

February 22, 2013

Board of Trustees, Hotel and Restaurant Employees
Local 25 and Hotel Association of Washington, D.C. Pension Fund
c/o Ms. Anne-Marie Simms
Associated Administrators, LLC
911 Ridgebrook Road
Sparks, Maryland 21152

Dear Trustees:

This letter represents our proposed fees for the January 1, 2013 valuation and for work performed during the period April 1, 2013 through March 31, 2014, pursuant to Section 3 of the Consulting Agreement between Cheiron and the Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, D.C. Pension Fund dated April 1, 2005.

- A) Retainer** – The annual fee for 2013 retainer services will increase from \$48,940 (\$12,235 per quarter) to \$49,808 (\$12,452 per quarter) and will include all services listed on Exhibit A of the contract (list of retainer services).
- B) Non-Retainer** – With respect to special consulting projects, Cheiron's billing rates generally increase at January 1 of each year. The contract with the Fund specifies that we will provide advanced written notice of any increase in hourly rates. Given this time constraint, we propose that Cheiron's increased rates should be effective for the period April 1, 2012 through March 31, 2013. Below we propose billing rates for this period.

Category/Consultant	Hourly Rate
Principal Consulting Actuaries	\$341-\$458
Consulting Actuaries	\$249-\$382
Associate Actuaries	\$173-\$254
Senior Actuarial Analysts	\$153-\$193
Actuarial Analysts	\$142-\$178
Administrative Staff	\$ 84-\$127

We look forward to working with you and the Trustees during the coming year.

Sincerely,
Cheiron


Fiona E. Liston, FSA, EA
Principal Consulting Actuary

