

CONSULTING AGREEMENT

This Consulting Agreement (“Agreement”) is made and entered into as of the date the last authorized signature is affixed hereto by Gallagher Benefit Services, Inc., (“Contractor”) and Virginia Commonwealth University, a corporation and an institution of higher education of the Commonwealth of Virginia, (“VCU”). Contractor and VCU are sometimes referred to as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, Contractor provides comparative analyses of executive compensation and related consulting services to institutions of higher education;

WHEREAS, VCU desires to use consulting services for comparative analyses for the compensation committees on executives’ total compensation;

WHEREAS, Contractor is willing to offer analyses and consulting services to VCU in a manner described herein.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **SERVICES.** Contractor shall provide to VCU comparative analyses for the compensation committee(s) on executive total compensation structure(s) and amounts, and provide advice and counsel to the compensation committee(s) as set forth in Scopes of Work which may be executed during the Term of this Agreement. Such consulting services may include, as agreed between the Parties, the services set forth in Exhibit A, attached and incorporated herein.

2. **TERM.** The term of this Agreement commences on the Effective Date and has a five year term, the Initial Term. VCU shall have the option to renew upon mutual signed agreement by authorized representatives of both parties for five one-year renewals, each a Renewal Term.

3. **EFFECTIVE DATE.** This Agreement is binding on the date that the last authorized signature is affixed.

4. **FEE.** VCU shall pay Contractor a fee as agreed between the parties and consistent with the attached fees sheet, (see Exhibit B, incorporated herein). All invoices will be paid net 30 days following receipt of a proper invoice, and Services and deliverables rendered to VCU’s satisfaction, in accordance with Code of Virginia §§ 2.2-4347 through 2.2-4354 known as the Virginia Prompt Payment Act. Thereafter, VCU shall pay any additional fees or payments due in accordance with this Section 4. Contractor will provide an Early Payment Discount of 0.5% for invoices paid Net 25 days from receipt.

Interest accrues at the rate permitted by the Virginia Prompt Payment Act. Contractor shall submit invoices in accordance with the instructions on VCU’s purchase order. Invoices shall reflect the VCU purchase order number.

5. **DEPOSIT.** VCU shall not be required to pay a security deposit.

6. **TRAVEL EXPENSES.** Contractor must receive written approval from VCU before initiating travel to any VCU campus or location. For travel that is approved in writing by VCU, Contractor shall submit its reasonable out-of-pocket expenses to VCU. Travel expenses must be clearly documented in the form of receipts. VCU shall reimburse Contractor for its reasonable out-of-pocket expenses in accordance with, and limited by, the VCU Travel

Guidelines & Procedures. VCU reserves the right to dispute the reasonableness of, and reject, any travel expense.

7. **TERMINATION.** VCU may terminate this Agreement with or without cause with sixty (60) days prior written notice to Contractor. VCU shall pay any outstanding fees due for Services performed up to the termination date. If Contractor breaches this Agreement, in addition to any other rights or remedies, VCU may terminate this Agreement without prior notice.

8. **WORK MADE FOR HIRE.** VCU shall own all final deliverables provided to VCU by Contractor as part of the services provided under this Agreement, provided however, Contractor shall retain sole and exclusive ownership of all right, title, and interest in, and to, its intellectual property and derivatives thereof which no data or Confidential Information of the VCU was used to create and which was developed entirely using Contractor's own resources, including any and all pre-existing or independently developed know-how, methods, processes and other materials prepared by Contractor. To the extent Contractor's intellectual property is necessary for the VCU to use the deliverables provided under this Agreement, Contractor grants to VCU a non-exclusive, royalty-free license to Contractor's intellectual property solely for VCU's use of such deliverables.

9. **INSURANCE.** Contractor certifies that it has and shall maintain the following insurance coverages for the term of this Agreement and that all such insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

- a. **COMMERCIAL GENERAL LIABILITY.** \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. VCU must be named as an additional insured and so endorsed on the policy.
- b. **PROFESSIONAL LIABILITY.** \$1,000,000 per occurrence.

10. **CONFIDENTIALITY.** Contractor may obtain confidential and proprietary information from VCU during the performance of the services under this Agreement. Such confidential and proprietary information may be disclosed in writing, orally or contained via any other media. "Confidential Information" is defined as any information designated as confidential by VCU, including but not limited to information about VCU personnel and students of VCU to the extent such information is not available to the public domain in accordance with the laws of the Commonwealth of Virginia and the Family and Education Records Privacy Act (FERPA).

Contractor agrees that all Confidential Information shall be held in the strictest confidence and shall not be used for purposes other than its business with VCU. Contractor agrees not to release, copy or discuss in any format any Confidential Information. Contractor shall disclose Confidential Information only to its officers, directors, or employees with a specific need to know who are held to the confidentiality standards of this Agreement. Contractor shall not disclose, publish or otherwise reveal any Confidential Information received from VCU to any other party whatsoever, except with the specific prior written authorization of VCU.

Upon the completion of the services and upon request of VCU, Contractor shall return all Confidential Information received in written format, including copies or reproductions of or other media containing Confidential Information within seven (7) days of such request. At Contractor's option, any such documents or other media developed by Contractor containing Confidential Information may be destroyed by Contractor provided that Contractor provides VCU a written acknowledgement that all media containing Confidential Information has been

destroyed by Contractor. Notwithstanding the foregoing, Contractor shall be permitted to maintain a copy of the Confidential Information which forms part of its services or working papers to demonstrate compliance with this Agreement, and Contractor will not be required to erase electronically stored Confidential Information that has been saved to a back-up file in accordance with its ordinary document retention policies or applicable law. Contractor shall continue to protect such Confidential Information in accordance with this Agreement.

11. VA FOIA. Nothing contained herein is intended to limit VCU's compliance with the Virginia Freedom of Information Act.

12. LIMITATION OF LIABILITY.

- a. TO THE EXTENT PERMITTED BY VIRGINIA LAW, EITHER PARTY'S LIABILITY TO THE OTHER AND ANY OTHER PARTY FOR ANY LOSSES, INJURY OR DAMAGES TO PERSONS OR PROPERTIES OR WORK PERFORMED ARISING OUT OF IN CONNECTION WITH THIS AGREEMENT AND FOR ANY OTHER CLAIM, WHETHER THE CLAIM ARISES IN CONTRACT, TORT, STATUTE OR OTHERWISE, SHALL BE LIMITED IN THE AGGREGATE TO \$1,000,000.
- b. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, LOST PROFITS, OR PUNITIVE DAMAGES SUSTAINED OR INCURRED IN CONNECTION WITH THIS AGREEMENT, AND WHETHER OR NOT SUCH DAMAGES ARE FORESEEABLE.

13. INDEMNITY. Contractor agrees to indemnify, defend, and hold harmless VCU, the Commonwealth of Virginia, and their officers, employees and agents from any claim, damage, liability, injury, expense or loss, including defense costs and attorneys' fees, arising from Contractor's negligence under this Agreement. Accordingly, VCU shall promptly notify Contractor of any claim or action brought against VCU in connection with this Agreement. Upon such notification, and at the request and direction of VCU and/or the Office of the Attorney General, Contractor will immediately defend any such claim or action pursuant to the provisions and requirements of § 2.2-514 of the Code of Virginia.

14. REGULATIONS. During the performance of this Agreement, Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of Contractor. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Contractor, in all solicitations or advertisements for employees placed by or on behalf of Contractor, will state that Contractor is an equal opportunity employer; and (2) Contractor agrees to (a) provide a drug-free workplace for Contractor's employees; (b) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and (c) state in all solicitations or advertisements for employees placed by or on behalf of Contractor that Contractor maintains a drug-free workplace.

15. **FORCE MAJEURE.** Neither Party will be responsible for any losses resulting from delay or failure in performance resulting from any cause beyond either Party's reasonable control, including without limitation, war, strikes or labor disputes, civil disturbances, fires, natural disasters, pandemics, including if VCU, in its sole discretion, must close a campus location or take other restrictive actions due to concerns related to the COVID-19 pandemic or acts of God. If the delay or failure in the performance of the Party claiming Force Majeure continues for thirty (30) days or more, then the Party not claiming Force Majeure may terminate this Agreement by written notice to the other Party without penalty. Any funds paid will be reimbursed pro rata based on Services not provided.

16. **OPTIONAL USE CONTRACT.** VCU is in no way required to make purchases from the Contractor and may in its sole discretion purchase the identical and/or similar goods/services from other sources.

17. **GOVERNING LAW AND FORUM.** This Agreement shall be construed, governed, and interpreted pursuant to the laws of the Commonwealth of Virginia without regard to choice of law principles. Contractor agrees that all disputes arising under this Agreement will be brought before a court of competent jurisdiction located in Richmond, Virginia. VCU does not waive its right to jury trial.

18. **SOVEREIGN IMMUNITY.** VCU is an agency of the Commonwealth of Virginia and is afforded the protection of sovereign immunity under Virginia law. Any claims against VCU or the Commonwealth of Virginia are subject to the requirements established under Virginia law for bringing such claims against VCU or the Commonwealth of Virginia, including the Virginia Tort Claims Act (Va. Code §§ 8.01-195.1 et seq.) and other applicable statutes relating to claims against the Commonwealth or its agencies. Notwithstanding any other provision, nothing in this Agreement shall be deemed to be or construed as a waiver of VCU's or the Commonwealth of Virginia's sovereign immunity, or any other applicable requirements under Virginia law for bringing claims against VCU or the Commonwealth of Virginia.

19. **WAIVER OF CLAIMS.** Notwithstanding anything contained herein to the contrary, VCU is an agency of the Commonwealth of Virginia and as such, pursuant to Va. Code § 2.2-514, cannot waive or settle legal claims that VCU may have against another party nor may VCU bestow any right or obligation that is beyond the duly granted authority of the signatory to bestow or incur on behalf of the Commonwealth of Virginia.

20. **ADDITIONAL GOODS AND SERVICES:** The University may acquire other goods or services that the supplier provides than those specifically solicited. The University reserves the right, subject to mutual contract, for Contractor to provide additional goods and/or services under the same pricing, terms and conditions and to make modifications or enhancements to the existing goods and services. Such additional goods and services may include other products, components, accessories, subsystems, or related services newly introduced during the term of the Contract.

21. **ADDITIONAL USERS OF CONTRACT:** It is the University's intent to allow for cooperative procurement. Accordingly, any public body, public or private health or educational institution, or any University-related foundation (Additional Users) may access this Agreement if authorized by Selected Firm.

To that end and if agreeable with the Contractor, upon written request from Additional Users the Contractor may allow access to the contract. Although the University desires to provide access on such contract to Additional Users, the Contractor is not required to provide such access. A Contractor's willingness to provide this access to Additional

Users, will not be a consideration in awarding this contract. Although the Additional Users have access to any resulting contract, Additional Users are not bound to use the contract and any use of the contract is strictly optional.

If the Additional Users choose to access the contract and the Contractor agrees to such access, the terms and conditions of the contract will be in full force and effect as between the Additional Users and the Contractor. VCU will have no responsibility for the resolution of any contractual disputes, or for payment for services rendered which may arise from an Additional User accessing the contract. The Contractor understands and agrees that it shall not have any recourse against VCU with respect to any claim it may have against another Additional User that accessed this contract.

22. ENTIRE AGREEMENT. The parties agree that this Agreement, including Exhibits, and any scopes of work or other similar documents, contain the entire agreement between the Parties and may only be modified by written agreement executed by authorized representatives of both Parties. In the event of a conflict between the terms of this Agreement and any scope of work, quote, order, exhibit, or similar document, the terms of this Agreement shall have precedence.

23. NOTICES. All notices, requests, demands and other communications which are required or permitted to be given under this Agreement shall be in writing or in email form and shall be deemed to have been duly given upon the delivery or receipt thereof, as the case may be, if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, to the respective Party hereto.

Contractor

Gallagher Benefit Services, Inc.
Attn: Sal DiFonzo
5516 Falmouth Street, Suite 201
Richmond, VA 23230
480-390-8210
Sal_DiFonzo@ajg.com

VCU

Virginia Commonwealth University
Human Resources
Attn: Alison Miller
600 West Franklin Street
Richmond, VA 23284-2511
Phone: (804) 628-3362
abmiller@vcu.edu

24. MISCELLANEOUS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. The relationship between VCU and Contractor created by this Agreement is that of independent contractors. Nothing contained herein shall be construed as constituting any other relationship between VCU and Contractor. VCU retains all rights, title and interest to its name, trademarks, logos, and other property. Contractor shall not use VCU's name, trademarks, logos, and other property without the prior approval of VCU's University Relations official(s). Contractor shall not assign this Agreement to another party without the written consent of VCU. The conditions and covenants herein contained shall inure to the

benefit of and are binding upon the parties hereto, their personal representatives, successors and permitted assigns. As a registered vendor in eVA and/or RealSource, Contractor is responsible for the security of its portal account, including restricting access to it, maintaining the confidentiality of login information, and taking any other actions necessary to protect the security of the Contractor's account. VCU will not be responsible for a third party's fraudulent collection of VCU payments due to the Contractor's failure to update or protect its account information.

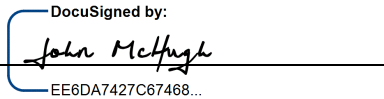
IN WITNESS WHEREOF, the Parties to this Agreement by their duly authorized representatives have executed this Agreement the day and year below.

Virginia Commonwealth University

Gallagher Benefit Services, Inc.

Name: John McHugh

Name: Kevin Talbot

Signature:  EE6DA7427C67468...

Signature:  _____

Title: Director, Procurement Services

Title: National Managing Director

Date: 11/28/2022

Date: 11-23-2022

EXHIBIT A: SCOPE OF WORK

WORK PLAN

This Scope of Work (“SOW”) is entered into and governed by the CONSULTING AGREEMENT dated ____ (the “Agreement”), between Gallagher Benefit Services, Inc., (“Contractor”) on behalf of itself and its Affiliates; and Virginia Commonwealth University (“VCU”). All capitalized terms not otherwise defined in this SOW will have the meanings assigned to them in the Agreement. Unless modified herein, all terms in the Agreement shall remain unchanged and in full force and effect.

For purposes of this SOW, references to “our” or “we” shall mean Contractor, also referred to as “Gallagher”, and references to “your” shall mean VCU.

The following work steps describe the process we propose for reviewing VCU’s executive and VCU’s President’s total compensation program and developing recommendations.

Creating a Collaborative and Inclusive Approach

Through the hundreds of projects we have conducted, we understand the value that having a collaborative and inclusive approach can have on the ultimate success of a project. The collective understanding, project support, and buy-in are established through:

- Regular Communication/Updates
 - Regular meetings and updates. These are fundamental to achieving the desired outcomes.
- Project Team Involvement
 - Inclusion of all personnel that have a stake in understanding the end product of the study and keep them involved early and often.
- Data
 - Rely on data, but make decisions based on humans. Once the data is gathered, there may need to be adjustments for special conditions or other factors. However, the outcome/deliverables should be based on verifiable facts and professional standards.
- Leadership Sponsorship
 - Reviewing compensation requires the strong and visible support of an organization’s management and governance. We recommend including leadership in project updates and for key strategic decisions that require leadership guidance.
- Review Process

- Providing the analysis and findings in advance of the scheduled meeting and facilitating advance review by the Chair, or management at the Chair's discretion.

1. *Fact Finding*

We will begin the study by collecting pertinent information about the executive compensation programs (salaries, incentives, benefits, and perquisites). We will scrupulously maintain the confidentiality of the data shared with us.

Gallagher’s consulting philosophy is that executive total compensation should be directly reflective of the organization’s mission, vision, and strategy. Our methodology is to understand each organization in order to develop the appropriate compensation philosophy, program, and structure.

Data collected will include	
Financial reports	Information about benefit programs and their costs
Job descriptions	Descriptions of incentive plans
Organization charts	Information about perquisites
Census information, including names, titles, dates of hire, salary and incentive payouts	Copies of employment and/or severance agreements

2. *Board or Committee Interviews Regarding the Total Compensation Philosophy*

We will interview the Board of Directors or committee and the Chief Executive Officer to learn about VCU’s executive compensation philosophy, including:

- Identifying a peer group or peer groups
- Defining the desired competitive positioning of salaries, incentive awards, benefits, and perquisites
- Identifying the preferred mix and balance of total compensation elements
- Understanding issues with retention or recruitment of executives

We take considerable care to establish a peer group or peer groups for each client that recognizes the unique characteristics and values of the organization. We do not match organizations solely on the basis of similar size or net revenue, but we work with the board to customize the specifications based on whichever critical characteristics the board would like to consider for comparison.

The compensation philosophy will provide a framework for our analysis and recommendations, as well as decisions about executive compensation at VCU.

3. *Position Benchmarking*

To develop appropriate comparability data for pricing the positions, we start by gaining a thorough understanding of the roles and responsibilities of each executive position under review, as job title does not necessarily detail the depth and breadth of the position's scope. This means collecting information about each position, reviewing the job documentation and full scope of responsibilities, and potentially conducting interviews to fully understand what the job is accountable for and how the job fits into the organization. We want to ensure that we have transparency with the board and management about position matches based upon responsibility.

Next, for each position we compile information from our database on pay for similar jobs at similar organizations in your peer group(s). Since we do not rely only on title, we sometimes blend data from more than one benchmark match, or add premiums or discounts to the benchmark match based on specific job responsibilities compared to the peer group data.

We supplement the custom peer group data compiled from our database with compensation data from published surveys when good survey data is available. We routinely show comparability data from other reputable national surveys in addition to data from our own database representing the client's peer group to let boards and their compensation committees see how compensation practices in their own peer groups compare with broad national compensation patterns and practices.

4. *Cash Compensation Analysis*

We will analyze the executive cash compensation program to assess competitiveness and reasonableness. We will base our comparisons on competitive practices in your peer group, using our proprietary database and published surveys.

- Our analyses will include:
- Comparing VCU salaries to salaries in the peer groups
- Providing peer group data at the 25th, 50th and 75th percentile

- Reviewing VCU incentive program including:
 - Comparing VCU’s incentive award opportunities to incentive opportunities in the peer group
 - Providing market data on performance measures used by peer organizations
 - Reviewing the annual incentive plan payout
- Comparing VCU’s total cash compensation to total cash compensation levels in the peer group
 - Reviewing the composition of cash compensation (fixed versus performance based compensation)

5. *Analyses of Benefits Program*

We will first analyze the executive benefit program on a quantitative basis. The quantitative analysis focuses on benefit expenditures as a percent of base salary for each of the executives. All significant benefits that can be quantified without making needless assumptions or deviating from actual employer costs will be valued, including employer-paid Social Security, all group insurance plans (medical, disability and life), and retirement benefits. This analysis is critical to the comparison of total compensation positioning to the peer group.

We will then provide a qualitative analysis, in addition to our quantitative analysis, which evaluates the prevalence and level of individual benefits and perquisites provided to each position by comparing each benefit provided by VCU to peer group competitive standards.

- Our analyses will include:
 - Comparing VCU’s benefit expenditures to healthcare and academic industry practices
 - Providing prevalence data on benefit and perquisite offerings

6. *Total Compensation Analysis*

We will also conduct a competitive analysis of total compensation for each position, relative to total compensation in the peer group.

Our analysis will:

- Assess the competitive level of salaries, incentives, and benefit costs compared to the peer group
- Identify inconsistencies with the objectives of your compensation philosophy
- Help you determine if your executive compensation program is competitive with market practices and consistent with the values of the organization

7. *Findings and Recommendations*

- Based on discussions with the board or committee, we will develop recommendations for the total compensation strategy. The recommended strategy will reflect the board or committee’s chosen philosophy for executive salaries, incentives, benefits, severance, and perquisites.

We will present our written reports to the board or committee (or other appropriate audience) via conference call.

Our VCU report will summarize	
Total compensation philosophy, refined as appropriate	Competitive analysis of the levels and provisions of the benefit program
Industry Trends	Competitive analysis of total compensation compared to peer group data
Competitive analysis of the President’s salary	Recommendations for strengthening the program
Competitive analysis of total cash compensation	
Recommended salary range for the position	

The steps outlined above will provide the board or committee with the information it needs to make decisions about executive compensation. Completion of this process is an essential element of good governance, and the basis for maintaining an effective total compensation program to attract and retain leadership talent.

Incentive Plan

From the RFP, we understand there is potential for some additional incentive plan assistance. We will provide a quote for the required work once the scope has been identified, understanding that the scope may vary from year-to-year.

We have worked with numerous healthcare organizations in designing and administering incentive programs. We are happy to assist, as needed in:

- Calculating or auditing incentive plan payouts
- Reviewing performance measures and the associated metrics
- Consulting with the VCU representatives and/or committees, on the incentive plan design and potential payouts for 2023 and future years

Pricing New Jobs and Other Miscellaneous Projects

We have often been asked to provide market values for a few new or changed positions, as the need arises. We have also been asked to complete miscellaneous projects during the year. This could include anything from special requests by committee members or a request from management for information or advice on titles or job design or organizational structure. We will be glad to handle any special requests we get from management or from the committee.

Attending Committee Meetings

This is a common request from clients which we are happy to accommodate. We will be glad to attend as many meetings as the committee or management asks us to attend during this contract.

Ad-Hoc Projects

We will be glad to assist with any ad hoc matters, or conduct any special studies requested by management or the committee. Since we cannot foresee what work may be requested or how much time it will take, these special requests lie outside the general scope of work for the review of executive compensation and any work on them will be billed on an hourly basis.

ESTIMATED TIMELINE

- Following hire we will facilitate a project initiation meeting to finalize and clarify the goals and objectives. To help prepare for this initial meeting and the work described above, we will outline data and information requests so that we may begin to evaluate and prepare any questions and/or initial observations.
- Based on our experience with similar projects, we believe a comprehensive compensation analysis project of this scope will typically take 12-16 weeks from receipt of data. Much of this will depend on VCU providing the requested data elements in a timely fashion. We are prepared to begin work immediately after selection and will accommodate the preferred work start date of VCU.
- We will work with you to develop a specific timeline and project plan once we discuss your internal processes and expectations. Our general timing for the projects steps is outlined in the following chart.

WEEKS												
Steps	1	2	3	4	5	6	7	8	9	10	11	12
Fact Finding												
<ul style="list-style-type: none"> Board or Committee Interviews Regarding the Total Compensation Philosophy 												
<ul style="list-style-type: none"> Peer Group Development 												
Position Benchmarking												
Cash Compensation Analysis												
Benefits Program Analysis												
Total Compensation Analysis												
Report Drafting												
Findings and Recommendations Review Process												

EXHIBIT B: COMPENSATION DISCLOSURE AND FEE SHEET**COST ESTIMATE**

FEE FOR THE VCU PRESIDENT COMPENSATION REVIEW	\$7,500
<ul style="list-style-type: none"> • Estimate is based on the use of published data and researching of institutional website for total compensation or benefits information. If a custom survey is needed, an additional cost is required for the administration. <ul style="list-style-type: none"> – One position – One report on total compensation – One telephonic presentation 	
FEE TOTAL AMOUNT	\$7,500
Incentive Calculation Review	Hourly¹
Estimated Amount for Travel and Living Expenses/Person and Trip	\$4,000
GRAND TOTAL AMOUNT	\$7,500

We will bill for this project in quarters (one quarter in the month we begin work, one quarter at the end of the following month, one quarter at the end of the next month and the final quarter [plus any add-ons] at the close of the project). This offer will be valid for sixty (90) days.

- Expanding the contract parameters will increase the overall fees as follows:
 - On-site visits will be billed at a per person per diem plus travel expenses
 - For each additional peer group requested, we will bill a flat fee of \$1,500, plus \$250 for each job compared to the additional peer group
 - Additional reports or memoranda will be billed on an hourly basis (usually \$1,500 to \$5,000)
 - Review of a non-qualified deferred compensation plan may result in additional fees of \$3,500 to \$9,500, depending on complexity of the plan

In an executive compensation project as requested by VCU, consulting resources are typically allocated as follows within the project budget:

Managing Directors / Principals	30%
Senior Consultants	35%
Consulting Support Staff	35%

¹ Fixed Fee quote can be provided once scope has been determined.

Any change to the scope of the assignment (beyond what is described in "Project Work Plan" above) will be billed on an hourly basis, unless we mutually agree on a fixed fee for the additional work.

Should VCU wish to have on-site presentation days or meetings, the estimated cost would be \$4,000 per day plus expenses. Our hourly rates for VASCUPP are provided below:

Labor Category	Hourly Rates				
	5/1/2020-4/30/2021	5/1/2021-4/30/2022	5/1/2022-4/30/2023	5/1/2023-4/30/2024	5/1/2024-4/30/2025
National Market Leader/Sr. Managing Director	\$475	\$492	\$511	\$531	\$551
Managing Director/Principal	\$430	\$445	\$462	\$480	\$499
Senior Consultant/Lead Project Manager	\$350	\$362	\$376	\$391	\$406
Consultant II	\$310	\$321	\$333	\$346	\$360
Consultant I	\$275	\$285	\$296	\$307	\$319
Associate Consultant/Analyst	\$225	\$233	\$242	\$251	\$261

Gallagher is willing to serve all zones in the VASCUPP zone map.



Insurance | Risk Management | Consulting

EXECUTIVE COMPENSATION REVIEW
Services RFP#157345897CK

Virginia Commonwealth University
Richmond, Virginia

July 11, 2022

SAL DIFONZO

Managing Director | Healthcare Compensation and Rewards

LINETTE ALLISON

Managing Director | Healthcare Compensation and Rewards

Gallagher

Human Resources & Compensation Consulting Practice

5516 Falmouth Street, Suite 201
Richmond, VA 23230

480-390-8210 | Sal_DiFonzo@ajg.com


612.337.1095 | Linette_Allison@ajg.com

**VIRGINIA COMMONWEALTH UNIVERSITY
REQUEST FOR PROPOSALS (RFP)
EXECUTIVE COMPENSATION REVIEW SERVICES
#157345897CK**

OFFER FORM

In compliance with this request for proposals and to all conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish the goods and/or services described herein in accordance with the attached signed proposal and/or as mutually agreed upon in the attached Contract. Furthermore, the undersigned agrees not to start any work relative to this particular solicitation until a resulting formal Purchase Order is received by the Contractor from University Purchasing. Any work relative to this solicitation performed by the Contractor prior to receiving a formal Purchase Order shall be at the Contractor's own risk and shall not be subject to reimbursement by the University. **Signature below constitutes acknowledgement of all information contained through links referenced herein.**

A. GENERAL INFORMATION:

Name & Address of Firm: Gallagher Benefit Services, Inc.		Date:	7/11/22
5516 Falmouth Street, Suite 201		By (Signature In Ink):	
Richmond, VA	Zip Code	23230	Name Typed: Sal DiFonzo
E-Mail Address:	Sal_DiFonzo@ajg.com	Title:	Managing Director
Telephone: ()	480-390-8210	Fax Number: ()	
Toll-free, if available		Toll-free, if available	
DUNS NO.:	07-442-4540	FEI/FIN NO.:	36-4291971

B. eVirginia (eVA) Registration Status

REGISTERED WITH eVA:	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
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C. SMALL, MINORITY & WOMAN OWNED BUSINESS INFORMATION

MINORITY-OWNED BUSINESS:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	WOMEN-OWNED:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
			SMALL BUSINESS:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
VIRGINIA DSBSD CERTIFIED:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	VIRGINIA DSBSD CERTIFICATION#:		

D. PROPRIETARY OR CONFIDENTIAL INFORMATION

<input type="checkbox"/> Check the box to the left if your proposal contains proprietary or confidential information. If so, add an attachment sheet to this form with details.	<input type="checkbox"/> See Paragraph X for more information
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E. ACKNOWLEDGEMENT OF ADDENDA: Acknowledge your receipt of any addenda that may have been issued under this solicitation. See Paragraph VIII for more information.

Addendum #	1	Addendum #	
Addendum Date	7 / 1 / 22	Addendum Date	__ / __ / __
Addendum #		Addendum #	
Addendum Date	__ / __ / __	Addendum Date	__ / __ / __

Affix this Form as the FIRST PAGE of your proposal.



Gallagher

Insurance | Risk Management | Consulting

July 11, 2022

LETTER OF TRANSMITTAL

Christopher Kersey
Category Manager
Virginia Commonwealth University
912 West Grace Street, 5th Floor
Richmond, VA 23284

Dear Mr. Kersey:

Gallagher's Human Resources & Compensation Consulting practice is pleased to submit our proposal to assist Virginia Commonwealth University (VCU) and Virginia Commonwealth University Health System (VCUHS) in conducting a President and executive compensation review. We understand that VCU and VCUHS are seeking these services on behalf and in support of 49 healthcare executives and the President of VCU.

We can confirm that our team will be conducting all the analysis, and a third party will not be involved. We do not subcontract due to the proprietary nature of our database and the confidential nature of client data. Our team has over 80 years of healthcare and higher education compensation consulting experience, which includes complex university systems and medical centers.

We would like to introduce you to our firm and demonstrate how VCU and VCUHS may benefit from our experience:

We specialize in executive compensation in the higher education and healthcare organizations including learning hospitals.

Our project team has worked together on similar consulting engagements including prior comparable executive compensation work for universities and healthcare organizations across the country as well as large, complex organizations, such as ECU Health, the Temple University and Health System, University Hospitals (Cleveland), Nebraska Medicine, Loma Linda, NorthShore University HealthSystem, Monmouth University, and Denver University.

We listen to you to understand your current situation. We want to make sure that our approach is appropriate to your needs and fits with the culture and structure of VCU.



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Unlike larger firms that also serve general industry, our niche focus on higher education and healthcare brings a wealth of specialized knowledge and experience to our clients. Unlike smaller regional firms, we possess an understanding of pay and pay practices across all fifty states. We actively work in all areas of compensation, serving not only as industry leaders in executive compensation like some other consulting firms, but also as industry experts in director, manager, and staff level compensation issues.

Your request for proposal helped us design a project plan that will achieve all the detailed objectives and comply with all applicable federal, state and local rules, regulations and legal requirements. We trust that we have included all the elements that you believe are critical to the success of the project.

You should know that Gallagher has a pre-awarded contract vehicle (see attached) from the University of Virginia which provides special competitive consulting rates and foregoes the need for public entities to conduct a formal bid process. These contracts allow full access to Gallagher Compensation services for any government entity in the Commonwealth of Virginia as well as other states that allow for cooperative purchasing agreement.

We appreciate having the opportunity to submit this proposal and look forward to assisting VCU and VCUHS in conducting this study. Should you require any further information or have questions regarding our proposal, please contact us. We look forward to hearing from you soon.

Sincerely,

Sal DiFonzo
Managing Director

480-390-8210 | Sal_DiFonzo@ajg.com

Linette Allison
Managing Director & Operations Leader

612-337-1095 | Linette_Allison@ajg.com



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INTRODUCTION

Arthur J. Gallagher & Co. opened its doors for business in 1927 and is still “growing strong” because of a practiced ability to help clients think ahead. Gallagher is now one of the world’s largest human capital, insurance brokerage, and risk management services firms. Headquartered in Rolling Meadows, IL, we have operations in 33 countries, and extend our client-service capabilities to more than 90 countries through a global network of correspondent brokers and consultants. Gallagher will lead this engagement through our Minneapolis, MN office, the Minneapolis team will be joined by colleagues from the Richmond, VA office.

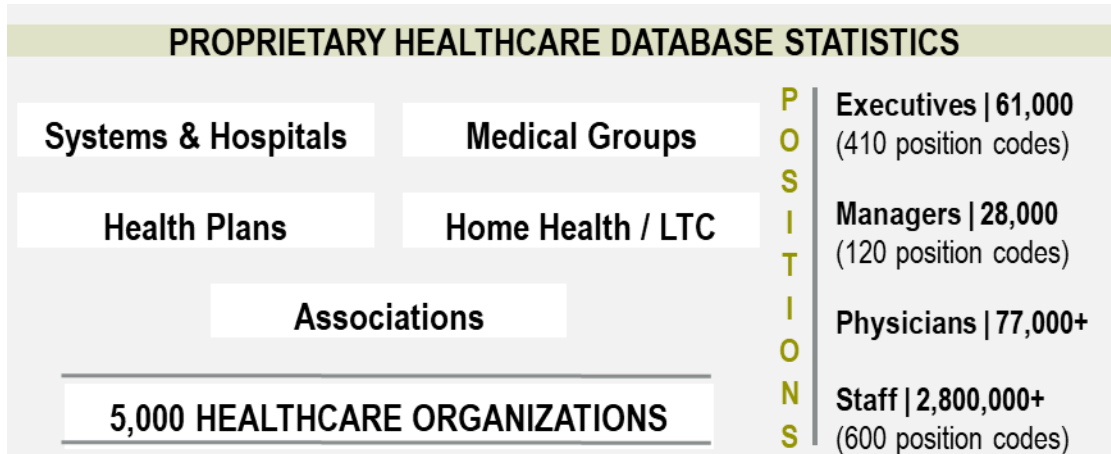
Gallagher Benefit Services, Inc., is a wholly owned subsidiary of Arthur J. Gallagher & Company, a publically traded company under the symbol AJG. Gallagher Benefit Services, Inc. was incorporated in 1999 in Delaware. Gallagher Benefit Services, Inc. has approximately 3,300 employees worldwide.

Our firm is organized by nine (9) industry groups, which we call niches. By organizing our resources by industry focus we assure that our services are provided by personnel who are experts in the industry that they serve. Due to VCU’s request of reviewing both academic positions and healthcare positions. Gallagher’s Healthcare consulting practice will be working with Gallagher’s Higher Education consulting practice. .

Gallagher’s Human Resources & Compensation Consulting (HRCC) group empowers clients to attract talent, manage staff, develop leaders, and reward success—leveraging the power of Gallagher and wisdom of experience to produce an engaged and productive workforce. Tapping into expertise that spans the spectrum of human resources at every level, we can assemble flexible compensation and consulting solutions that improve efficiency and build bottom lines. With Gallagher’s HRCC team, you will have a partner who understands the important, strategic role of human resources and can customize a solution that will help you focus on – and achieve – meaningful business outcomes. Our practice has a holistic focus on employee and organizational wellbeing. It’s the guiding principle that informs every aspect of Gallagher’s comprehensive approach to compensation, employee communications and workplace culture.

With over 150 consultants, our higher education and healthcare niches are two of Gallagher’s largest compensation consulting segments. Our groups are designed to share insight and best practices. High-visibility issues in the higher education and not-for profit healthcare keep compensation at the forefront of boards, management, constituents, community members and the media. This reality calls for a compensation and benefits program that addresses complex issues, protects your bottom line, is defensible, and positions VCU and VCUHS as a leader.

Our clients have included more than 1,200 healthcare providers, 1,800 hospitals, and approximately 50 independent and affiliated medical groups.



Each year, we complete more than 400 executive compensation and benefits analyses for healthcare organizations, as well as over 100 non-executive assignments. These projects include, but are not limited to:

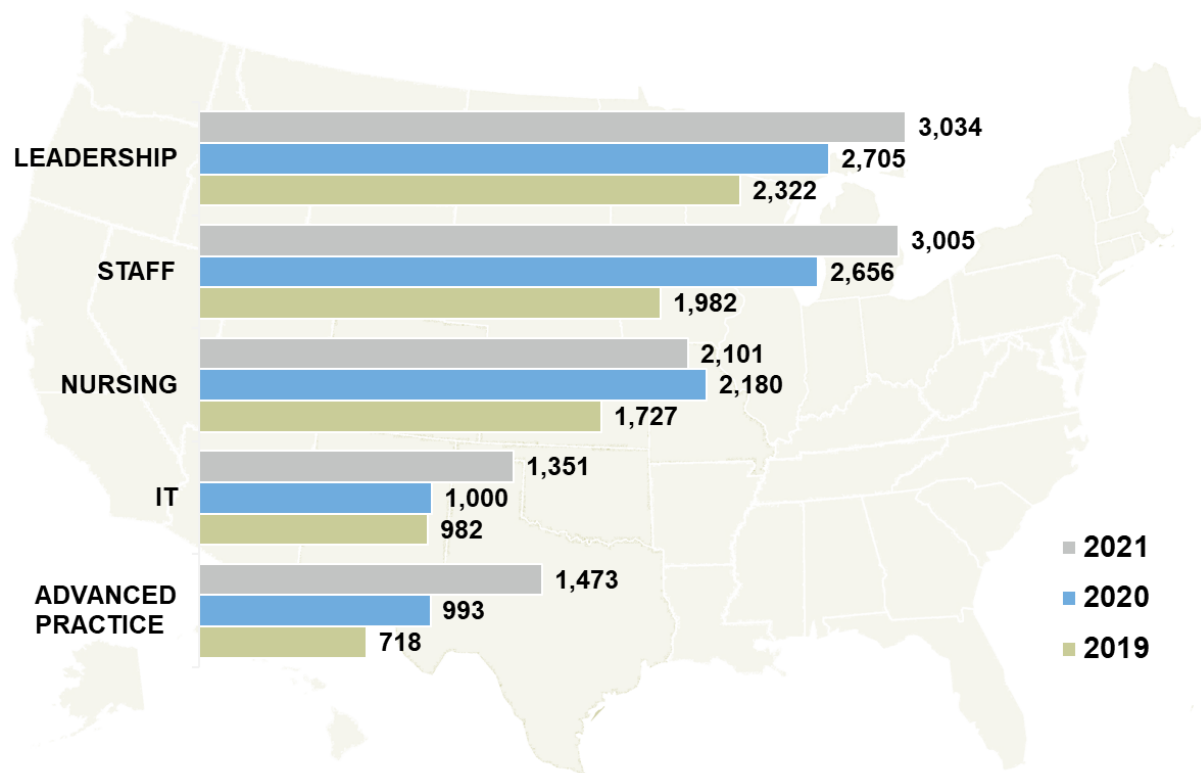
Total Compensation Reviews	Incentive Plan Studies
Salary Reviews	Reasonableness Opinion Letters
Benefits Reviews	Pay Practice Assessments
Titling Assessments	Employment Contract Reviews
Performance Evaluation Studies	Structure Assessments

We take pride in our creativity and track record in developing innovative solutions to compensation and benefit issues. We spend considerable time and effort in researching and exploring trends and technical issues to develop and test approaches not usually considered by other consulting firms.

Gallagher’s principals are supported by a staff of compensation and benefits specialists. All of our projects are completed by a team of experienced associates representing the compensation disciplines (e.g., cash compensation, benefits, governance, financial analysis, etc.). This team structure stimulates creative thinking and provides you with experts in multiple areas and several knowledgeable project contacts.

Our proprietary database is supported by over 25 national and regional healthcare compensation surveys conducted by our compensation survey group.

Survey Participation



We also maintain a **vast survey library** and are open to including surveys our clients have access to through participation that are not available for purchase.

QUALIFICATIONS OF THE FIRM

Our approach is individualized to each client but all include:

- Work directly for the Committee or Board advising members on compensation issues
- Create a partnership between the Committee, senior management, and our firm in completing the compensation work
- Tailor/individualize the peer group(s) to organizations most similar to our client using criteria such as revenue size; organization structure, i.e. type and number of hospitals; employed physicians and other services; geographic location; financial and quality performance
- Analyze total compensation, which allows our clients to establish a rebuttable presumption of reasonableness.
- Provide specific recommendations and interactive discussion based on our clients' objectives and strategies, not just a summary of the data

There are **seven reasons** for choosing Gallagher rather than another firm.

1. We are passionately committed to meeting our clients' needs as responsively as possible.
2. We keep the firms' experienced leaders in front of our clients and never turn clients over to junior consultants.
3. We do a better job helping Committees follow best practices in governing executive compensation and protecting executives from intermediate sanctions.
4. We aim to be a trusted advisor who helps the Committee wrestle with whatever issues arise, not just a vendor of comparability data.
5. Our consultants have first-hand knowledge of executive compensation across the entire country, as we meet bi-weekly to share our knowledge with each other.
6. We have vastly more experience in evaluating and designing total compensation programs to provide reasonable, competitive compensation in the most efficient way(s) possible.
7. We are growing and investing in our consultants and consulting practice by continually and actively looking to improve our service offerings and knowledge capital.

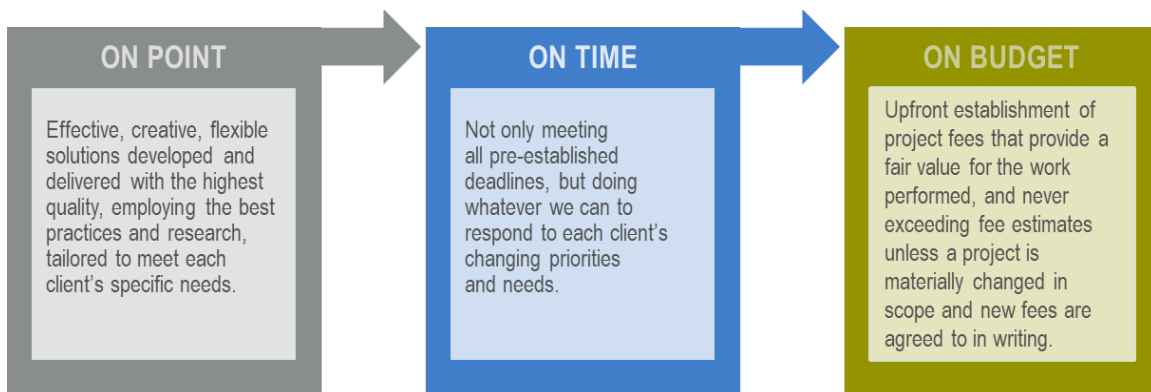
Reasonableness Determination Experts

More than 25 years ago, our consulting process and our reports set the standard for consulting on executive compensation, the standard the IRS adopted as one of the requirements for the presumption of reasonableness. Long before Congress passed the Taxpayer Bill of Rights 2, long before the IRS issued the regulations on intermediate sanctions and the presumption of reasonableness, our reports have routinely focused on total compensation; we have always used customized peer groups, chosen to meet the specifications of the board and to make sure the comparator data matches the client organization as well as possible; and we have always studied and evaluated executive positions before determining their market value, to make sure we are carefully matching them with jobs with comparable breadth and scope of responsibilities. Doing this right has always been part of our culture—so much so that we did not need to change anything when the IRS issued the requirements for the presumption.

Just as important, we routinely include a list of the requirements for the presumption of reasonableness in our reports; coach new chairs on leading the Committee through the steps; help the Committee actually meet those steps, whenever we are present in a meeting; and help Committees document their process in minutes that prove they have met the requirements for the presumption. We have been telling boards ever since 1996 what they must do to meet these requirements; and we have published more on this topic than any consulting firm.

Gallagher is capable of analyzing and designing every facet of executive compensation. We take pride in our creativity and track record in developing innovative solutions to compensation and benefit issues. We spend considerable time and effort in researching and exploring trends and technical issues to develop and test approaches not usually considered by other consulting firms.

Our approach to all projects is to establish a partnership with each client, and to deliver work that is:



STAFFING

We believe that consistency of the team helps ensure quality consulting for our clients, as it results in historical perspective and a depth of understanding about the client’s strategic objectives and composition of the leadership team. Consistency in the lead consultants assists in instilling confidence in the Board/Committee in the work that we complete. While long-term assignment of teams is our typical approach we are open to changing the team upon request and have done so for a few clients that prefer a new perspective every few years.

We have very little turnover in our consulting group but we would discuss any staffing changes with VCU and VCUHS if they become necessary. Because we commit two or more of our senior-most principals and a team of two or four consultants to each client we have built-in coverage if we lose a team member. .

CO PROJECT MANAGER	CO PROJECT MANAGER	PROJECT DIRECTOR
Sal DiFonzo Managing Director Sal_DiFonzo@ajg.com 1600 Utica Ave, Suite 450, Minneapolis, MN 55416 Phone: (480) 390-8210	Erik Henry-Smetana Principal Erik_HenrySmetana@ajg.com 5516 Falmouth Street, Suite 201 Richmond, VA 23230 Phone: (314) 494-4849	Linette Allison Managing Director linette_allison@ajg.com 1600 Utica Ave, Suite 450, Minneapolis, MN 55416 Phone: (612) 337-1095

LINETTE ALLISON	Managing Director
Project Director	25 years of experience
<p>Ms. Allison will be the Project Director. She leads the national healthcare total rewards consulting practice located in Minneapolis and Kansas City. Ms. Allison’s focus is the provision of consistent, high-quality, and responsive consulting services. For more than 25 years, Ms. Allison has advised healthcare organizations of all sizes on all aspects of executive compensation and benefits, including helping them comply with regulatory requirements and governance best practices. Areas of expertise include total compensation analyses, retention program development, executive and physician benefit plan design, supplemental executive retirement plan design; severance plan development, employment contract review, and formal reasonableness opinion development.</p>	



SAL DIFONZO, CCP, CBP, CSCP	Managing Director
Co-Project Manager	25 years of experience
<p>Mr. DiFonzo has more than 25 years of experience in compensation assessment, design and implementation. Areas of expertise include compensation strategy, broad-based incentive compensation, executive compensation and sales compensation. He specializes in incentive compensation design and assists organizational leaders with ownership transition/management succession through the creation of long-term incentive programs.</p> <p>Healthcare experience includes positions at Eli Lilly and Company as well as the healthcare consulting practice of a nationally prominent sales compensation design firm. Recent experience includes hospital, behavioral health, indigenous healthcare, higher education, surgical center and nationally prominent research institute clients.</p> <p>Prior to joining Gallagher, Mr. DiFonzo was Vice President in the Compensation and Career Strategies practice of Segal, a national human resources consulting firm. Prior to joining Segal, Mr. DiFonzo was Managing Director of the compensation business unit of FMI Corporation, a firm that provides management consulting and investment banking services.</p>	

ERIK HENRY SMETANA, SHRM SCP, SPHR, HCS, SWP	Principal Consultant
Co-Project Manager	20 years of experience
<p>Mr. Henry- Smetana serves as a Principal Consultant with Gallagher’s Human Resources and Compensation Consulting practice. In this role, Erik provides high quality consulting services by leading projects specific to client needs and managing relationships between Gallagher experts and clients. Erik’s 20-plus year work history has led him to serve in a variety of diverse roles across human resource management, particularly in compensation and benefits, talent management and organizational development, people analytics, and employee relations and policy development. Erik has extensive experience in both private and public sectors, working with an eclectic mix of dynamic organizations including Fortune 500 companies across multiple industries, international not-for-profit organizations, membership associations, media outlets (e.g. NPR and NBC affiliates), institutions of higher education and research, and others. Prior to joining Gallagher, he served as the enterprise-wide Deputy CHRO with the University of Missouri System and for Vanderbilt University as the Executive Director of People & Engagement leading, designing, and implementing compensation and people-focused programs and initiatives. Additionally, he has served as a member of the national board of the College & University Professional Association for Human Resources (CUPA-HR) and as Vice-Chair of their Research Advisory Committee – a leading resource of higher education compensation data and practices. Erik has a Bachelor’s degree in Psychology, an MBA, and Master’s degree in Writing. He has previously earned professional certifications with the Human Resources Certification Institute (SPHR), Society for Human Resource Management (SHRM-SCP), and the Human Capital Institute (Strategic Workforce Planner and Human Capital Strategist).</p>	



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AMBERMAY, JD	Senior Consultant
Staff Support	15 years of experience
<p>Amber May is a Senior Consultant with the Compensation and Rewards service line of Gallagher's Human Resources & Compensation Consulting practice. Ms. May has worked with a wide variety of healthcare organizations, including large integrated delivery systems, children's hospitals, healthcare associations, and specialty organizations. Ms. May has assisted clients in the development and evaluation of executive and physician total compensation programs, including base salary and incentive compensation, retention programs, executive benefits, supplemental executive retirement programs, severance plans, and perquisites.</p>	

MICHAEL RITTER	Senior Consultant
Staff Support	15 years of experience
<p>Michael Ritter is a Senior Consultant with the Compensation and Rewards service line of Gallagher's Human Resources & Compensation Consulting practice. Mr. Ritter consults with myriad healthcare organizations nationwide, including care providers (independent hospitals and health systems of all varieties), independent and subsidiary medical practices, ancillary healthcare organizations, and innovative disruptors such as marketplace exchanges and technology firms. Mr. Ritter manages customized compensation program audits and detailed market reviews, while taking into account industry best practices to advise healthcare stakeholders ranging from board members to human resource leaders in competitiveness and reasonableness of employee pay.</p>	

BRETT BUCHANAN	Associate Consultant
Staff Support	1 years of experience
<p>Brett Buchanan is an Associate Consultant with the Compensation and Rewards service line of Gallagher's Human Resources & Compensation Consulting practice. His primary focus is staff through executive compensation in the healthcare industry.</p> <p>Prior to joining Gallagher, Brett served as a Valuations Coordinator at Wells Fargo in Minneapolis, MN. There, he supported mortgage underwriters in analyzing home appraisal data and products. Brett also served as a Finance Assistant at Abrigo in Austin, TX. There he assisted with the integration of banking software companies after recent acquisitions.</p>	



Leadership Support

MIKE VERDOORN, MA HRIR, CCP, IPMA SCP	Managing Principal
Leadership Support	16 years of experience
<p>Mr. Verdoorn has been with Gallagher for 16 years and has experience working with public sector organizations across the United States. Mr. Verdoorn has led over 100 similar projects addressing the compensation issues in complex organizations. He has a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota and has earned his CCP certification from WorldatWork. Prior to joining the firm, he was a compensation analyst at Imation and at the University of Minnesota. Mr. Verdoorn is located in Minnesota.</p>	

RONNIE CHARLES, SPHR, GPHR, IPMA SCP	National Managing Director
Project Advisor	30 years of experience
<p>Mr. Charles is responsible for leading Gallagher's public sector Human Resources & Compensation Consulting practice. Mr. Charles has over 30 years of Public Sector HR experience including Chief Human Resources Officer (CHRO) experience most recently in the City of Baltimore with additional professional stints in the District of Columbia, State of Virginia, and City of Suffolk, Virginia. Mr. Charles has a Bachelor's Degree in Management from Saint Paul's College. Mr. Charles is a member of several professional organizations, including the International Public Management Association for Human Resources (IPMA-HR) and is a past chair of the International IPMA-HR Professional Development Committee. In addition, Mr. Charles is a past Chair of the Human Resources Institute (HRCI). He brings vast experience in domestic U.S., and Global HR compensation practices. Mr. Charles is located in Virginia.</p>	

KEVIN TALBOT	Area President
Project Advisor	20 years of experience
<p>Kevin Talbot is Area President with the Compensation and Rewards Consulting service line of Gallagher's Human Resources & Compensation Consulting practice. In that role, Mr. Talbot leads one of the country's largest and most respected consulting groups dedicated exclusively to compensation, benefits and governance in the healthcare industry. As practice leader, he manages a national client base of over 300 healthcare organizations and approximately 25 consultants.</p> <p>Mr. Talbot is an experienced consultant to the healthcare industry, with an extensive background in executive compensation and benefits. He has worked with healthcare organizations ranging from some of the country's largest health systems to independent community hospitals to state hospital associations. Mr. Talbot regularly advises health care Boards and senior executives on all aspects of executive compensation and benefits. He has led a wide variety of consulting engagements including evaluating total compensation programs, designing performance-based incentive plans, developing global compensation philosophies, and educating trustees and executives on the latest regulatory issues and industry trends.</p>	



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REFERENCES

ECU Health

We have worked with ECU health since 2010, completing several Executive and Vice President total cash reviews and CEO Total Comp Reviews. Charlene Wilson, Chief Human Resources Officer, 855-698-4326, charlene.wilson@vidanthealth.com

Nebraska Medicine

We have worked with Nebraska Medicine for over 8 years, completing several Total Executive Compensation Reviews and other compensation related projects. Frank Venuto, Chief Human Capital Officer, 402-552-3303, fvenuto@nebraskamed.com

Temple University

We have been retained multiple times (2012, 2014, 2016, and 2018) to perform an Executive compensation total compensation study for approximately 50 positions in the University and Health System. Anne K. Nadol, Vice President and Secretary to the Board of Trustees, Executive Office of the President, 200 Sullivan Hall, 1330 Polett Walk, Philadelphia, PA 19122, (215) 204-1388.

NorthShore University HealthSystem

We complete total Compensation Review every other year, recently assisted with redesign of their annual and long-term incentive plans; update and review Executive Compensation Philosophy and other compensation issues. Dianna Sparacino, Chief Human Resources Officer, 847-570-2000, dsparacino@northshore.org.

Denver University

We provided a market study for the position of Chancellor for reasonableness and provided recommendations. Denise O'Leary, University Board, denise@dmoleary.com



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WORK PLAN

The following work steps describe the process we propose for reviewing VCUHS' executive and VCU's President's total compensation program and developing recommendations.

Creating a Collaborative and Inclusive Approach

Through the hundreds of projects we have conducted, we understand the value that having a collaborative and inclusive approach can have on the ultimate success of a project. The collective understanding, project support, and buy-in are established through:

- Regular Communication/Updates
 - Regular meetings and updates. These are fundamental to achieving the desired outcomes.
- Project Team Involvement
 - Inclusion of all personnel that have a stake in understanding the end product of the study and keep them involved early and often.
- Data
 - Rely on data, but make decisions based on humans. Once the data is gathered, there may need to be adjustments for special conditions or other factors. However, the outcome/deliverables should be based on verifiable facts and professional standards.
- Leadership Sponsorship
 - Reviewing compensation requires the strong and visible support of an organization's management and governance. We recommend including leadership in project updates and for key strategic decisions that require leadership guidance.
- Review Process
 - Providing the analysis and findings in advance of the scheduled meeting and facilitating advance review by the Chair, or management at the Chair's discretion.

1. *Fact Finding*

We will begin the study by collecting pertinent information about the executive compensation programs (salaries, incentives, benefits, and perquisites). We will scrupulously maintain the confidentiality of the data shared with us.

Gallagher’s consulting philosophy is that executive total compensation should be directly reflective of the organization’s mission, vision, and strategy. Our methodology is to understand each organization in order to develop the appropriate compensation philosophy, program, and structure.

Data collected will include	
Financial reports	Information about benefit programs and their costs
Job descriptions	Descriptions of incentive plans
Organization charts	Information about perquisites
Census information, including names, titles, dates of hire, salary and incentive payouts	Copies of employment and/or severance agreements

2. *Board or Committee Interviews Regarding the Total Compensation Philosophy*

We will interview the Board of Directors or committee and the Chief Executive Officer to learn about VCUHS and VCU’s executive compensation philosophy, including:

- Identifying a peer group or peer groups
- Defining the desired competitive positioning of salaries, incentive awards, benefits, and perquisites
- Identifying the preferred mix and balance of total compensation elements
- Understanding issues with retention or recruitment of executives



We take considerable care to establish a peer group or peer groups for each client that recognizes the unique characteristics and values of the organization. We do not match organizations solely on the basis of similar size or net revenue, but we work with the board to customize the specifications based on whichever critical characteristics the board would like to consider for comparison.

The compensation philosophy will provide a framework for our analysis and recommendations, as well as decisions about executive compensation at VCU and VCUHS.

3. *Position Benchmarking*

To develop appropriate comparability data for pricing the positions, we start by gaining a thorough understanding of the roles and responsibilities of each executive position under review, as job title does not necessarily detail the depth and breadth of the position's scope. This means collecting information about each position, reviewing the job documentation and full scope of responsibilities, and potentially conducting interviews to fully understand what the job is accountable for and how the job fits into the organization. We want to ensure that we have transparency with the board and management about position matches based upon responsibility.

Next, for each position we compile information from our database on pay for similar jobs at similar organizations in your peer group(s). Since we do not rely only on title, we sometimes blend data from more than one benchmark match, or add premiums or discounts to the benchmark match based on specific job responsibilities compared to the peer group data.

We supplement the custom peer group data compiled from our database with compensation data from published surveys when good survey data is available. We routinely show comparability data from other reputable national surveys in addition to data from our own database representing the client's peer group to let boards and their compensation committees see how compensation practices in their own peer groups compare with broad national compensation patterns and practices.

4. *Cash Compensation Analysis*

We will analyze the executive cash compensation program to assess competitiveness and reasonableness. We will base our comparisons on competitive practices in your peer group, using our proprietary database and published surveys.

Our analyses will include:

- Comparing VCU and VCUHS's salaries to salaries in the peer groups
- Providing peer group data at the 25th, 50th and 75th percentile
- Reviewing VCU and VCUHS's incentive program including:
 - Comparing VCU and VCUHS's incentive award opportunities to incentive opportunities in the peer group
 - Providing market data on performance measures used by peer organizations
 - Reviewing the annual incentive plan payout
- Comparing VCU and VCUHS's total cash compensation to total cash compensation levels in the peer group
 - Reviewing the composition of cash compensation (fixed versus performance based compensation)

5. *Analyses of Benefits Program*

We will first analyze the executive benefit program on a quantitative basis. The quantitative analysis focuses on benefit expenditures as a percent of base salary for each of the executives. All significant benefits that can be quantified without making needless assumptions or deviating from actual employer costs will be valued, including employer-paid Social Security, all group insurance plans (medical, disability and life), and retirement benefits. This analysis is critical to the comparison of total compensation positioning to the peer group.

We will then provide a qualitative analysis, in addition to our quantitative analysis, which evaluates the prevalence and level of individual benefits and perquisites provided to each position by comparing each benefit provided by VCU and VCUHS to peer group competitive standards.

Our analyses will include:

- Comparing VCU and VCUHS's benefit expenditures to healthcare and academic industry practices
- Providing prevalence data on benefit and perquisite offerings

6. *Total Compensation Analysis*

We will also conduct a competitive analysis of total compensation for each position, relative to total compensation in the peer group.

Our analysis will:

- Assess the competitive level of salaries, incentives, and benefit costs compared to the peer group
- Identify inconsistencies with the objectives of your compensation philosophy
- Help you determine if your executive compensation program is competitive with market practices and consistent with the values of the organization

7. *Findings and Recommendations*

Based on discussions with the board or committee, we will develop recommendations for the total compensation strategy. The recommended strategy will reflect the board or committee’s chosen philosophy for executive salaries, incentives, benefits, severance, and perquisites.

We will present our written reports to the board or committee (or other appropriate audience) via conference call.

Our VCU report will summarize	
Total compensation philosophy, refined as appropriate	Competitive analysis of the levels and provisions of the benefit program
Industry Trends	Competitive analysis of total compensation compared to peer group data
Competitive analysis of the President’s salary	Recommendations for strengthening the program
Competitive analysis of total cash compensation	
Recommended salary range for the position	



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Our VCUHS report will summarize:	
Total compensation philosophy, refined as appropriate	Salary administration guidelines
Industry Trends	Competitive analysis of the levels and provisions of the benefit program
Competitive analysis of the salaries	Competitive analysis of total compensation compared to peer group data
Competitive analysis of incentive opportunities and total cash compensation	Recommendations for strengthening the program
Recommended salary range for each position	

The steps outlined above will provide the board or committee with the information it needs to make decisions about executive compensation. Completion of this process is an essential element of good governance, and the basis for maintaining an effective total compensation program to attract and retain leadership talent.

Incentive Plan

From the RFP, we understand there is potential for some additional incentive plan assistance. We will provide a quote for the required work once the scope has been identified, understanding that the scope may vary from year-to-year.

We have worked with numerous healthcare organizations in designing and administering incentive programs. We are happy to assist, as needed in:

- Calculating or auditing incentive plan payouts
- Reviewing performance measures and the associated metrics
- Consulting with the VCU/VCUHS representatives and/or committees, on the incentive plan design and potential payouts for 2023 and future years

Pricing New Jobs and Other Miscellaneous Projects

We have often been asked to provide market values for a few new or changed positions, as the need arises. We have also been asked to complete miscellaneous projects during the year. This could include anything from special requests by committee members or a request from management for information or advice on titles or job design or organizational structure. We will be glad to handle any special requests we get from management or from the committee.



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Attending Committee Meetings

This is a common request from clients which we are happy to accommodate. We will be glad to attend as many meetings as the committee or management asks us to attend during this contract.

Ad-Hoc Projects

We will be glad to assist with any ad hoc matters, or conduct any special studies requested by management or the committee. Since we cannot foresee what work may be requested or how much time it will take, these special requests lie outside the general scope of work for the review of executive compensation and any work on them will be billed on an hourly basis.

ESTIMATED TIMELINE

Following hire we will facilitate a project initiation meeting to finalize and clarify the goals and objectives. To help prepare for this initial meeting and the work described above, we will outline data and information requests so that we may begin to evaluate and prepare any questions and/or initial observations.

Based on our experience with similar projects, we believe a comprehensive compensation analysis project of this scope will typically take 12-16 weeks from receipt of data. Much of this will depend on VCU and VCUHS providing the requested data elements in a timely fashion. We are prepared to begin work immediately after selection and will accommodate the preferred work start date of VCU/VCUHS.

We will work with you to develop a specific timeline and project plan once we discuss your internal processes and expectations. Our general timing for the projects steps is outlined in the following chart.



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WEEKS												
Steps	1	2	3	4	5	6	7	8	9	10	11	12
Fact Finding												
Board or Committee Interviews Regarding the Total Compensation Philosophy												
Peer Group Development												
Position Benchmarking												
Cash Compensation Analysis												
Benefits Program Analysis												
Total Compensation Analysis												
Report Drafting												
Findings and Recommendations Review Process												



COST ESTIMATE

<p>FEE FOR THE VCU PRESIDENT COMPENSATION REVIEW</p> <ul style="list-style-type: none"> • Estimate is based on the use of published data and researching of institutional website for total compensation or benefits information. If a custom survey is needed, an additional cost is required for the administration. <ul style="list-style-type: none"> - One position - One report on total compensation - One telephonic presentation 	
<p>FEE FOR THE VCUHS EXECUTIVES COMPENSATION REVIEW</p> <ul style="list-style-type: none"> • Evaluating up to 49 positions <ul style="list-style-type: none"> - Additional positions will be billed at \$1,200 per position • One peer group • One report on total compensation • One telephonic presentation 	
	\$167,500
	Hourly²
	\$4,000
GRAND TOTAL AMOUNT	\$167,500

We will bill for this project in quarters (one quarter in the month we begin work, one quarter at the end of the following month, one quarter at the end of the next month and the final quarter [plus any add-ons] at the close of the project). This offer will be valid for sixty (90) days.

- Expanding the contract parameters will increase the overall fees as follows:
 - On-site visits will be billed at a per person per diem plus travel expenses
 - For each additional peer group requested, we will bill a flat fee of \$1,500, plus \$250 for each job compared to the additional peer group
 - Additional reports or memoranda will be billed on an hourly basis (usually \$1,500 to \$5,000)

¹ The fee includes administrative pay for executives that are practicing physicians. Assessing clinical compensation is outside the scope of work. A fee for this work can be provided, if requested.

² Fixed Fee quote can be provided once scope has been determined.

- Review of a non-qualified deferred compensation plan may result in additional fees of \$3,500 to \$9,500, depending on complexity of the plan

In an executive compensation project as requested by VCU and VCUHS, consulting resources are typically allocated as follows within the project budget:

	35%
	35%

Any change to the scope of the assignment (beyond what is described in “Project Work Plan” above) will be billed on an hourly basis, unless we mutually agree on a fixed fee for the additional work.

Should VCU or VCUHS wish to have on-site presentation days or meetings, the estimated cost would be \$4,000 per day plus expenses. Our hourly rates for VASCUPP are provided below:

Labor Category	Hourly Rates				
	5/1/2020-4/30/2021	5/1/2021-4/30/2022	5/1/2022-4/30/2023	5/1/2023-4/30/2024	5/1/2024-4/30/2025
National Market Leader/Sr. Managing Director	\$475	\$492	\$511	\$531	\$551
Managing Director/Principal	\$430	\$445	\$462	\$480	\$499
Senior Consultant/Lead Project Manager	\$350	\$362	\$376	\$391	\$406
Consultant II	\$310	\$321	\$333	\$346	\$360
Consultant I	\$275	\$285	\$296	\$307	\$319
Associate Consultant/Analyst	\$225	\$233	\$242	\$251	\$261

Gallagher is willing to serve all zones in the VASCUPP zone map.



SWAM LANGUAGE AND FORM

will be subcontracted, and must include the names and addresses of potential subcontractors that are currently certified as SWaM businesses through DSBSD.

- 8. **Small, Women-Owned and Minority-Owned (SWaM) Business Commitment** – Describe the Offeror’s commitment to utilization of SWaM businesses and certify that it will involve SWaM businesses in the performance of any resulting contract either as part of a joint venture, partnership, subcontractor or as suppliers.

Subcontracting Plan: In the space below, please describe the planned areas of subcontractor utilization and identify which firms are certified. Please be specific about the types of goods and/or services these subcontractors will provide during the performance of a resulting contract. If currently known, please list the exact SWaM-certified subcontractors that will be utilized.

Gallagher Will Not Subcontract this engagement.

0 % of total contract amount that will be performed by DSBSD certified SWaM businesses.

Identify the individual responsible for submitting SWaM reporting information to VCU/VCUHS: _____

Offeror understands and acknowledges that the subcontracting plan above represents a contractual commitment and will be included in a resulting contract if the Offeror’s proposal is selected.

Note: Certification is determined by the Virginia Department of Small Business & Supplier Diversity (DSBSD). For assistance with certification and definitions for certification categories, visit [DSBSD’s website](https://www.sbsd.virginia.gov/) <https://www.sbsd.virginia.gov/>.

- 9. **Exceptions to Requirements and Contract terms:** Offeror must note any requested exceptions to any of the RFP requirements or any of the Contract’s terms and conditions by inserting comments or redlines into the attached template Contract. While VCU/VCUHS may negotiate some terms and conditions, VCU/VCUHS are public entities and must abide by the legal requirements applicable to such public agencies by Virginia law. Most terms and conditions cannot be negotiated. **VCU/VCUHS, in their sole discretion, reserve the right to consider proposals containing significant exceptions to be non-responsive. VCU/VCUHS may also determine they cannot work with an Offeror that demands excessive exceptions during Contract negotiations.**

G. Price Proposal

- 1. The proposal should include the elements listed below. Note: VCU & VCUHS reserve the right to negotiate price.
- 2. Offeror shall provide pricing for each of the services listed above, indicating any price differences depending on whether the compensation review is performed for Executive, senior staff, or direct reports based on the services provided in Section III., Statement of Needs.



VCU Procurement Services

RFP #157345897CK – Addendum 1

June 30, 2022

ADDENDUM NO. 1 TO ALL OFFERORS:

Reference - Request for Proposals: RFP# 157345897CK

Commodity/Title: Executive Compensation Review Services

Issue Date: June 16, 2022

Proposal Due: July 11, 2022

A. Responses to questions submitted:

1. We see that 15% of the award is based on subcontracting with minority or women-owned businesses. The requested expertise in healthcare and higher education executive compensation is very specialized – there are only a few firms with deep expertise in these areas and they tend to be larger consulting firms such as ours. We support and encourage all efforts at diversifying talent and services but we do not have suppliers who would have this expertise as it rests within a small team within our firm. Can you provide any feedback as to whether exceptions will be made in this case?

Answer:

The 15 Percentage points for offerors either submitting a proposal response as a Virginia DSBSD - certified SWaM (Small, Woman and Minority) business or subcontracting with a SWaM business is an evaluation requirement and will remain in the RFP. Offerors are encouraged, but not required to subcontract with a SWaM vendor. VCU will evaluate an offeror's proposal response even if they did not subcontract with a SWaM vendor as long as the offeror meets the submission requirements.

2. Who is the current consultant that is providing these services now?

Answer:

SullivanCotter and Associates.

3. If we are correct it appears these services were last out to bid 1 ½ years ago. Why are these services being put back out to RFP so soon? Whatever can be shared is most appreciated.

Answer:

The previous RFP was issued on August 10, 2020. It was canceled on October 19, 2020. No award was made.



4. Are any of the executive positions included in the study practicing physicians? If so, do they receive compensation specific to their clinical time in addition to their administrative pay.

Answer:

Yes, some of the physician leaders do have physician compensation in addition to their administrative salaries.

5. In A. 2. b. iii. does the reference to current compensation only include cash compensation (salary and incentives) or is VCU/VCUHS requesting a comparison of total compensation (salary, incentive pay, and benefits) to the market/peer group data?

Answer:

Total compensation for the purpose of this review, for the health system, is base salary and incentive pay. We will want market information on benefits as well.

For the VCU President, the review is base salary, deferred compensation, and market information on benefits.

6. Please provide the targeted delivery date for the compensation review (if any) and the general timing and number of Committee meetings.

Answer:

For the health system, it is ongoing review of executives as they are hired (AVP and above); annual review for the AVP and above group plus focus on Board-reviewed executives, conducted in last summer. There are quarterly Committee and Board meetings (March, June, September, December) and additional meetings added as needed in between.

For the VCU President, an annual review is typically conducted; often in the spring each year.

7. Please send a full list of the position titles/entity (VCU or VCUHS) included in the RFP. Are job summaries available for the identified executive positions to help with appropriate job matches?

Answer:

For the health system: There are too many to provide. It is all Associate Vice Presidents, Vice Presidents, Senior Vice Presidents, and CEO.

For VCU, the only position included in the analysis is the President.

8. Does VCU/VCUHS participate in the CUPA-HR compensation surveys? Access to this market data is dependent on University participation.

Answer:

The health system does not. VCU typically participates in CUPA surveys and purchases the surveys in years when we haven't participated.



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9. The proposal states a 15% weighting for the use of a DSBSD-certified SWaM Businesses. Based on our experience the scope of this project is not conducive to partnering and may compromise the validity and defensibility of the process as it relates to supporting the 'reasonableness' requirements. Is this requirement and weighting of the score able to be changed?

Answer:

See response to Question No. 1.

10. Does VCU/VCUHS participate or purchase other salary surveys? Will these be provided to the selected contractor?

Answer:

The health system and VCU do purchase compensation surveys; we have not had to provide these to the contractor previously; they are responsible for procuring data.

NOTE: A signed acknowledgment of this addendum must be received by this office either prior to the proposal due date and hour or attached to your proposal. Signature of this addendum does not constitute your signature on the original proposal document. The original proposal document must also be signed.

Gallagher Benefit Services, Inc.

Name of Firm _____

Silvano D. Torres, Jr.

Signature/Title _____

7/11/22

Date _____



Gallagher

Insurance | Risk Management | Consulting

* * * *

Thank you for this opportunity to offer our services. Please feel free to contact us at any time if you have any questions or require additional information. We look forward to hearing from you soon.

Sincerely,

Sal DiFonzo
Managing Director

Sal_DiFonzo@ajg.com

Linette Allison
Managing Director & Operations Leader

Linette_Allison@ajg.com

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.



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Attachment: Pre-Awarded Contract



Insurance | Risk Management | Consulting

VIRGINIA VERSION

Gallagher Government Contract Vehicle

In accordance with Section 2.2-4304 of the Code of Virginia

Gallagher Benefit Services is pleased to offer streamlined procurement processes for our clients through publicly accessible contracts with several public entities. These contracts resulted from a solicitation that was publicly posted for maximum competition. These contracts have been negotiated on behalf of other public bodies and include clauses that address e-commerce, payment terms and future goods and services.

Compensation and Benefits

University of Virginia Compensation, Retirement, and Benefits Consulting and Advisory Services

Contract Number: #UVA - SH052809 (Gallagher Benefit Services, (Formerly Titan Group))

Contract Period: May 1, 2020 through April 30, 2025.

Contact Information

Contractor's Ordering Address

Gallagher Benefit Services
6802 Paragon Place, Suite 126
Richmond, VA 23230
<http://www.ajg.com>

Authorized Negotiator:

Lee Weisiger, Managing Director
804.741.2328
Fax 804.754.8334
Lee_Weisiger@ajg.com



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Past entities accessing this contract:

University of Virginia
Germana Community College
Virginia Commonwealth University
East Tennessee State University

County of Albemarle
City of Richmond
Stafford County
City of Charlottesville
Pulaski County

Va. Department of Tax
Va. Department of Health Professions
Va. Department of Transportation
Va. Department of Behavioral and Development Services
Va. Department of Health
Va. Retirement System
Va. Housing Development Authority
Va. Department of Social Services
Va. Department of Emergency Management

Roanoke County
Roanoke Valley-Alleghany Commission
Rappahannock Area CSB

Alexandria Renew Enterprises
Rivanna Water and Sewer Authority
Hampton Roads Sanitation District
City of Richmond Department of Public Utilities
Fauquier Water and Sanitation Authority



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