February 2, 2015

Via Electronic Mail and USPS

Policy Committee of the FELRA & UFCW Health & Welfare Retiree Trust
c/o Mr. William R. Jensen, President
Associated Administrators, LLC
4301 Garden City Drive, Suite 201
Landover, Maryland 20785

Re: Engagement Letter for 2015

Dear Trustees:

This letter represents our proposed fees for the year 2015, pursuant to Section 2 of the Consulting Agreement between Cheiron and the Food Employers Labor Relations Association & United Food and Commercial Workers Health & Welfare Retiree Trust dated February 7, 2003.

A) Health Retainer – The annual fee for 2015 retainer services for the FELRA & UFCW Health & Welfare Retiree Trust sub-account will decrease from $74,340 ($6,195 per month) to $52,200 ($4,350 per month). The decrease is because a roll forward valuation FASB ASC 965 valuation and lower anticipated costs for projections due to the change a fixed subsidy amount for non-Medicare retirees. The retainer fee covers the following services:

1. Annual retiree health rate development, 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. Provide Retiree Drug Subsidy attestation as applicable.

4. Ad-hoc communications on applicable industry developments and information.

5. IBNR calculations.

6. Attend up to two Board of Trustees or Policy Committee meetings to present our analysis/report(s).

7. 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 – The 2014 monthly retainer amount for the FELRA & UFCW Severance sub-account was $38,304 ($3,192 monthly) and will increase to $38,964 ($3,247 monthly) for 2015. 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 calendar year 2015 will range between $85 and $485 per hour.

We look forward to serving you and the Trustees during 2015. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,
Cheiron

John L. Colberg, FSA, EA
Principal Consulting Actuary

cc: Elizabeth Wiley, FSA
Christopher Mietlicki, ASA

ACCPETED AND APPROVED
FELRA & UFCW Health & Welfare Retiree Trust

By: ______________________ ____________________
Signature Date