

Via Email

December 4, 2012

Mr. Ryk Tierney
Account Executive
Warehouse Employees Union Local No. 730 Health and Welfare Fund
911 Ridgebrook Road
Sparks, Maryland 21152-9451

Dear Ryk:

This letter represents our proposed fees for the year 2013, pursuant to Section 2 of the Consulting Agreement between Cheiron and the Warehouse Employees Union Local No. 730 Health and Welfare Fund dated January 1, 2006.

A) Retainer – For 2013, the required Fund valuation cannot be met with a roll-forward, and a full valuation is required. Accordingly, the proposed annual fee for 2013 retainer services will be \$11,500. The retainer fee covers the following annual valuation services:

- All aspects of producing the annual FASB ASC (formerly SOP 92-6 (as amended)) Actuarial Valuation Report
- Attend one Board of Trustees meeting to present and discuss the report
- Provide information required by the auditor to complete annual filings
- Informal discussions with the Trustees or Fund professionals not exceeding ½ hour each

In addition, there will be a \$600 charge for the Retiree Drug Subsidy Attestation pursuant to our agreement dated November 12, 2009.

B) Non-Retainer – With respect to special consulting projects, Cheiron's billing rates during calendar year 2013 will range between \$85 and \$460 per hour.

Please note that the Health and Welfare work **does not** include the calculation of the IBNR. This could be up to an additional \$3,500 per year depending on the format and availability of the data required for the calculation.

Any other requested services may be performed either on a fixed fee basis negotiated in advance or based on hourly billing rates.

Out-of-pocket travel expenses will be charged separately but travel time will not be compensable. We will not bill for expenses for meetings in the Washington, DC metropolitan area.



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If you are agreeable to the above fee structure, please sign below and return a copy for our files.

We look forward to working with you and the Trustees during 2013.

Sincerely,
Cheiron



Peter R. Hardcastle, FSA, EA
Principal Consulting Actuary

Accepted and Agreed To:
