Via Electronic Mail

April 18, 2023

UFCW Unions & Participating Employers Pension Fund Trustees
c/o Mr. Jeff Ianniello
Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152-9451

Re: 2023 – 2025 Retainer Fee

Dear Trustees:

At your request, we are revising our 2023 fee increase request to extend the coverage period to December 31, 2025. The original Consulting Agreement between Cheiron and the United Food & Commercial Workers Unions and Participating Employers Pension Fund dated February 7, 2003 contemplated annual increases linked to CPI-U, but with the rates capped at 3%. This letter represents our proposed fees for the years 2023 – 2025, pursuant to Section 2 of that agreement.

By way of background, we set our fees with reference to the September CPI-U figures because this figure is the latest available statistic when we start preparing client fee letters. The CPI-U increases have been 1.71%, 1.37%, 5.39%, and 8.20% for the years through September 2019, 2020, 2021, and 2022. This results in a headline CPI-U increase of 17.57% for those four years. The history of requested fee increases since 2019 has been no increase in 2020, a 2.12% increase in 2021, and 3% in 2022. To return the 2023 fee levels to 2019 equivalency using CPI-U increases would require an increase of almost 12%. However, we are not proposing this. We propose fees for the next three years to increase at the 3% cap each year. This results in a 2025 fee that is 14.95% higher than the 2019 fees which is still below the 17.57% CPI-U increase through 2022.

A) Retainer – The annual fee for retainer services will be increased from $42,230.00 ($3,519.16 per month) for 2022 to $43,500.00 ($3,625.00 per month) for 2023, $44,810.00 ($3,734.16 per month) for 2024, and $46,150.00 ($3,845.83 per month) for 2025.

The retainer fee covers the following services:

1. Conduct an annual valuation of the Pension Fund including all standard required exhibits and disclosures as well as a detailed review and summary discussion of the Fund's assets and liabilities, funded status, historical trends, and future projections. This will result in a formal written report.

2. Attend one annual Board of Trustees meeting for the purpose of presenting the annual valuation report. The presentation will include an historical trend analysis and deterministic and stochastic forecast projections using Cheiron's proprietary *P-Scan* interactive modeling tool.

3. Attend one additional Trustee/Policy Committee meetings per year.

4. Respond to the annual disclosure request of the Fund Auditor.

5. Prepare the Schedule MB attachment to the annual Form 5500 filing.

6. Provide other Fund professionals with any additional information required from the Fund Auditor in regard to the standard annual government and PBGC filings.

7. Ad-hoc brief discussions with other Fund professionals that do not require follow-up work or communications.

B. Non-Retainer – With respect to special consulting projects, Cheiron's billing rates will range between $120 and $570 per hour. We endeavor to staff such projects in the most cost efficient manner, subject to client imposed deadlines.

We look forward to continue working with you and the Trustees.

Sincerely,
Cheiron

PRHardcastle

Peter Hardcastle, CFA, FSA, EA, MAAA
Principal Consulting Actuary

cc: Brett Warren
Robert Murray

Accepted and Agreed To:

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Signature Date