AGREEMENT BETWEEN

Sears, Roebuck and Co.
Minneapolis, MN.

AND

Minneapolis/St.Paul
International Union of Operating Engineers
Local #70
2722 County Road D East
White Bear Lake, MN 55110

June 1, 2016 through May 31, 2019
ARTICLE 1 - RECOGNITION

Section 1.

A: The Union (Local #70) is recognized by the Company as Collective Bargaining Representative for the employees classified as Operating Engineers.

B: It is mutually agreed the Operating Engineers will travel throughout the geographical areas identified by the following zip codes to perform their assigned duties at Company owned or leased properties: 55110-55428-55345-55117-55406-55019-55362-55303-55128-55423-55306-55118-55123-55125-55369-55014-55430-55109-55103-55305-55344-55448-55425-56073-55807-56201-56258-56308-56031. It is recognized that some assignments are at units located outside the metro area. Operating Engineers will be scheduled in the outlying units only on a need basis as determined by the DFM. Management retains the right to use outside contractors as directed by the DFM.

C: The Operating Engineers will be paid mileage in accordance with company policy provided he/she meets the Company's automobile insurance requirements. Proof of coverage and all renewals must be on file with the DFM. See Letter of Understanding dated June 1, 2012.

D: For purposes of this agreement, the term "Master Electrician" or "Chief Engineer" or "Low Voltage Engineer" or "Maintenance Engineer" or "Engineer" or "Electrician" or "Operating Engineer" or "QMT" equates to the Sears title of QMT 2 with the understanding of different licenses, wage scales, and different job classifications noted in Schedule A.

E: Employees shall not be required to use Company vehicles unless by mutual agreement.

Section 2.
The Employer shall not enter into any agreement with the employees coming under the jurisdiction of this contract, either individually or collectively, which in any way conflicts with the provisions and terms of this Contract.

Section 3.
The term Engineer shall include all licensed engineers, electricians, and low voltage technicians engaged in the supervision, operating and assisting in the operation and maintenance of boilers, pumps, engines, compressors, refrigeration and air conditioning machinery and equipment and appliances, appurtenances and auxiliaries connected with and used in boiler room, engine room, or power plant operations.

Section 4.
The Company will notify the Union when hiring engineers and give consideration to applicants referred by the Union. The Company will notify the Union office before making changes in the job classification of an employee covered by this Agreement.
ARTICLE II - MANAGEMENT RIGHTS

The management of the business and the direction of the working forces, including the right to set unit hours, to plan, direct and manage unit operations, hire, suspend, or discharge for proper cause, transfer, layoff or relieve employees from duty because of lack of work or other legitimate reasons, the right to study or introduce new or improved production methods or facilities, and the right to establish and maintain rules and regulations covering the operation of the unit, a violation of which shall be among the causes for discipline or discharge, are vested exclusively in the Employer, provided, however, that such rights shall be exercised with due regard for the rights of the employees and subject to the provisions of this Agreement and without discrimination against any employees. No part of this Clause shall supersede any part of this Labor Agreement.

ARTICLE III - ARBITRATIONS

Section 1.

A: Any controversy arising over the interpretation or adherence to the terms and provisions of this Agreement shall be settled promptly by negotiations between the Union and Employer. If the controversy cannot be so settled within ten (10) days after it has been presented to the other party, it shall be referred to a Board of Arbitration composed of one (1) representative selected by the Union and one (1) representative selected by the Employer and a third neutral member selected by the first two (2). Should the first two (2) representatives be unable to agree on a third neutral member within five (5) days after the expiration of the above ten (10) day period, such neutral member shall be selected by the Minnesota State Labor Conciliator. Such third neutral member shall act as Chairman of the Arbitration Board. A majority decision of such Board shall be final and binding on all parties concerned.

B: Should the Board fail to render a majority decision, the decision of the neutral Chairman shall be final and binding on all parties concerned. Each party shall bear the expense involving their own people, and shall share equally the expense of the neutral Chairman.

Section 2.

All grievances arising under this Agreement must be taken up by the employee and/or Steward with the Department Manager as a first step, and failing agreement, the grievance must be filed in writing with the other party within twenty (20) days after their original occurrence in order to be eligible for arbitration as provided herein. If they are not filed in writing within the above time limit, they shall automatically become null and void.

Section 3.

The Union agrees that there will be no strike or picketing of the Employer's business unless the Employer has refused to arbitrate or refused to abide by an arbitration decision under this Article III.
Section 4.
The Employer agrees that he will not lock out his employees unless the Union has refused to arbitrate or refused to abide by an arbitration decision under this Article III.

ARTICLE IV- SENIORITY

Section 1.
In cases of choice of shift, usage of benefits and promotion, where qualifications are equal, seniority shall govern within each classification in the Bargaining Unit. In case of reduction of force and the determination of the amount of benefit, seniority with the Company shall govern.

Section 2.
In the event of a layoff in the Bargaining Unit the employee shall have recall rights for a period of one (1) year from the date of layoff. Employees shall be called back and interviewed by seniority. The most qualified employee for the job as determined by management shall be offered the job.

ARTICLE V- HOURS OF WORK AND OVERTIME

Section 1.
A: The workweek shall be defined as Monday through Friday. Ten (10) hours shall constitute a regular workday. Forty (40) hours shall constitute a regular workweek. The hours worked per day shall be consecutive. Any time during the 4th quarter of the year, when a Saturday needs to be worked, a seven (7) day notice will be given (with the exception of an emergency). The affected employee will be able to choose any alternative day during the week. Ten (10) hour days will be the normal, but by mutual agreement between management and the employee a five (5) day eight (8) hour schedule may be agreed upon.

B: Associates shall be paid one and one-half (1-1/2) times their regular rate of pay for all hours worked in excess of forty (40) hours in any one (1) payroll week.

C: Whenever an employee is unable to finish a day's work because of occupational illness or injury, such employee shall receive scheduled hours pay for that day.

Section 2. Lunch Hour Policy:
A: The normal lunch period shall be thirty (30) minutes for time worked in excess of five and one-half (5-1/2) hours. The lunch must begin before the 5th hour of work. The five
and one-half (5-1/2) hour period will be waived for Sundays and national holidays where the unit is open six (6) hours or less, in which case an employee scheduled a total of six and one-half (6-1/2) hours for that day will not be required to take a lunch period. If an employee is scheduled more than six and one-half (6-1/2) hours on that day, he/she will be required to take a lunch break within five and one-half (5-1/2) hours.

B: Compensation for Engineers/Maintenance Workers called back to work after regular working hours shall be paid in accordance to company Subject-To Call policy as follows:

**Section 3. Subject To Call:**
A: (Employee is not required to advise the Company where he/she can be reached but is contracted for emergency work.)

B: There will be no Stand-by pay for these employees. However, if the employee is called out, he/she is to receive a premium of one (1) hour’s pay at time and one-half (1-1/2) his/her regular rate for the first call of the day. He/she will also receive additional pay at the rate of time and one-half (1-1/2) his/her regular rate for actual hours worked, which includes the time en route to and from the place(s) where the emergency service is performed, but in no case less than the equivalent of four (4) hours pay.

**Section 4. Emergency Service Handled Via Telephone:**
In those rare instances when a timecard employee scheduled on Stand-by or Subject To Call receives a telephone call for emergency service which does not require travel, pay as follows:

**Scheduled on Subject To Call:**
Pay one (1) hour premium at time and one-half (1-1/2) his/her regular rate plus one-half (1/2) hour at time and one-half (1-1/2) the regular rate for handling the calls. Engineers shall not be required to suspend work during regular working hours to absorb overtime.

**Section 5. Emergency Calls on Sundays or Holiday:**
A: The principals outlined in the above sections, "Subject To Call", "Emergency Service Handled via Telephone", Text or any other communication device and "Scheduled on Subject To Call" will also apply to Emergency Work on and Compensation for Sundays and National Holidays.

B: It is mutually agreed that in the event of an emergency situation (Long Term Disability, Vacation, Illness, or Accident etc.) the Company reserves the right to direct an engineer to travel to another unit to perform any repairs which may be required.

C: Also, the engineer will be paid mileage when traveling from unit to unit, but he/she must meet the Company's automobile insurance requirements.
ARTICLE VI - BENEFITS

The Employer agrees that all Regular employees, Part-time employees and Part-time Regular employees covered by this Agreement will be eligible to participate in the Company Benefit Program as uniformly administered and periodically amended. The Company agrees to notify the Union in writing of any subsequent changes or amendments in the Company Benefit Program Plan descriptions, amendments and miscellaneous information on Company Benefits are described in Company handouts (booklets, pamphlets).

ARTICLE VII - GENERAL CONDITIONS

Section 1.
When required and in accordance with State law, a qualified, licensed engineer, shall be on duty while there is in operation any low pressure boiler or engine, etc., as set forth in Article 1, Section 4. Any electrical installation shall have the proper license for the job required, or be supervised by a licensed technician.

Section 2.
It is mutually agreed that the Engineers shall care for and maintain the equipment in their charge in the best possible condition and to exercise due and proper care of the equipment they operate so as to obtain the best possible economies.

Section 3.
Any time a Union Representative wants to interview Union members in the facility relative to dues or to investigate grievances of Union members, he/she may do so by contacting the District Facilities Manager at 612-226-9174 or his/her designee at 952-944-4912.

Section 4.
The Company will bear the cost of licenses and renewals when a license is required for specific work performed in the unit plus all costs of continued education for required licenses.

Section 5.
The Company will provide authorized uniforms to Engineers covered by this Agreement. The Engineers will be responsible to maintain and launder uniforms and will be required to wear the uniforms provided while working. Replacements will be issued as needed upon turn in of worn garment.

ARTICLE VIII - CLASSIFICATION

Operating Engineer:
Must be licensed by the State of Minnesota as Operating Engineer "A", "B", or "C", or "Special", and whose duties shall be as follows:
He/she is to perform such duties and work as is required to operate the boilers, pumps, compressors, refrigeration, air conditioning equipment, ventilating fans, deep well water filters, water reservoirs, tanks, fire pumps, sump pumps, and all appurtenances connected with and used in the operation of the heating and air conditioning plant. All work performed must be done in adherence to the laws of the State of Minnesota. Electricians must be licensed by the State of Minnesota. Licenses must conform to work being performed by individuals.

**ARTICLE IX- SAVING CLAUSE**

Should any part of this Agreement or any provision herein contained be rendered invalid by reason of any existing or subsequently enacted legislation or act of any authorized agency or government or by any decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions thereof, and they shall remain in full force and effect.

**ARTICLE X- SAFETY**

It is mutually agreed that the employer shall provide the necessary safety equipment and/or protective clothing necessary to perform engineer's work in a safe, efficient manner.

**ARTICLE XI - DRUG-FREE WORKPLACE**

The company's drug-free workplace policy will be implemented as it is uniformly administered and periodically amended.

Employees are expected and required to report to work on time and in appropriate mental and physical condition for work.

The unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance on company premises or while conducting company business off company premises is prohibited. Violation of this policy will result in disciplinary action up to and including termination, and may have legal consequences. It is the policy of the Company to work with employees who have indicated a drug or alcohol abuse problem by encouraging them to seek treatment and rehabilitation. Job security and promotional opportunities will not be jeopardized by conscientious efforts to seek treatment. Drug and alcohol abuse are considered illnesses under the provisions of the medical plan and other applicable employee benefit programs.

Eligible employees who desire help with a drug or alcohol related problem may request assistance through the Employee Assistance Program. Assistance will be provided on a confidential basis.
Substandard employees who refuse treatment or who fail to respond to treatment will be handled in the same manner as other employees with deteriorating job performances.

Employees must, as a condition of employment, abide by the terms of the Drug-Free Workplace Program as currently administered nationwide and periodically amended and report any conviction under a criminal drug statute for violation occurring on or off company premises while conducting company business. A report of the conviction must be made within five (5) days after the conviction.

Article XI shall be subject to the provisions of Article III.

ARTICLE XII - DURATION OF CONTRACT

The terms and provisions of this Agreement shall take effect on June 1, 2016, and extend through May 31, 2019, and shall continue from the latter date and year to year thereafter unless terminated as follows:

Either party may terminate this Agreement or request amendments thereto any year thereafter by giving the other party sixty (60) days written notice prior to June 1, 2019, or June 1 or any year thereafter in which termination or amendments are requested.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed this 25th day of July, 2016.

FOR THE COMPANY

[Signature]
Kurt Mika, Labor Relations Manager

FOR THE UNION

[Signature]
David Monsour, Business Manager

[Signature]
Michael Doyle, President

[Signature]
Linda Powers, Recording Secretary

[Signature]
Drew Brodeen, Business Representative

[Signature]
Gary Selchow

[Signature]
Barb Miller
AGREEMENT

As a result of a series of conferences between local management, Sears, Roebuck and Co. and Local #70, International Union of Operating Engineers, the following mutual understanding has been arrived at and these shall be the minimum rates of pay:

SCHEDULE "A"
Classification and Wages

<table>
<thead>
<tr>
<th>Name</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Selchow (*Master Electrician)</td>
<td>$41.63</td>
</tr>
<tr>
<td>Vacant (**Chief Engineer)</td>
<td>$31.39</td>
</tr>
<tr>
<td>Barb Miller (*Low Voltage Engineer)</td>
<td>$29.82</td>
</tr>
<tr>
<td>Vacant (**Maintenance Engineer)</td>
<td>$28.09</td>
</tr>
</tbody>
</table>

*The following Schedule "A" titles are grandfathered for the life of this agreement.

** Refer to attached Letter of Understanding.
There is a wage freeze during the term of this agreement unless otherwise agreed to by the Company and the Union.

SCHEDULE "B"
The following applies to any Operating Engineer hired after June 1, 2012:

Start Rate $16.60

The Company reserves the right to increase starting rates as it deems necessary to maintain a competitive position in the market.
*The start rate will be the higher of the associate’s current rate or $16.60.

There is a wage freeze during the term of this agreement unless otherwise agreed to by the Company and the Union.

Signing Bonus
Upon ratification and signing of the collective bargaining agreement between Sears, Roebuck and Co., and Minneapolis/St.Paul International Union of Operating Engineers Local 70 effective June 1, 2016 the Associates listed below will receive, on a separate check, the following payments, minus the normal payroll deductions.

June 1, 2016 – 2017 – 2018
$250.00
Gary Selchow
Barbara Miller
Letter Of Understanding

Mileage Reimbursement Policy

The Company will assign each QMT a "Base Store". The QMT will be reimbursed for mileage from their "Base Store" to their work location in the AM and from their work location to their "Base Store" in the PM in addition to any incidental mileage accumulated during the day. The QMT will report directly to their scheduled store. The QMT will not be reimbursed for their normal daily commute.

Example

The QMT lives ten (10) miles from his/her "Base Store". The QMT reports directly to a store that is sixty (60) miles from his/her residence. The QMT would be reimbursed for fifty (50) miles. At the end of the day the QMT would also be reimbursed for fifty (50) miles and would end their day ten (10) miles from their home.

Base Store Assignments effective June 1, 2012:

Gary Selchow #2352
Barbara Miller #1722

These assignments may change by overall fairness between management and the associate during the term of the agreement.

The intent is for the QMT's to be assigned to the nearest Sears or Kmart location to their home, unless they choose to relocate.

Regarding or including travel and overnight stays, Management will endeavor to make store assignments as fair and equitable, among all QMTs as possible.

Seventh Day of Work

All work on the seventh (7th) day shall be paid at double the normal rate as long as the current company policy is in effect. If policy changes during the contract period, the new company policy shall prevail.
Cell Phones

The OMTs are reminded, they should not provide, or give out their cell phone numbers to store management or any other store personnel. All routing or callouts for any facility related issues should come from the District Facility Manager, or designated member of the Facility Management Team.

Vacant Classifications- Schedule “A”

Vacant Classifications in Schedule “A” shall remain unfilled unless business needs dictate otherwise. If the vacant position or positions are to be filled, the Company will work with the Union to fill the position or positions.

Any unapproved vacation request will be made in writing.