

COLLECTIVE BARGAINING AGREEMENT
between
ZENITH AMERICAN SOLUTIONS
and
UNITED FOOD AND COMMERCIAL WORKERS UNION LOCAL 21

CONTRACT TERM

October 1, 2019 through March 31, 2021

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October 1, 2019 through March 31, 2021

**AGREEMENT By and Between
ZENITH AMERICAN SOLUTIONS**

and

UNITED FOOD AND COMMERCIAL WORKERS UNION LOCAL 21

This Agreement is mutually entered into by and between Zenith American Solutions, hereinafter called the "Employer," and United Food and Commercial Workers Union, Local 21, hereinafter called the "Union". The purpose of this Agreement is to set forth the understanding reached between the parties with respect to wages, hours of work and conditions of employment.

ARTICLE 1 – RECOGNITION

- 1.1 The Employer hereby recognizes the Union as the sole and exclusive bargaining representative with respect to the wages, hours and working conditions of all Employees employed in King County, Washington, and covered by this Agreement.
- a. The Employer will advise the Union of any new job classifications created in the future which might be included in the bargaining unit.
- 1.2 All present Employees who are members of the Union on the effective date of this Article or on the date of this Agreement, whichever is the later, shall remain members of the Union in good standing as a condition of employment. All present Employees who are not members of the Union and all Employees who are hired hereafter shall become and remain members in good standing of the Union as a condition of employment on or after the 31st day following the beginning of their employment or on and after the 31st day following the effective date of this Article or the date of this Agreement, whichever is the later.
- 1.3 Upon written notice from the Union that any Employee has failed to acquire membership in the Union as herein provided or has failed to thereafter maintain good standing as herein provided, the Employer shall within seventy-two (72) hours of such notice discharge said Employee.
- 1.4 During the term of this Agreement, the Employer shall deduct Union dues from the pay of each member of the Union who voluntarily executes a wage assignment authorization form. When filed with the Employer, the authorization form will be honored in accordance with its terms. Deductions will be promptly transmitted to the Union by check payable to its order. Upon issuance and transmission of a check to the Union, the Employer's responsibility shall cease with respect to such deductions. The Union and each Employee authorizing the assignment of wages for the payment of Union dues hereby undertakes to defend, indemnify, and hold the Employer harmless from all claims, demands, suits or other forms of liability that shall arise against the Employer for or on account of any deduction made from the wages of such Employee.
- 1.5 Voluntary Political Action Fund: The Employer shall deduct the sum specified from the pay of each member of the Union who voluntarily executes a political action contribution authorization form. The amount deducted and a roster of each Employee authorizing assignment of wages will be transmitted to the Union. The Union and each Employee authorizing assignment of wages for payment of the voluntary political action contributions hereby undertakes to indemnify, defend, and hold harmless from all claims, demands, suits and other liability that may arise against the Employer for or on account of any

deduction made from the wages of such Employee.

1.6 Employee Roster. Each month the Employer shall transmit to the Union electronically, in a mutually agreeable format, a list with all active and termed employees to include name, address, employee ID number, last four digits of social security number, job classification, department, date of hire, rate of pay and FTE status for all employees covered by this agreement.

ARTICLE 2 - DISCRIMINATION AND DISCHARGE

2.1 The Employer shall be the judge of the competency and qualifications of its Employees. However, no Employee shall be discharged or disciplined except for just cause. Further, no Employee shall be discharged or unlawfully discriminated against for any lawful union activity.

a. Temporary suspension of the ability to telecommute will be considered discipline, and will come under the "Just Cause" provision of Section 2.1, except when mutually agreeable or in the case of business need as determined by the Employer.

b. Employees shall be given the opportunity to read, sign, and receive a copy of all evaluations and written warnings before placement in their personnel file.

c. Corrective action shall be void following twelve (12) months from the last issuance of corrective action for the same offense.

2.2 Notice of discharge shall be given in writing if requested by the Employees. Upon request, an Employee shall be given a written copy of the grounds of discharge.

ARTICLE 3 - SENIORITY AND APPLICATION OF SENIORITY

3.1 Definition of Seniority: Seniority is defined as an Employee's continuous length of service with the Employer from the most recent date of hire.

3.2 Layoff: When there is a need for a layoff within a job classification, seniority will be the determining factor, providing skill, experience, performance, and/or quality of work are considered equal in the opinion of the Employer. The Employer's opinion will be fairly and reasonably exercised.

3.3 Severance Pay: It is agreed that each full-time and part-time Employee who is laid off from his/her employment for permanent layoff, shall be compensated for such layoff provided he/she has been continuously employed by the Employer for a period of at least two (2) years. An eligible Employee compensated for his/her layoff shall receive severance pay equal to the employee's normal workweek's pay (at his/her straight time hourly rate of pay) for each two (2) full years of actual employment, commencing with the second year thereof. Payment under this formula shall be a maximum of two hundred forty (240) hours of severance pay.

3.3.1 Limitations on Severance Pay: the above described severance pay will not be paid to:

a. Any Employee who voluntarily quits, or is discharged for cause, before he/she is separated from employment by the Employer prior to the permanent layoff.

b. An Employee accepting severance pay shall forfeit and cease to have any seniority and recall rights, as provided for in this Agreement.

- c. Any Employee re-employed after receiving severance pay shall be considered a new Employee from the date of re-employment.

3.3.2 Deferment of Severance Pay

- a. In the event an eligible Employee wished to remain on the seniority list for the purpose of possible recall, he/she may elect to defer acceptance of his/her severance pay for a period of twelve (12) months. At any time during such period of twelve (12) months, however he/she may request this severance pay, and his/her right of recall and seniority shall terminate as of that date.

3.4 Recall: Upon layoff, the names of such Employees will be placed on a recall list for one- hundred eighty (180) days. It shall be the Employee's responsibility to keep Zenith American Solutions informed of his/her current address and phone number. Failure to do so shall absolve the Employer of any further obligation under this section. When a vacancy is to be filled from the reinstatement roster, the order of reinstatement shall be in reverse order of layoff, provided skill and ability are equal in the judgement of the Employer.

3.5 Job Posting: Prior to filling a Bargaining Unit position, the position will be posted on a bulletin board in the lunchroom and via intranet for seven (7) calendar days. The notice will include a description of the job, qualifications, pay grade, and whether the position allows for telecommuting.

- a. All eligible Employees who meet the minimum qualifications for an open position will be granted an interview with Human Resources and/or the Hiring Manager. Employees who interview for an open position but do not receive an offer will be notified by Human Resources as soon as possible after the position has been filled. The employee/applicant may request to meet with HR to review the reason for the decision.

ARTICLE 4 - HOURS OF WORK

4.1 The normal work day shall consist of eight (8) hours of work. The normal work week shall consist of forty (40) hours of work per week. A part-time Employee's normal work day and normal work week shall be the average of their regularly scheduled hours. Should the hours a part-time Employee works be different from their regular schedule for a period of three (3) consecutive calendar months, the Employer will adjust the Employee's regular schedule to be the same as the hours worked for purposes of benefit accrual retroactive to the first month. For periods of less than three (3) consecutive calendar months it is the responsibility of the Employees to monitor their leave accrual reports when their schedule becomes irregular to assure proper benefit accrual.

- a. Employees currently on thirty-seven and one half (37.5) hours of work per week will be grandfathered in at their current scheduled hours per week unless they request to increase their hours to forty (40) hours of work per week. No employee at forty (40) hours of work per week will be eligible to reduce their hours to thirty-seven and one half (37.5) hours of work per week.

4.2 The Employer shall establish Employee work schedules. Employees may request a change in their work schedule. In such cases, the Employer will, after considering the service needs of its clients, attempt to accommodate Employee requests. If two or more Employees within the same job classification request the same alternate schedule, such scheduling shall be assigned on the basis of seniority. The Employer retains the right to adjust work schedules to maintain an efficient and orderly operation to best provide

for its clients.

- 4.3 After fair and reasonable consideration, and by advance agreement between the Employer and Employee, the Employee may make up non-compensated time off during hours other than the Employee's normally scheduled work day, during the same pay period, not to exceed forty (40) hours worked in any work week, Sunday through Saturday.
- 4.4 Except in cases defined by Section 4.3 above, overtime at the rate of time and one-half (1½) shall be paid for work performed in excess of forty (40) hours per week. Time and one-half (1½) shall be paid for work required by the Employer on Saturdays and Sundays.
- 4.5 The overtime rate shall only be paid when the Employer has authorized the Employee to work such hours.
- 4.6 Payday will be on a bi-weekly schedule. Pay checks/pay advice will be issued the week following the close of the pay period.

ARTICLE 5 - WAGES AND WORKING CLASSIFICATIONS

- 5.1 Employees covered by this Agreement shall be paid in accordance with the Wage Schedule attached hereto as "Schedule B".

Effective October 1, 2019 through March 31, 2020, Employees will receive a retro base increase of 2% on all compensable hours paid

Effective April 1, 2020, Employees will receive a base increase of 5%

Effective immediately, Employees training fellow coworkers, if approve by the Supervisor in advance, will be paid one dollar (\$1.00) per hour stipend until such time a training program can be developed and mutually agreed upon by The Union and the Employer.

- 5.2 The dollar amounts set forth in the Wage Schedule (Schedule "B") are minimum wages.
- 5.3 For the purpose of calculating monthly rates of pay, the monthly rate shall be computed on the basis of one hundred seventy-three (173) hours per month, forty (40) hours per week, and eight (8) hours per day.
- 5.4 No Employee who, prior to the date of this Agreement, was receiving more than the rate of wages designated in this Agreement for the class of work in which the Employee was engaged, shall suffer a reduction of wages through the operation or because of the adoption of this Agreement.
- 5.5 All new Employees shall work under the provisions of this Agreement. New Employees shall work on a trial basis for the first one hundred twenty (120) calendar days of employment during which period the Employer may discharge the Employee without recourse.
- 5.6 The Employer or the Employee shall serve the other party with a two (2) week notice prior to termination of employment, with the exceptions of new Employees during their first one hundred twenty (120) calendar days of employment or in cases due to termination for just cause, in which instances no prior notice shall be required. This requirement can be waived by the mutual consent of the Employer and the Employee.

- 5.7 The Employer may discharge an Employee without recourse if at any time the Employer discovers that the Employee has been convicted of a felony, or is not or cannot be insured under the Employer's or a client's fidelity bond, fiduciary insurance policy and/or errors and omissions insurance.
- 5.8 If a change in payroll reporting periods or paycheck issue dates is necessary, the Employer will meet and discuss the matter with the Union prior to implementation.
- 5.9 The Employer agrees to ensure that bargaining unit work is only performed by bargaining unit employees.

ARTICLE 6 – HOLIDAYS

- 6.1 The following days shall be considered holidays:

New Year's Day	Veterans Day
Martin Luther King Jr Day	Thanksgiving Day
President's Day	Friday after Thanksgiving
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	
- 6.2 If one of the holidays specified in this Agreement falls on a Saturday or a Sunday, the Employer shall have the option to designate either the preceding Friday or the following Monday as the day off. If a holiday falls during an Employee's vacation, the Employee shall have the option of selecting either an additional day's pay or an additional day of vacation.
- 6.3 Employees with one (1) or more years of service shall be entitled to one (1) normal working day of personal time off with pay during each subsequent year of employment, such time to be used for whatever purpose the Employee deems necessary and appropriate. Personal time off shall not be cumulative from year to year. The scheduling of personal time off shall be by mutual agreement between the Employer and the Employee.
- 6.4 An Employee must be on the payroll more than thirty (30) days to be eligible for holiday pay.

ARTICLE 7 – VACATIONS

- 7.1 All regular Employees shall be granted an annual vacation computed as follows:
 - Employees with one (1) through four (4) years of service
Ten (10) normal working days vacation with pay, accrued monthly, not to exceed a maximum accrual of twenty (20) normal working days vacation at any time.
 - Employees with five (5) through nine (9) years of service
Fifteen (15) normal working days vacation with pay, accrued monthly, not to exceed a maximum accrual of thirty (30) normal working days vacation at any time.
 - Employees with ten (10) through nineteen (19) years of service
Twenty (20) normal working days of vacation with pay, accrued monthly, not to exceed a maximum accrual of forty (40) normal working days vacation at any time.

Employees with 20 or more years of service will begin accruing two additional vacation days per year (total of 22 days per year), which will be accrued on a monthly basis not to exceed a maximum accrual of forty (40) normal working days vacation at any time.

- 7.2 The scheduling of vacations shall be by mutual agreement between the Employer and the Employee.
- 7.3 Employees whose employment with the Employer terminates shall be paid vacation benefits accrued through their last date of employment. In the case of voluntary termination, an Employee must give at least two (2) weeks' notice to receive vacation pay.
- 7.4 Vacation during a holiday week will be equitably rotated among Employees within each department.

ARTICLE 8 - SICK LEAVE

- 8.1 Employees with more than ninety (90) days of employment shall be entitled the use of sick leave; the Employer may choose to allow the use of sick leave for all employees with less days of employment.

Employees with an accrued sick time balance equal to or less than the applicable maximum carryover amount described in Section 8.3 of this agreement shall accrue from the Employee's date of employment on the basis of one (1) day for each month of employment.

Employees with an accrued sick time balance in excess of the applicable maximum carryover amount described in Section 8.3 of this agreement shall accrue from the Employee's date of employment on the basis of one (1) hour per each forty (40) hours worked.

- a. In accordance with Washington State family care law, Employees may use accrued sick leave to care for a child under the age of 18 with a health condition that requires treatment or supervision, or a spouse, parent, parent-in-law, or grandparent of the Employee who has a serious health condition or an emergency condition. Additionally, the Employer will extend the same benefit for a child of the Employee over the age of 18 and a domestic partner. The Employer has the right to require appropriate health provider certification for any absence exceeding three (3) days due to illness.

- 8.2 Domestic partner shall mean a person who is neither married nor related by blood or marriage to the Employee, is the Employee's sole spousal equivalent, lives together with the Employee in the same residence and intends to do so indefinitely, and is responsible with the Employee for each other's welfare. The Employer may request a signed affidavit or proof of financial interdependence via any of the following types of documentation: a) a joint mortgage or lease; b) designation of the domestic partner as beneficiary for life insurance; c) designation of the domestic partner as primary beneficiary in the Employee's will; d) domestic partnership agreement; e) powers of attorney for property and/or health care; f) joint ownership of either a motor vehicle, checking account and/or credit account.

- 8.3 Employees with less than three (3) continuous years of service will be allowed to carry over accrued sick leave to a maximum of ten (10) days per calendar year.

Employees with three (3) years of more continuous service will be allowed to carry over accrued sick leave to a maximum of thirty-seven (37) days per calendar year.

- 8.4 Sick leave benefits provided for herein shall be coordinated with weekly indemnity benefits payable by

the [Sound Health & Wellness](#) Trust. The Employer will pay sick leave benefits up to an amount which, when added to the weekly indemnity benefits that an Employee is eligible to receive from the [Sound Health & Wellness](#) Trust, is equal to but does not exceed the Employee's normal compensation for work actually performed.

ARTICLE 9 - DISABILITY LEAVE

- 9.1 Employees who have been in the employ of the Employer for one hundred twenty (120) or more days and who are disabled and unable to work due to illness or injury shall be entitled to disability leave in accord with the following provisions:
- a. The Employer may require the Employee to establish disability by submitting a statement from the Employee's physician certifying the expected period of disability.
 - b. Disability leave may be granted for periods up to six (6) consecutive months and subject to periodic re-certification by physician statements as may be requested by the Employer. The Employer shall have the right to extend additional periods of leave in accordance with this provision.
 - c. Employees on an authorized disability leave will retain their salary progression and benefit rights accrued up to the time that such leave begins if the Employee returns to work in a timely manner as provided herein. Salary progression and benefit rights will not accrue during the Employee's period of authorized leave.

ARTICLE 10 - JURY DUTY LEAVE

Employees who are called for jury service shall be excused from work for the days on which they serve and shall be paid the difference between the fee or pay they receive for such service and the amount of straight-time earnings lost by reason of such service up to a limit of a regular day's pay on scheduled days of work; provided, however, an Employee called for jury duty who is temporarily excused from attendance at court must report back to the Employer and if the Employer requests the Employee to do so, must report for work if sufficient time remains after such excuse to permit the Employee to report to work and work at least one-half (½) of the scheduled shift.

ARTICLE 11 - BEREAVEMENT LEAVE

In the event of death in the Employee's immediate family, immediate family to include relatives designated herein, the Employer shall pay the Employee wages for [bereavement](#) leave as follows: Death of spouse, domestic partner, children, mother, father, brother, sister, stepparents, step-children, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, grandparents or grandchildren up to [three \(3\)](#) days off; provided the Employee elects to take these days off. [Employees may request additional time using applicable paid time off.](#)

ARTICLE 12 - HEALTH & WELLNESS

- 12.1 [Acceptance of Trust Agreement](#). The Employer and the Union agree to be bound by the terms of the Trust Agreement which created the Sound Health and Wellness Trust, as initially executed on June 18, 1977, by all subsequent revisions or amendments thereto, and by all policies and other conditions of participation and eligibility, which may be established from time to time by the Trust's Rules and Regulations, the Summary Plan Description, and other pertinent procedures, practices, and Trustee

actions. The Employer accepts the Employer Trustee members of the Board of Trustees, and their duly appointed successors, as its representatives for the purposes of managing the Trust. The Union accepts the Labor Organization Trustee members of the representatives for purposes of managing the Trust. The Employer and the Union agree to be bound by the Health and Welfare Labor Agreement, effective May 2, 2010, by and between Allied Employers, Inc., and U.F.CW. Union Locals Nos. 21, 367, and 1439, U.F.CW. International (AFL-CIO), and Teamsters Union Local No. 38, and by all amendments thereto.

12.2 Health and Wellness Trust Employer Contributions. The Employer agrees to pay on a compensable hours basis (maximum of one hundred seventy-three (173) hours per calendar month per Employee) into the Sound Health and Wellness Trust on account of each member of the bargaining unit the Employer contribution rate in the amount determined from time to time by the Board of Trustees of the Sound Health and Wellness Trust. The Employer and Union agree that the money paid under that agreement will be used by the Trustees to provide, purchase and administer for eligible Employees and their dependents hospital, medical, surgical; vision, group life, accidental life and dismemberment, dental and weekly disability benefits. In addition, the Employer and Union agree that Employer contributions are computed on a monthly basis (maximum of one hundred seventy-three (173) hours per calendar month per Employee) effective with the first day of employment (no contribution waiting periods are allowed) and the total amount due for each calendar month be remitted in a lump sum not later than twenty (20) days after the first day of the month.

The Sound Health and Wellness Trust Plan requires weekly Employee premium contributions, which are listed below as of the date of this Agreement. Employee contributions are as follows:

Weekly Employee Contributions				
Medical Plan Options	Single <i>(requires 60 hours minimum per month reported to the Trust)</i>	Employee & Spouse	Employee & Children	Family
	<i>(requires 80 hours minimum per month reported to the Trust)</i>			
PPO Option	\$9.00	\$21.00	\$15.00	\$23.00
HMO Option	\$5.00	\$15.00	\$9.00	\$19.00
Qliance Plan	\$5.00	\$15.00	\$9.00	\$19.00

If there is an increase to the Health and Welfare premium over \$4.86, the Employee will absorb the full amount of the increase in the premium. If the rates during these years are less than the amounts specified, the savings will be added to employee wages for the remainder of that year of the contract.

The term "compensable hour" shall mean any hour for which any Employee receives any compensation required by this Agreement.

12.3 The Employer will contribute to the Sound Health and Wellness Trust as follows:
Effective with October 1, 2019 ("Effective Date") hours, the Employer's current contribution rate(s) shall be reduced by twenty-one cents per hour except that, effective for hours upon notice by the Sound Health and Wellness Trust, the Employer's contribution rate shall further decrease on a temporary basis in order to allow for an increase in the Employer contribution rate to the Sound Retirement Trust under Section 14.3.

Additionally, beginning with the month following notice from the Trustees of the Health and Wellness Trust that a temporary reduction in the Employer's contribution rate is authorized; the amount of such reduction shall be added as a monthly employer contribution to the Sound Retirement Trust on behalf

of all eligible employees as described in Section 14.3.4. These amounts are in addition to the employer contributions required under Section 14.3.1. The payment of such reduced contributions shall continue until the earlier of the thirteenth month following the effective date of the reduction or when the Trustees determine, in their sole discretion, that the amount of surplus assets in the Health and Wellness is reduced to, or anticipated to be reduced to zero. The Health and Wellness Trust shall provide notice of such determination. However, in no event shall the Employer's contribution rate to the Health Trust be reduced below \$4.65 per hour if the Trust excess assets (above the required reserves) are anticipated to fall below 2½ months of excess reserves before such date.

Starting October 2020, every six months through March 2022, the consultants will project Plan expenses and income and report these amounts to the Trustees. Based on those projections, the Trustees will set the contribution rate (with a minimum rate of the initial hourly rate before the temporary decrease) and up to a maximum rate of \$4.86) that is anticipated to result in an excess reserve of \$52 million by April 30, 2022. Each recalculated rate shall become effective for the Employer as of the effective date determined by the Trustees and the Employer shall pay the recalculated as of such effective date. The buy-up rate, if applicable, also will be decreased and increased accordingly.

12.4 Accounting Period. The Employer and Union agree that the Board of Trustees of the Sound Health and Wellness Trust has the authority to establish and enforce a method of reporting contributions on an accounting period basis rather than a calendar month basis and in such case and if the employer reports on other than a calendar month basis, the one hundred seventy-three (173) hour maximum shall be appropriately adjusted as established by the Trustees provided that in no event shall the Employer's total obligation be different than what it would have been on a calendar month basis. Furthermore, the Employer agrees that the total contributions due for each month shall be remitted in a lump sum not later than twenty (20) days after the end of the accounting period.

12.5 Benefit Program Details. The Employer and the Union agree that the details of the benefit programs including a description of the exact benefits to be provided and the rules under which Employees and their dependents shall be eligible for such benefits shall be determined by the Trustees of the Sound Health and Wellness Trust in accordance with the terms and provisions of the Trust Agreement establishing the Trust Fund and as subsequently amended. The Employer and the Union also agree that the failure of an insurance carrier, medical service contractor or the Trust to provide the benefits specified in a policy contract or benefit plan sponsored by the Trustees shall result in no liability to the other Employers party to the Trust Agreement or Allied Employers' agreement or constitute a breach of any of the obligations which the Employer has undertaken under this agreement.

12.6 Notwithstanding the other sections of this Article 12, the Employer has the right to change from the Sound Health and Wellness Trust described in those sections to a comparable Health and Wellness plan. Before making any such change, the Employer will meet with the Union and a committee of no more than four (4) Employees designated by the Union to review the plans. If the proposed new Health and Wellness plan costs less than the Sound Health and Wellness Trust Plan or the benefits are substantially different, then the Employer agrees to re-open this Contract to renegotiate the Health and Wellness only. If a new Health and Wellness plan is implemented, Employees will continue to pay the Employee Contributions in effect at the time of the change for the duration of the contract.

ARTICLE 13 - SUPPLEMENTAL LIFE INSURANCE

The Employer will purchase a group insurance program to provide Life and Accidental Death & Dismemberment Benefits equal to those currently in effect for all full-time Employees in the bargaining unit.

ARTICLE 14 – PENSION

14.1 Acceptance of Trust Agreement. The Employer and the Union agree to be bound by the terms of the Trust Agreement, which created the Sound Retirement Trust, as initially executed on January 13, 1966, by all subsequent revisions or amendments thereto, and by all policies and other conditions of participation and eligibility, which may be established from time to time by the Trust's Plan Document, Summary Plan Description, and other pertinent rules, regulations, and Trustee actions. The Employer accepts the Employer Trustee members of the Board of Trustees, and their duly appointed successors, as its representatives for purposes of managing the Trust. The Union accepts the Labor Organization Trustee members of the Board of Trustees, and their duly appointed successors, as its representatives for the purposes of managing the Trust.

14.2 The Employer shall contribute to the Sound Retirement Trust, on behalf of each member of the bargaining unit, contributions to be calculated on the basis of the number of hours for which the Employer is obligated to pay contributions to the Sound Retirement Trust in accord with the separate Pension Agreement by and between Allied Employers, Inc. and U.F.C.W. Union Locals 21,367, and 1439, U.F.C.W. International (AFL-CIO) and Teamsters Union Local 38 and by all amendments thereto.

14.3 The current basis for reporting contributions due the Sound Retirement Trust is, and shall be, until such time as the separate Health & Wellness Agreement referred to in Section 12.2 above is amended, as follows: The Employer shall report all compensable hours up to a maximum of one hundred seventy-three (173) hours per month per Employee. Contributions shall be paid on the basis of the number of hours reported multiplied by the applicable cents per hour as follows:

14.3.1 Until the effective date of the new future service defined benefit variable plan (VAP) under Section 14.4, the Employer will continue to make contributions to the Sound Retirement Trust as described in this section and the Employer's active participants will continue to earn benefit accruals until such effective date. The Employer shall make contributions on behalf of all eligible employees to the Sound Retirement Trust under this Section:

The parties hereby adopt the Preferred schedule under the Rehabilitation Plan of the Sound Retirement Trust as revised December, 2019 with the Preferred schedule to be effective with respect to those subject to the terms of this collective bargaining agreement as of the date stated in the Rehabilitation Plan and selected Schedule and the Employer shall contribute in accordance with such schedule.

	Current	1/1/2020	1/1/2021
Base	\$1.00	\$1.00	\$1.00
Pre-Rehab Rate	\$0.10	\$0.10	\$0.10
Current Rehab Rate	\$0.65	\$0.754	\$0.86
Non-benefit Redirect from Retiree Welfare	\$0.01	\$0.01	\$0.01
New	\$0.00	\$0.03	\$0.06
Total	\$1.76	\$1.894	\$2.03

14.3.2 Upon the effective date of the new future service defined benefit variable plan under Section 14.5, future benefit accruals under the SRT will cease and the SRT plan will be frozen; as a result, the funding of 125% of the base contribution of \$1.00 for the SRT for the Employer's employees is discontinued once future benefit accruals commence under the VAP and all hourly contribution rates paid to the SRT will be reduced by such amount of \$1.25 under this Section 14.3.

VAP contributions will be made in accordance with the VAP appendix and contribution amounts in accordance with section 2 of the VAP Appendix A.

14.3.3 The Employer will continue to contribute to the SRT and not incur a withdrawal from the SRT solely as a result of the cessation of future benefit accruals under the SRT.

14.3.4 The SRT Employer liabilities will be funded under an updated Rehabilitation Plan designed with the objective that the Plan will move to the green zone and achieve 102% funding by 2030. This updated Rehabilitation Plan will include the current scheduled increases plus an additional contribution of three (\$.03) cents per hour in annual increases over a new ten-year period beginning January 1, 2020 (January hours/February payment). Such accelerated funding in this agreement shall apply to the SRT liabilities and shall remain in effect regardless of the Zone status of the Plan.

14.3.5 The Employer shall continue to pay all of the scheduled contribution increases under the updated Rehabilitation Plan, as set forth above, through the term of this CBA, regardless of the zone status of the SRT. All hourly contributions to the SRT shall continue to be made on behalf of all compensable hours above regardless of whether the employee participates in the SRT prior to the freeze date. In addition, the Parties ask the Trustees of the Plan to explore adopting specific language that all additional contributions will not be used in calculations of the employers' share of the unfunded vested benefits, to the extent permitted by law.

14.3.6 The parties recognize that this global solution for the pension funding liabilities is contingent on the full implementation of the agreement between Safeway/Albertson's and the Union and the full implementation of the agreement between Kroger and the Union, including the transfer of liabilities and assets from the SRT to the UFCW Consolidated Fund under the MOU between Kroger and the Union. If either the SRT or the UFCW Consolidated Fund does not approve the global solution, the bargaining parties will meet to discuss other alternatives.

14.3.7 The parties agree to request that the Actuaries of the SRT review and update, as they determine is appropriate, the current withdrawal liability method used by the Fund.

14.3.8 In part in order to ensure the prudent funding of the Sound Retirement Trust, the Employers, in total, agree to redirect health & welfare trust contributions up to the total amount of \$100 million to the SRT commencing with January 2020 hours.

14.3.9 The parties will cooperate in seeking approval by the relevant parties for this global solution for accelerated funding of the unfunded liabilities of the SRT, including the SRT Board of Trustees, the PBGC and the UFCW Consolidated Fund Board of Trustees (subject to final agreement on the details of any Kroger transaction).

14.3.10 To that end, the parties agree to ask that the SRT Trustees consider the following:

- i. Continue to extend cash-matched period under Beta portfolio as the situation warrants in order to continue to reduce investment risk in the SRT;
- ii. Reduce the valuation assumption to 6.5% net of investment expenses; and
- iii. Invest the \$175 million in assets to be transferred from the SRT to the UFCW Consolidated Pension Fund at a risk free rate of return from the ratification date of the collective bargaining agreement until the date of transfer (subject to final agreement on the details of any Kroger transaction).

14.3.11 This agreement is contingent on the bargaining parties reaching an overall collective bargaining

agreement, including an agreement between the Employer and the Union for a new future service defined benefit variable plan for all current employees affected by this transfer.

- 14.4 The VAP will be paid and administered in accordance with the VAP (Appendix A).
- 14.5 The Employer agrees to withhold from wages amounts designated by Employee for 401(k) contributions to the Western Employees Benefit Trust. There will be no matching contribution made by Employer and all fees and expenses will be borne by the participants of the Trust. Employer has no obligation other than deducting from wages the amount specified by the Salary Wage Reduction and Enrollment Form.
- 14.6 The Employer hereby agrees to provide for pre-tax deferral election contributions by Employees covered by this collective bargaining agreement to the Western Employees Benefit Trust. The Employer agrees to transmit the amounts withheld from Employees' wages no later than the 15th day of the following month, to the bank or other depository designated by the administrator of the Western Employees Benefit Trust. Further, the Employer agrees to be bound by the term of the Plan document and Trust Agreement governing the Western Employees Benefit Trust and agrees to provide such information with respect to Employees covered by the collective bargaining agreement as may be needed by the administrator.

ARTICLE 15 - COMMUTE TRIP REDUCTION (CTR) SUBSIDY

As an incentive to reduce commuting to work in a single occupancy vehicle (SOV), Employees who commute to work by bus, train, or ferry will receive a subsidy of one-half (½) the cost of a mass transit pass, up to a maximum of forty-five dollars (\$45.00) per month. Employees who commute to work by carpool, van pool, bicycle or walking will receive a subsidy of thirty-five dollars (\$35.00) per month. Eligible Employees will be required to sign a statement certifying their alternative mode of transportation and the Employer may request proof of public transit and/or car/van pool. Misrepresentation will be grounds for corrective action, up to and including termination of employment.

ARTICLE 16 - TEMPORARY HELP

The Employer shall be entitled to obtain the services of persons employed by temporary help agencies to perform short-term, one-time projects or to substitute for Employees on leave. Persons whose services are obtained through a temporary-help agency in accord with this provision shall be considered Employees of the agency and shall not be subject to the terms and conditions of the Agreement. In the event a temporary Employee were to work more than six (6) months or in the event a part-time Employee were to work more than nine (9) months on any one project with the Company, either the Union or the Employee may request a meeting to evaluate the position to determine whether or not it should be made a regular position. In the event a decision was made to make the job regular, no new probationary period would be required of the Employee.

ARTICLE 17 - NO STRIKE

During the term of this Agreement, there shall be no strike or any other form of work stoppage or picketing against the Employer.

ARTICLE 18 - UNION ACTIVITY

18.1 Labor Management Committee. In the interest of maintaining a collaborative and collegial relationship, the Employer and the Union agree to establish a Labor Management Committee (LMC). This committee will meet quarterly and can meet more often with mutual agreement. Labor and Management,

respectively, will appoint an equal number of representatives (up to four). An HR Manager and the Union representative will attend in addition to the committee members. Management will facilitate scheduling and LMC members will be on paid release time during regularly scheduled work hours. Subject matter experts may attend with prior notice to the committee. The purpose of the LMC is to discuss and collaboratively problem solve issues of concern from labor and/or management. The LMC will not be used to supplant the contractual process of grievance and/or contract negotiations. An agenda will be developed for each meeting and a note taker will be designated to take minutes to be shared with the members of the bargaining unit, by email and/or by posting on the bulletin board.

18.1.1. The Union and the Employer will each designate three (3) representatives to a committee with the sole purpose of developing a Training Program.

18.1.2. The Union and Employer agree to discuss titling standardization and grades in LMC.

18.2 Steward. The Union shall have the right to select no more than five (5) bargaining unit Stewards from among the employees in the unit. The Union will give the Employer written notice of the selections. On a case by case basis the Union may designate a Steward who will be allowed reasonable time off with pay to service the agreement and participate in Weingarten meetings provided such Union business does not unnecessarily interfere with the management of the business.

18.3 New Hire Orientation. The Employer will provide the Union Representative or a designated Steward access to new hires monthly for the purpose of introduction and orientation to UFCW Local 21 and their collective bargaining agreement. The Union Representative or Steward and new hires will be allowed one-half (1/2) hour of paid time.

18.4 Meeting Rooms. The Union shall be permitted to use designated premises of the Employer for meetings with the bargaining unit provided a sufficient advance request for meeting rooms is made to the designated administrator and space is available.

18.5 Negotiations. Subject to appropriate advance notification by the Union to the Employer, negotiating team members shall be given unpaid release time for joint negotiations. Time spent during negotiations will be treated as time worked only for the purposes of seniority and benefit accrual. The Employer will make all reasonable efforts to relieve the employees for participation in negotiations including pre or post session caucus time.

18.6 Union Leave. Designated Union Stewards may have up to five (5) calendar days of unpaid leave each calendar year for Union business as long as normal business operations are not affected.

18.7 Bulletin Boards. Space will be made available on bulletin boards designated by the Employer in the facility breakroom.

ARTICLE 19 - GRIEVANCE PROCEDURE

19.1 A grievance is defined as a dispute between an Employee(s) or the Union on behalf of such Employee(s) with respect to the interpretation or application of any terms or conditions specified in this Agreement. All grievances must be processed in accordance with the procedure set forth in below. All potential grievances must be initially raised within fourteen (14) calendar days of the time the employee became aware of event(s) that precipitated the problem. The grievance must be raised in accordance with the following procedure:

Step I: The Employee having a potential grievance must first present it to the Employee's supervisor. If the matter cannot be settled between the parties within five (5) calendar days following presentation to the supervisor, it must be processed in accordance with Step II.

Step II: Within thirty (30) calendar days of the date Step I was completed, the Union on behalf of the employee must file a statement of the grievance in writing with the designated Employer representative, which shall contain the following information:

- a. the facts upon which the grievance is based,
- b. reference to each Article and Section of the Agreement alleged to have been violated, and
- c. the remedy sought.

The designated Employer representative, the grievant, and the Union Representative shall, within fourteen (14) calendar days following the filing of such written statement of grievance, meet in an attempt to resolve the grievance. The Employer shall respond in writing within thirty (30) calendar days of the meeting.

Step III: Arbitration

If the grievance is not settled on the basis of the foregoing procedures, and if the grievant and the Union have complied with the specific procedures, requirements and time limitations specified in Steps I and II herein, the Union may submit the issue in writing to final and binding arbitration within fourteen (14) calendar days following the written response from the meeting between the Employer and the Union representative. If the Employer and the Union are unable to agree on an impartial arbitrator, a list of eleven (11) arbitrators shall be requested from the Federal Mediation and Conciliation Service. The parties shall thereupon alternate in striking a name from the panel until one remains. The person whose name remains shall be the arbitrator. The arbitrator shall have no authority to add to, subtract from, or otherwise change or modify the provisions of this Agreement, but shall only be authorized to interpret existing provisions of this Agreement as they may apply to the specific facts of the issue in dispute. The arbitrator shall only have the authority to rule on the specific issue as defined in writing at Step II of this grievance procedure. Each party shall bear one-half (½) of the fee of the arbitrator and any other expense jointly incurred incidental to the arbitration hearing.

19.2 Time limits for processing grievances may only be extended by mutual agreement. Failure on the part of the Union to comply with the procedural requirements specified herein shall result in the matter being resolved in accordance with the Employer's position. Failure of the Employer to respond according to the timelines specified herein shall result in the grievance being automatically advanced to the next step.

ARTICLE 20 - GENERAL PROVISIONS

20.1 Neither the Union nor the Employer, in carrying out their obligations under this contract shall unlawfully discriminate in matters of hiring, training, promotion, transfer, layoff, discharge or otherwise because of race, sex, religion, color, creed, national origin, age, marital status, sexual orientation, disability (provided the disability, with reasonable accommodation, does not prevent the Employee from performing the assigned duties required), or any other legally protected classification under federal,

state or local law. The Employer will comply with all required legislation.

20.2 Federal and State Laws. This Agreement shall be subject to all present and future federal, state and local law, Executive Orders of the President of the United State or of the Governor of the State of Washington and/or regulations of governmental authority. If any provision becomes invalid, the Employer and the Union shall enter into immediate negotiations for the purpose of arriving at a mutually satisfactory replacement for such provisions.

ARTICLE 21 - MANAGEMENT RIGHTS

The Employer shall retain exclusive rights and powers to exercise the customary functions of the Employer for carrying on the business and operations. These rights and powers include, but are not limited to, the rights to select, hire, demote, promote, assign, supervise, train and direct all Employees, and the right to maintain discipline, efficiency and quality standards for the Employees and the business. These management rights and powers are not all-inclusive, but indicative of the type of rights which belong and are reserved for management. It is understood that any of the rights, power, or authority the Employer had prior to the signing of this agreement are retained by the Employer, except those specifically abridged or modified by this agreement.

ARTICLE 22 - DURATION OF AGREEMENT

22.1 It is hereby understood and agreed that this Agreement shall be in full force and effect from October 1, 2019 to and including March 31, 2021, and shall continue from year to year thereafter unless written notice of desire to cancel or terminate the Agreement is served by either party upon the other at least sixty (60) days prior to the date of expiration.

22.2 Where no such cancellation or termination notice is served and both parties desire to continue said Agreement but also desire to negotiate changes or revisions in this Agreement, either party may serve upon the other a notice at least sixty (60) days prior to March 31, 2021, or March 31st of any subsequent Agreement year, advising that such party desires to revise or change terms or conditions of such Agreement.

Dated in Bothell, Washington, this ____ day of _____, 2020.

ZENITH AMERICAN SOLUTIONS

UNITED FOOD AND COMMERCIAL
WORKERS UNION LOCAL 21

Leigh Dobbs,
Chief Human Resources Officer,
Human Resources

Mia Contreras

Amirah Ziada, Negotiator

SCHEDULE A
UFCW 21 JOB CLASSIFICATION & GRADES
Title Grade by Function

Function	Job Title	Grade
Fund Accounting	Accounting Clerk	14
	Accounting Technician	18
	Fund Accounting Rep 1	20
	Fund Accounting Rep 2	21
	Sr Fund Accounting Rep	22
	Sr Fund Accounting Specialist	23
Accounts Control	Accounts Control Clerk	14
	Accounts Control Technician	18
	Accounts Control Rep Trainee	19
	Accounts Control Rep 1	20
	Accounts Control Rep 2	21
	Sr Accounts Control Rep	22
Pension	Pension Records Clerk	14
	Pension Technician	18
	Pension Processor Trainee	20
	Pension Rep 1	20
	Pension Processor	21
	Pension Rep 2	21
	Sr Pension Processor	22
Claims	Claims Processor Trainee	16
	Claims Clerk 1	13
	Claims Clerk 2	14
	Claims Assistant	17
	Eligibility Technician	18
	Claims Processor 2	18
	Claims Processor 3	20
	Claims Technician	22
	Sr Claims Processor	22
Claims Support	Claims Clerk 1	13
	Claims Clerk 2	14
	Claims Assistant	17
	Eligibility Technician	18
	Claims Support Technician	19
Customer Service	Customer Service Rep Trainee	19
	Customer Service Rep 1	20
	Customer Service Rep 2	21
	Sr Customer Service Rep	22
Data Entry	Data Entry Operator 1	16
	Data Entry Operator 2	17

Office Support	File Clerk	13
	Mail Clerk	14
	Clerk Typist	14
	Receptionist/Clerk	15
	Office Support Assistant	17
National Operations	Provider Maintenance Rep	18
	Sr Provider Maintenance Rep	20
Flexible Benefits	Flexible Benefits Rep Trainee	19
	Flexible Benefits Rep 1	20
	Flexible Benefits Rep 2	21
	Sr Flexible Benefits Rep	22

**SCHEDULE B
WAGE SCHEDULE**

October 1, 2019 - 2% Base Increase (numbers below reflect new rates)

Date of Hire:									
Grade	After 10/1/2006	10/2/2002- 9/30/2006	10/2/1999- 10/1/2002	10/2/1998- 10/1/1999	10/2/1997- 10/1/1998	10/2/1996- 10/1/1997	10/2/1989- 10/1/1996	10/2/1988- 10/1/1989	Before 10/1/1988
13	\$17.43	\$17.77	\$17.95	\$18.04	\$18.14	\$18.21	\$18.48	\$18.56	\$18.67
14	\$17.97	\$18.37	\$18.52	\$18.62	\$18.71	\$18.80	\$19.08	\$19.17	\$19.27
15	\$18.58	\$18.96	\$19.11	\$19.22	\$19.32	\$19.41	\$19.71	\$19.79	\$19.88
16	\$19.11	\$19.51	\$19.75	\$19.84	\$19.93	\$20.03	\$20.34	\$20.44	\$20.53
17	\$19.71	\$20.09	\$20.31	\$20.41	\$20.50	\$20.59	\$20.91	\$21.01	\$21.12
18	\$20.24	\$20.62	\$20.87	\$20.97	\$21.06	\$21.18	\$21.49	\$21.58	\$21.69
19	\$20.80	\$21.20	\$21.46	\$21.56	\$21.66	\$21.76	\$22.08	\$22.21	\$22.31
20	\$21.39	\$21.84	\$22.06	\$22.17	\$22.28	\$22.40	\$22.74	\$22.84	\$22.96
21	\$22.37	\$22.79	\$23.04	\$23.15	\$23.28	\$23.40	\$23.74	\$23.85	\$23.96
22	\$23.33	\$23.80	\$24.05	\$24.16	\$24.29	\$24.40	\$24.77	\$24.88	\$25.00
23	\$24.37	\$24.87	\$25.13	\$25.26	\$25.37	\$25.51	\$25.88	\$25.99	\$26.12

April 1, 2020 - 5% Base Increase (numbers below reflect new rates)

Date of Hire:									
Grade	After 10/1/2006	10/2/2002- 9/30/2006	10/2/1999- 10/1/2002	10/2/1998- 10/1/1999	10/2/1997- 10/1/1998	10/2/1996- 10/1/1997	10/2/1989- 10/1/1996	10/2/1988- 10/1/1989	Before 10/1/1988
13	\$18.30	\$18.66	\$18.85	\$18.95	\$19.04	\$19.12	\$19.41	\$19.49	\$19.60
14	\$18.87	\$19.29	\$19.45	\$19.55	\$19.64	\$19.74	\$20.04	\$20.12	\$20.23
15	\$19.51	\$19.91	\$20.07	\$20.18	\$20.28	\$20.38	\$20.69	\$20.78	\$20.87
16	\$20.07	\$20.49	\$20.73	\$20.83	\$20.93	\$21.03	\$21.36	\$21.46	\$21.56
17	\$20.69	\$21.10	\$21.32	\$21.43	\$21.53	\$21.62	\$21.96	\$22.06	\$22.18
18	\$21.25	\$21.66	\$21.91	\$22.02	\$22.12	\$22.23	\$22.57	\$22.66	\$22.77
19	\$21.84	\$22.26	\$22.53	\$22.64	\$22.75	\$22.84	\$23.19	\$23.32	\$23.42
20	\$22.46	\$22.93	\$23.17	\$23.28	\$23.39	\$23.52	\$23.87	\$23.98	\$24.11
21	\$23.49	\$23.93	\$24.19	\$24.31	\$24.44	\$24.57	\$24.92	\$25.04	\$25.16
22	\$24.49	\$24.99	\$25.25	\$25.37	\$25.50	\$25.62	\$26.00	\$26.12	\$26.25
23	\$25.59	\$26.11	\$26.39	\$26.52	\$26.64	\$26.79	\$27.17	\$27.29	\$27.43

APPENDIX A
VARIABLE ANNUITY PLAN (VAP)

As of the effective date of the new future service defined benefit variable annuity plan (VAP), future service benefit accruals will be earned in the VAP, a multiemployer variable annuity defined benefit plan. Participants' service earned under the Sound Retirement Trust (SRT) and the VAP will be recognized for participation, vesting and benefit eligibility purposes in both plans. In the event of a short plan year running from the transfer date to December 31, the benefit guarantee will apply for the short plan year and the subsequent initial full plan year ending December 31, 2021. The VAP shall operate on a calendar plan year basis.

The Employer will contribute one dollar and twenty-five cents (\$1.25) per hour for each eligible active participant to the VAP, commencing with the effective date. Contributions will be made on behalf of current active employees and future newly hired employees in classifications for whom contributions have been made under the current collective bargaining agreement. Salary shall be gross wages per payroll period. Contributions shall be remitted monthly, in the same manner as they have been made to the SRT. The benefit accrual under the VAP will be periodically reviewed (but at least every three years) to ensure that the plan is designed to maintain full funding of all benefit liabilities, with the first review no later than December 31, 2021. Notwithstanding the above, for the term of this contract, in no event shall the contribution be less than the \$1.25. All actuarial assumptions of the plan will be reviewed and adjusted as necessary on an annual basis for the term of this CBA.

In addition, the Employer will contribute three cents (\$.03) per hour for each eligible active participant to the VAP, commencing with the effective date of the VAP through the end of the initial first full Plan Year.

The Employer agrees to promptly provide, on a periodic basis, such salary data for employees intended to be covered by the VAP to allow the actuaries for the parties developing the VAP to determine the benefit accrual rate from the VAP that can be funded with such contributions determined above and in the future as the VAP operates to allow administration of the VAP.

The benefit accrual under the VAP will be periodically reviewed (but at least every three (3) years) to ensure that the plan is designed to maintain full funding of all benefit liabilities, with the first review no later than December 31, 2021. Notwithstanding the above, for the term of this contract, all actuarial assumptions of the plan will be reviewed and adjusted as necessary on an annual basis for the term of this CBA.

The eligibility, rights and features of the benefit design of the VAP on the effective date of the VAP will replicate the current benefit design of the SRT, except that the benefit accrual will be based on a formula that utilizes total contributions made on the employee's behalf and a percentage accrual factor that reflects the VAP characteristics (to be reviewed jointly by the parties). For the short plan year and the first full plan year, there shall be a floor benefit and the benefit accrual of the VAP cannot be less than what the participant would have earned in the same period under the SRT benefit formula. Thereafter, the earned benefit accrual will be adjusted annually up or down based on performance to a 5.5% hurdle rate which will also be used to discount the benefit liabilities.

Annual benefit improvements will be capped at 3.0% above the 5.5% hurdle rate. Any surplus investment return between the 5.5% and the 8.5% cap will fund benefit improvements and any surplus

investment return over 8.5% shall be allocated to the stabilization reserve.

The VAP board of trustees will formulate a stabilization reserve policy which will define the board's discretion to manage the stabilization reserve and determine how and when it is used to support benefit accruals in years in which the plan investments underperform the hurdle rate. The Employer will contribute to the stabilization reserve from January through March, 2022 an additional contribution of three (\$.03) cents per hour.

It is the intent of the parties that the stabilization reserve policy will be used to stabilize benefits for active and retired participants in the event of returns of 2% or lower ("the Floor Return") and maintained in order to address the VAP investment and demographic experience and the level of assets/benefits accrued under VAP. It is not the intent that the stabilization reserve be used in the event of investment returns higher than the Floor Return.

The Governance of the VAP will be modeled after the SRT Trust Agreement document, as appropriate and agreed to by the plan sponsor.

The total amount due for each calendar month shall be remitted in a lump sum not later than twenty (20) days after the last business day of such month.