***Via Email***

December 21, 2020

FELRA & UFCW VEBA Fund
c/o Mr. Linda DuVall, Chief Business Officer
Associated Administrators, LLC
8400 Corporate Drive, Suite 430
Landover, Maryland 20785

***Re: Engagement Letter for 2021***

Dear Trustees:

This letter represents our proposed fees for the year 2021, pursuant to Section 2 of the Consulting Agreement between Cheiron and the FELRA & UFCW VEBA Fund dated February 7, 2003.

A) **Health Retainer –** We are proposing an annual fee of $44,700 ($3,725 per month) for 2021 retainer services to reflect a roll forward FASB valuation. The retainer fee covers the following services:

1. Annual retiree health rate development (for Medicare retirees), presentation and report, including retiree and employer co-pays in aggregate and by retiree category, historical trend analysis, prior year actual versus projected analysis and reconciliation, and maintenance of gain/loss split between retirees and employers.
2. Provide retiree conversion rates to the Plan Administrator.
3. 
4. Ad-hoc communications on applicable industry developments and information.
5. IBNR calculations.
6. Attend one Board of Trustees or Policy Committee meetings to present our analysis/report(s) if desired.
7. Postretirement obligations under FASB ASC 965 and respond to the annual confirmation request of the Fund's auditor.
8. Ad-hoc discussions with other Fund professionals that do not require any significant follow-up work or communications.

**B) Severance Retainer –** We propose that the annual fee for 2021 retainer services will increase from $42,016 ($10,504 per quarter) to $42,604 ($10,651 per quarter). This represents an increase of approximately 1.4% and is based on the increase in the CPI-U for September 2019 to September 2020.

The retainer fee covers the following services:

1. Conduct an annual valuation of the current and projected liabilities of the Severance sub-account and prepare a formal written report, including a discussion of the assets and funded status.
2. Attend one annual Board of Trustees meeting for the purpose of presenting the annual valuation report. The presentation will include a historical look-back and future projections using a custom version of Cheiron's proprietary **X-Scan** interactive modeling tools.
3. Attend at least one additional meeting per year.
4. Provide information required by the Fund's auditor related to FASB ASC 965 for the annual Financial Statements.
5. Respond to the annual confirmation request of the Fund's auditor.
6. Ad-hoc discussions with other Fund professionals that do not require any significant follow-up work or communications.

**C. Non-Retainer** – With respect to special consulting projects, Cheiron's billing rates during the calendar year 2021 will range between $107 and $515 per hour.

We look forward to working with you and the Trustees during the coming year. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,
Cheiron

John L. Colberg, FSA, EA, MAAA
Principal Consulting Actuary

cc: Christopher J. Mietlicki, ASA, EA, MAAA

ACCEPTED AND APPROVED
FELRA & UFCW VEBA Fund

By: ________________________ ____________________
Signature Date