L&B did not "invest" \$58 million into the MRMC Pension Fund or make a "prepayment" as you asserted. L&B was required and obligated by Federal law to pay the fund \$58 million in withdrawal liability. Group 1 employers did not make this so-called "prepayment" because they decided to continue contributing to the MRMC Pension Fund. Since L&B withdrew in 2017, Group 1 employers have continued to pay increasing contributions to the MRMC Pension Fund and the new Variable Annuity Pension Plan.

Contributions to the MRMC Health and Welfare Fund (MRMC H&W Fund) and the MRMC Pension Fund are fungible and interchangeable based on collective bargaining. L&B's trustee, Fred Miller, requested a legal opinion from the MRMC H&W Fund counsel regarding the legality of the Union's redirect proposal. Fund counsel confirmed that the redirect proposal was not only perfectly legal, but was a concept practiced by multiemployer plans nationwide.

The Union challenges your statement that the "(union's) proposal creates unnecessary risk to the MRMC H&W Plan and will very likely prevent us from modernizing the benefit plan to improve the benefits of our employees". That statement is total speculation and based on L&B's uninformed opinion. What expertise or professional opinion did L&B base that statement on? Did Fred Miller seek the opinion of the MRMC H&W Fund's consultant, Segal, for their advice on the financial integrity of the Fund post-implementation of the Union's redirect proposal?

2. L&B's response is an exercise in obfuscation and a deliberate attempt to create a false narrative. As L&B stated, "the only fair and equitable arrangement is for all participating employers to pay the same amount on behalf of its employees". That is exactly what the Union proposed with the redirect. L&B was offered the same temporary contribution holiday as every other employer. How is that inequitable?

Your statement that "UFCW Local 663 held back the industry and our Company from modernizing and improving the benefits under the MRMC H&W Plan" is factually inaccurate and misleading. If you had consulted with your trustee, Fred Miller, you would know that the Covid pandemic was followed by



various litigation issues which delayed the board of trustee's deliberations on plan modernization. In contrast, the Union's proposal makes commitments and sets dates on when the plan modernization will be completed.

3. L&B's characterization of the redirect and its effect on Group 1 is a further continuation of the company's false narrative. The Union addressed many of your misstatements related to your withdrawal liability obligation in #1 above. Moreover, the Union takes exception to your ridiculous statement, "you intend to do this at the expense of our employees and your members health and welfare plan". This statement is nonsense. The members suffer no adverse consequences from the Union's redirect proposal. The Union's proposal does not require a benefit reduction, nor does it put the MRMC H&W Fund at financial risk. The Union demands that you identify all reports and opinions that support this irresponsible assertion.

4. L&B's response is a smoke screen and not relevant. The exchange that you reference took place before L&B proposed withdrawing from the MRMC H&W Fund.

5. Like many of L&B's assertions, your statement about the need for the MRMC H&W Fund to purchase stop loss insurance is taken out of context and based on conjecture. As your trustee, Fred Miller, already knows, the MRMC H&W Fund discontinued its stop loss insurance coverage in July 2021 because of the substantial buildup of reserves during the extraordinary period of Covid. Your so-called "logical" conclusion that any reduction of reserves would require the repurchase of stop loss is consistent with many of your intentionally misguided arguments throughout our negotiations. Did Fred Miller seek the professional opinion of fund consultant, Segal, on this subject?

In regard to L&B's self-serving concluding comments:

1. Yes, in contrast to L&B and their serving trustee on the MRMC H&W Fund, we not only consulted with Fund counsel and consultant, but we shared financial projections with all the employers including L&B on the financial impact of the redirect proposal.

2. Yes, the union is committed to plan modernization. The Union's proposal and the Union's verbal statements in negotiations are responsive to L&B and are on the record.

3. The Union believes there are adequate reserves to fund plan modernization temporarily. But realistically, L&B and the other employers cannot expect to use reserves to pay for plan modernization forever. At some point in the future, plan modernization will have to be paid for through ongoing contribution rates. That is a fact of health insurance financing that is unchallengeable.

Sincerely,

A handwritten signature in black ink, appearing to be the name "Rena Wong".

Rena Wong, President  
UFCW Local 663