

November 30, 2017

City of Gainesville
General Government Procurement
200 East University Avenue, Room 339
Gainesville, FL 32601
Attn: Gayle Dykeman, Procurement

RFP No. HRDX – 180040-GD Total Rewards Study

In response to the above referenced RFP, Gallagher's Human Resources & Compensation Consulting practice is pleased to submit our proposal to assist the City of Gainesville (the City) in developing, designing, communicating and implementing a Total Rewards Program that positions the City as an Employer of Choice to attract, motivate and retain its staff. We believe that our proposal is responsive to your request and will demonstrate several reasons why Gallagher is the best choice to assist you with this effort, as follows:

- We have worked with the City on other benefit related services and are familiar with the issues facing the City as it develops a Total Rewards approach for its compensation and benefit programs.
- We have worked with numerous other public agencies in Florida and are intimately familiar with the local market and what other competing employers are offering as part of their total compensation packages.
- The project will be staffed by Gallagher benefit professionals from our Tampa and Jacksonville in Florida alongside Human Resources and Compensation professionals from our Tacoma, Bellevue and Phoenix office locations. All assigned staff are familiar with public entities.

We believe the client relationship process and ongoing communication support is an essential component of our consulting process. We strive to provide input for internal communications and participate in training sessions and presentations as needed.

We will maintain continual communications with the City on all progress and significant decisions regarding processes and approaches. For example, we anticipate reasonable support:

- Discussing the City's current systems and completing a data collection form as if the City were a survey participant for analysis purposes.
- Completing, tracking, and submitting of employee lists, survey documents, and other project required information.
- Scheduling of employee communication activities, such as interviews and management meetings.
- Timely and consolidated response to requests for information and review of our work product.

Gallagher has:

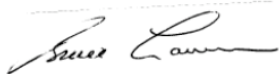
- Unparalleled experience conducting compensation, classification, total rewards and other human resource studies for public sector organizations.
- Big firm resources with small practice responsiveness and client service.
- Strict professional methodologies that have stood the test of time.
- Access to over 350 surveys and our own database of compensation data as well as access to our proprietary benefits database and benefits surveys. Reputation to serve as an independent source of recommendation for governing bodies.
- Multiple job evaluation system options.
- Experience to serve as a human resources business advisor.

As a firm, Gallagher has been recognized by the Ethisphere Foundation as one of the most ethical firms in the nations for the years 2012, 2013, 2014, 2015, 2016 and again in 2017. The firm also has an established policy related to sustainability.



We appreciate the opportunity to submit this proposal and look forward to assisting the Port in updating its total rewards philosophy and program. This work could be incorporated into our existing contract through a modification of the cost, scope and completion date. Should you need any additional information or have questions regarding our proposal, please contact either myself at 602.840.1070 (bruce_lawson@ajg.com), Jimmy Kelly at 904.923.3733 (jimmy_kelly@ajg.com) or Ann Gebhard at 727.796.6193 (ann_gebhard@ajg.com).

Sincerely,



Bruce Lawson, MPA, CCP, IPMA-SCP
Managing Director



Ann Gebhard
Area Vice President, Gallagher Benefits

Table of Contents

Tab 1: Technical Proposal.....	4
Tab 2: Price Proposal.....	14
Tab 3: Qualifications.....	15
Tab 4: Required Forms and Certifications.....	22
Tab 5: Exceptions & Deviations.....	23
Tab 6: Appendix.....	25

Tab 1: Technical Proposal

At Arthur J. Gallagher, we provide consulting expertise to help our clients develop broad, integrated strategies to help their employees thrive at work, at home, and in their communities. Much like mountain climbers aspiring to reach the summit, employers are striving to achieve 360-degree integration across total compensation strategies and programs. A big-picture perspective makes it possible to more fully address employee wellbeing and human capital talent needs while controlling costs and managing risk. As employers gain a deeper understanding of how these elements work together, they can see more clearly how to align human resources and organizational strategies to drive better business results.



As such, we view wellbeing as an integral part of your total rewards strategy to impact employee engagement, reduce costs, and become a differentiator as a “destination employer.” Our approach to wellbeing is more than just fitness, weight-loss, or disease management; rather we take a look at an employee’s overall wellbeing, with the understanding that the whole person comes to work each day – and each employee’s physical, emotional, financial, career, and community health status will influence their individual performance and, ultimately, the organization’s overall performance. Historically, the focus on wellness has been centered on physical health with strong expectations for a return on investment (ROI) realized through lower benefits costs.

While cost management remains a focus, employers are realizing that by narrowly focusing on health as it relates to healthcare costs, they are not fully capitalizing on the opportunity to demonstrate the impact of health on the total employee value proposition. We advise our clients on how to develop a holistic total rewards strategy for their organization with wellbeing at the center of the employee value proposition to drive employee engagement and high performance in today’s complex, multi-generational workforce.



Phase I: Assessment

Task 1 – Interviews and Scoping

For the Compensation component, we will conduct initial interviews with key the City and Board members to identify issues and concerns to be addressed through this project. We will also ask that the City provide us with demographic information concerning the work force that is to be included within the scope of this study. Based on the information compiled, we will develop a list of issues to be address and refine the work plan, as appropriate.

Our Wellbeing approach begins with a discovery process that includes review of your overall vision, mission and culture and an onsite meeting and tour to build on our foundational knowledge of the City and address these questions:

- What are the major organizational challenges?
- What is your employee value proposition?
- What are your guiding principles, goals and objectives for Human Resources, and any current wellness programs?
- How engaged are your employees?
- What are your key workforce demographics?
- What is the full inventory of programs/initiatives underway?
- Do your current communication strategies align with workforce needs?
- How will internal health and wellness resources be leveraged in the new strategy?
- Are cross referral strategies in place within all your health related programs?
- What do your claims analysis reports say about consumerism and your health status?
- What wellbeing initiatives would be most impactful to top talent?
- What is the level of senior level support for wellbeing?
- What do employees really want and value?
- What key organizational metrics are you looking to impact?
- How will we define success?

- Onsite strategy session to review key findings and identify preliminary goals and objectives.

Task 2 –Analysis of Current Compensation, Wellbeing and Benefits Strategies

We will utilize our extensive experience and background in conducting compensation studies for public entities to assess the City’s compensation program. We will review the overall pay structure, as well as the relationship of the City’s jobs relative to the market. We will also conduct an internal assessment of comp-ratio’s to determine where individual positions fall within the pay structure relative to the salary grade mid-point or job rate, and how positions within the City relate to one another.

We will also review the benefits program as an integral component of the total rewards program. The ability to deliver comprehensively structured compensation and employee benefits solutions to clients is Gallagher’s signature in the marketplace.

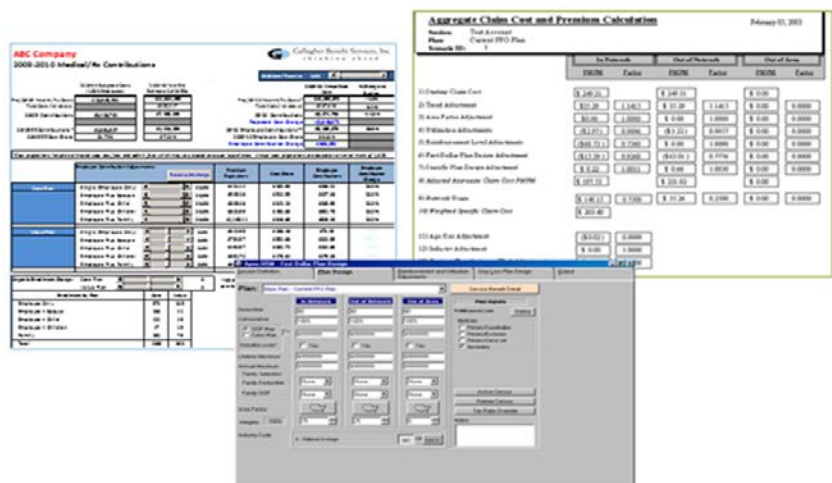
A **Wellness Opportunities Audit** will be completed to help inventory the internal resources that support and compliment a culture of wellbeing. In addition, we will:

- Analyze all existing data and claims from carriers and any other sources.
- Analyze carrier wellness offerings, costs and potential for your organization.
- Review HR communications and relevant policies to identify opportunities to advance the wellbeing strategy and align to the employee value proposition and/or Total Rewards Strategy.

Good data drives deeper insights and better results, so today’s HR staff must constantly monitor the performance of all components of their plans to make sure they are cost-effectively meeting the needs of their employees. Healthcare analytics from Gallagher will evaluate the City’s benefit plan compared with customized benchmarks. Through objective insights and strategic recommendations, we will help you optimize vendor performance to get the best medical outcomes for the lowest possible costs and maximize the return on your employee benefits investment for years to come.

Our underwriters and analysts rely on propriety tools for analyzing benefits and claims, and calculating premium rates, including:

- **Health Rating Model:** a predictive modeling tool developed by Healthcare Analytics – used to model rates based on a vast variety of factors, as well as to forecast impact of plan design changes on utilization and rates.



- **BenefitPoint:** a vast national database of group insurance plans, including clients of most major brokerage and consulting houses – used for comparative analysis of plan designs, rates and contribution strategies
- **Sustainability Tool:** Rising healthcare costs have made current compensation and benefit strategies unsustainable for many organizations complicating their ability to achieve and maintain an effectively balanced total rewards (compensation and benefits) cost to revenue ratio.

Sustainability of Payroll

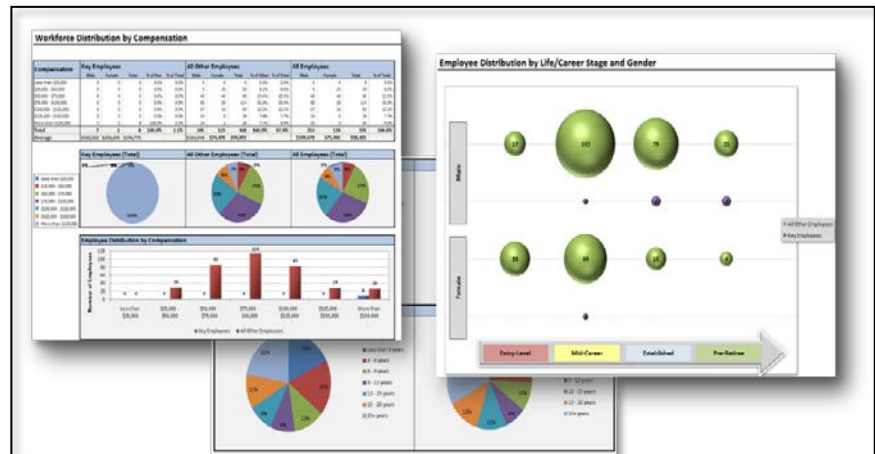


According to our 2016 Benefits Strategy & Benchmarking Survey results, the dominant tactics for containing healthcare costs are cost-shifting (67%) and changing medical plan carriers (49%). Both approaches can be short-sighted and are likely to make it more difficult for employers to design and maintain total compensation and benefits programs that attract and retain talent.

Gallagher consultants and underwriters developed a tool to allow our advisors to illustrate specific compensation and benefits insights by collecting a few key data points. This tool is intended to be used as part of the strategic planning process with our clients. We use this tool to model the long-term impact of potential benefit programs and strategies in conjunction with our actuarial projections.

- **Workforce Evaluation Tool:** our proprietary tool takes an in depth look at your employee demographics to customize communications to be dynamic and effective reflective of your population and their needs. This tool will also help us develop a strategic plan around recruiting and will also serve as a road map for integrating acquired talent and benefit programs. Gallagher will employ its Workforce Evaluation tool to tailor benefit programs that will be more cost effective and valued by the employee. Gallagher will deliver a profile of the County's entire workforce based on life/career stage indicators, tenure, employee classes and performance indicators. The assessment will answer questions such as:

- How do your different employee segments (entry level, established, pre-retiree) want to be communicated with?
- What are the needs of your employees based on employment tenure?
- How is your strategy impacting enrollment decisions?
- How do you define and value key employees?
- Is your entire benefit offering in line with the County's cost sharing philosophy?



We will partner with you to design, implement and manage a cost-effective benefits program plan that's structured to reduce costs, improve workforce productivity, educate employees, mitigate risk and help you attract, develop and engage top talent.

Holistically designed solutions create a big-picture benefits program that is fairly priced, competitive within your industry and region, and aligned with the City's operational goals and budget. Your reward will be healthier employees, more efficient processes and workflows, improved recruiting and retention, more effective compliance strategies and better health and cost outcomes.

Our underwriters and analysts calculate composite (per employee) rates by line of coverage based on total estimated costs divided by current enrollment. It is important to note that composite rates are a representation of the average cost based on enrollment. This essentially skews the composite rate toward whichever tier has the highest enrollment. For example, for a group that has complete parity between enrollment tiers, the composite rate would be a true average. On the other end of the spectrum, if a group only had employee-only enrollment, the composite rate would equal the employee-only rate.

Gallagher maintains an in-house legal compliance practice whose aim is to assist our clients in meeting the complex legal requirements for health and welfare plan sponsors in the most efficient and savvy manner. The regional legal compliance practice staff includes a Florida based benefits attorney, a senior compliance consultant and two compliance specialists.

- **Education:** Our compliance experts interpret legislative developments on such topics as PPACA (healthcare reform), COBRA, HIPAA, Medicare Part D and many others including newsletters, bulletins, educational guides, seminars and webinars.
- **Consulting:** Our compliance experts will work alongside your Gallagher consulting team and with your staff and/or your legal counsel to provide regulatory compliance support to reduce your potential liability and ensure your plan complies with state and federal regulations including healthcare reform mandates. To lay a solid foundation in legal compliance, we recommend starting our consulting engagement with the City by completing a compliance review to identify any potential gaps or areas for improvement.

Gallagher's in-house analysts perform a variety of plan monitoring, forecasting, benchmarking and marketing functions. Below are examples of reports they typically provide to clients similar to The City (varies based on data availability).

- Claims experience by line of coverage, location, cost center, employee class or any other required format
- Large claims detail, including prognosis and diagnosis
- Benchmarking to expected and/or maximum claims liability
- Monitoring of stop loss for potential specific and aggregate violations
- Alternative funding analysis
- Benchmarking to industry norms (see Task 3)
- Incurred but not reported calculations (IBNR)
- Contribution analysis

Task 3 – Industry Benchmark Research, Employee Interviews and Surveys

We routinely perform a variety of benchmarking analysis for our clients.

- **Plan Attributes Benchmarking:** Gallagher's in-house analysts perform these studies. The purpose is to compare your plan designs, eligibility rules, rates and employee contribution levels to the regional and national benchmarks of similar groups or sectors, employee demographics and compensation structure. We have a broad range of benchmarking resources at our disposal to perform this type of analysis, including a proprietary database of Gallagher clients worldwide, as well as many other national and regional data sources to which we have access.
- **2017 Gallagher Benefits Strategy and Benchmarking Survey:** We designed this proprietary national survey to yield deeper insights than many other benefits benchmarking studies. With over 4,000 participating employers, it is the most robust survey in the market. In addition to looking at plan design, it takes a deeper dive into management practices and total rewards strategies. Moreover, the survey data allows us to benchmark the City's benefits and approaches to peer industry organizations – not just the general average. The top industries participating this year were:
 - Manufacturing with 550
 - Education with 509
 - Public Entity with 441
 - Healthcare with 418
 - Business Services with 359



For the first time in our survey, employing a competitive workforce was the top priority for both Operations and Human Resources leadership. Attracting and retaining talent is not just an HR priority.

Top priorities centered on talent, growth and cost control

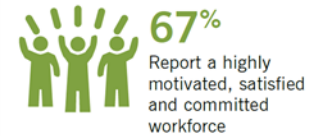
Top operational priorities		Top HR priorities	
Competitive workforce	58%	Controlling benefit costs	52%
Revenue/sales growth	50%	Attracting talent	43%
Maintenance or decline of overall operating costs	47%	Retaining talent	41%



From our 2017 study, 67% of employers agree with the statement, “Our workforce is highly motivated, satisfied and committed to our organization.” Just 26% were neutral and 7% disagreed.

A subset of employers (37%) rank a more engaged and productive workforce as a top three human resource priority. Findings suggest they recognize that engagement is closely linked to employee retention (41%) and attraction (43%), which rank just slightly higher. The competitive, bottom-line importance of making this connection is clear.

The strength of workplace culture, hiring and retention rates, and business outcomes all conform to the overall level of engagement. Deeper understanding of employee motivations can propel an organizational shift toward becoming or remaining a destination workplace.



Despite the above, only 32% of employers ran at least one engagement survey from 2015 to 2016. Large employers were the most likely to act on this opportunity to gain valuable strategic insights (53%). Although the small group reports notably higher employee motivation, satisfaction and commitment — possibly linked to lower turnover — they’re least likely to measure employee engagement with a survey (19%). Only 9% of all employers plan to conduct a workforce engagement survey within the next two years.



- **Compensation Survey:** Using published industry data, we will assess the compensation levels and structure relative to other cities’ and competing organizations in the southeastern United States.

Gauging employees’ satisfaction with their benefits is a crucial indicator of the success of any benefits program. Gallagher regularly works with clients to develop and execute employee sensing surveys. Your core service team will work with our in-house communications team (supported by our corporate graphics design and web development departments) to develop customized surveys in web-based or paper formats. We are also available to facilitate focus groups. We will then aggregate the data and present the results in a manner useful in developing further strategies.

Task 4 – Charter Officers/Commissioner Briefing & Recommendations for Phase II

Your consulting team is at the City’s disposal for attending and documenting meetings (both in-person or via phone or web conference), creating agendas, disseminating and interpreting reports, providing comment, and ensuring timely follow-up on outstanding questions and action items regarding the City’s Total Rewards Program. Based on the scope we have included 4 in-person

meetings (initial assessment and interviews, initial presentation of findings and recommendations, (2) meetings to present to Charter Officers/Commissioner/ senior management). We follow up each meeting promptly, recapping key activities, identifying next steps, and, most importantly, assigning accountabilities and timeframes for all work. Workforce evaluation, analytics, benchmarking, etc. are independent tools/reports. Our deliverables are not traditional executive summaries, but rather charts and graphs that can be supplemented with comments as appropriate.

Phase II: Total Rewards Program Design and Implementation Plan (Optional Phase at additional fees)

Phase I services are included in the quoted fee. A best practice approach to a Total Rewards Study would also contain Tasks 5 through 7, including an employee engagement survey (referenced below). However, given the 90 day project completion deadline stated in the RFP, we have outlined these steps as optional. An employee survey would take a minimum of 90 days in addition to the other tasks included in phase I.

Task 5 – Develop Total Rewards Program

Our strategic approach aims to not only help design compensation, wellbeing and benefits programs satisfying the City's current needs, but to develop a forward-looking strategy for the next three to five years. The development of a strategic benefits plan is a collaborative effort with the City and involves the following steps, some of which happen concurrently. The City's consulting team will review, analyze and make appropriate recommendations in terms of competitiveness, cost-effectiveness and benefits philosophy as they relate to the strategic plan. Utilizing a variety of our in-house resources described throughout this proposal, we will:

- Study the culture, business strategy and the role played by benefits and compensation; identify the City's near and long-term financial and HR objectives and identify the appropriate strategies for a new total compensation programs including the appropriate mix between cash compensation and benefits
- Conduct an external market analysis, including an evaluation of trends, traditional and emerging product options, industry benchmarking data, underwriting analysis and projections
- Provide regulatory compliance support to reduce your potential liability and ensure your plan complies with state and federal regulations including healthcare reform mandates
- Conduct a Workforce Evaluation to determine the characteristics of the predominant employee populations
- Based on accumulated research data, model program alternatives to determine financial and cultural impact on the City over the next three to five years; develop a report of recommendations
- Develop a long-term plan identifying the annual milestones necessary to reach the set goals and include the models and forecasts developed during the review
- Develop a tactical plan to accomplish the near-term milestones, including concrete product and program recommendations, as well as implementation and communication schedules

UNDERSTANDING THE PULSE OF YOUR ORGANIZATION'S PEOPLE

When it comes to achieving the goals set out by your organization, one of the most important determinants of your success is a highly engaged workforce. But the only way to truly assess whether or not your workforce is engaged is through well-crafted, reliable employee engagement

surveys. At Gallagher Integrated, our employee engagement survey questions and reporting techniques are steeped in science and led by recognized engagement survey strategists—true authorities on building and sustaining destination workplaces.

With access to opinions across more than 500 survey items, we offer unrivaled benchmarking depth that enables individual work units to interpret performance against comparable groups nationally. Plus, thanks to our team of experienced, nationally recognized human-capital and wellbeing strategists, you'll receive highly actionable results, in turn allowing you to facilitate empowering, constructive, meaningful change. Of course, we believe one size rarely fits all. That's why we offer several flexible solutions for your survey needs:

- Comprehensive – based on items identified by our researchers as highly influential on the health of the workplace.
- Pulse – a brief but powerful set of items that provide maximum insight into your employees' workplace perceptions.
- Custom – a specially crafted solution driven by the unique needs and goals of your organization

Task 6 – Develop Total Rewards Implementation Plan

To deliver the most impact through communications, we continually research and apply nationwide best practices in that arena. Our dedicated in-house communications team supports this effort. The team consists of four professionals, including an experienced marketing manager, two support and design staff and a client technology specialist in charge of online tools education and set-up. In addition, our communications team also utilizes the services of our corporate graphics department. It is imperative the City's employees clearly understand their compensation and benefits programs and its importance to them as a part of their total compensation package. Gallagher provides our clients a complement of communications services, resources and technology solutions. Our employee communications services may include: employee communications strategy; open enrollment and new hire orientation materials; in person and or web based meetings; employee benefits web portal; and a mobile site platform.

Task 7 – Board Adoptions and Plan Layout/Design

The presentation of the Total Rewards Program will be a custom document created specifically for the City.

**CITY OF GAINESVILLE TOTAL REWARDS PROGRAM CONSULTANT SERVICES
DRAFT PROJECT APPROACH**

MONTH	SUMMARY PROJECT PHASES/TASKS	PROJECT ACTIVITIES
PHASE I - ASSESSMENT		
Month 1	<p>Project and Assessment Issues:</p> <ul style="list-style-type: none"> ▪ Evaluation of current classification, performance management compensation, leave, and benefits programs; ▪ Development of total rewards concepts; ▪ Gather total rewards interest/information on the part of non-represented employees, Commission and managing members; ▪ Identification of total rewards priorities; ▪ Project timetable confirmed; ▪ Communication plan confirmed. 	<ul style="list-style-type: none"> ▪ Project timetable developed. ▪ Project administration communication identified. ▪ Organization documentation requested. ▪ Leadership questionnaires developed.
Month 1-2	<p>Task 1 – Interviews and Scoping: Leadership interviews of the City’s Commissioners and Executive team to clarify project objectives and identify strengths and weaknesses related to the project:</p> <ul style="list-style-type: none"> ▪ Executive Team Group Interview Session ▪ Executive Team Group Scoping Session ▪ Managing Members Phone Interviews ▪ Scoping Workshop including consultant, City leadership to discuss key issues related to total rewards design and implementation. ▪ Interview/Workshop Summaries identifying total rewards components. 	<ul style="list-style-type: none"> ▪ City Executive Team Group Interview & Scoping Session. ▪ City Commissioners Group Interview & Scoping Session. ▪ City Leadership to review key total rewards design and implementation issues. ▪ Interviews/Workshop Summary identifying total rewards components.
Month 2-3	<p>Task 2 – Analysis of Current Compensation, Wellbeing and Benefit Strategies Review and analysis of current compensation and benefits programs and policies:</p> <ul style="list-style-type: none"> ▪ Gather and Analyze Market Data to determine competitive market positions related to the City and other comparators including compensation, 	<ul style="list-style-type: none"> ▪ Comparator Survey developed to provide a market assessment of compensation, benefit expense and policies associated with classification, leave programs and performance management. Data collection to come from currently available data given the need to complete project within 90 days.

**CITY OF GAINESVILLE TOTAL REWARDS PROGRAM CONSULTANT SERVICES
DRAFT PROJECT APPROACH**

	<p>benefits, classification, performance management and leave program policies.</p> <ul style="list-style-type: none"> ▪ Develop Report identifying average cost per employee under the current comp and benefits program and implementation costs for possible new programs. ▪ Education and Advise regarding total rewards strategy given legislative and regulatory impacts. ▪ Ad Hoc Financial/Historical Studies/Presentations 	<ul style="list-style-type: none"> ▪ Competitive Market Analysis Report including cost/employee. ▪ Conduct of Regulatory Research related to total rewards impacts.
Month 3	<p>Task 4 –Commission Briefing with Recommendations Conduct a public study session with City Leadership to review findings and recommendations for the implementation of a total rewards program:</p> <ul style="list-style-type: none"> ▪ Final Report Documenting Key Findings/Recommendations ▪ Draft and Final Meeting Agendas/Discussion Guides 	<ul style="list-style-type: none"> ▪ Agendas/Discussion Guides developed. ▪ Public Study Session with City Leadership and Commissioners to review findings and recommendations to provide the basis for Phase II.
PHASE II – TOTAL REWARDS PROGRAM DESIGN & IMPLEMENTATION PLAN		
Month 4-5	<p>Task 5 – Develop Total Rewards Program:</p> <ul style="list-style-type: none"> ▪ Total Rewards Philosophy developed based on Phase I results. ▪ Short and Long-Range Total Rewards Goals and Objectives. ▪ Recommended Total Rewards Programs. ▪ Total Rewards Program Design Recommendations presented to a City Leadership and Commission meeting. 	<ul style="list-style-type: none"> ▪ The City’s Total Rewards Philosophy statement with goals and objectives developed. ▪ Total Rewards Program designs recommended and presented to City at Leadership and City Commission meeting.
Month 6-7	<p>Task 6 – Develop Total Rewards Implementation Plan: Following approval of the total rewards program, an implementation plan is developed:</p> <ul style="list-style-type: none"> ▪ Final Meeting Materials prepared for City Leadership and Commissioners approval. 	<ul style="list-style-type: none"> ▪ Implementation Plans developed for the City based on approved Total Rewards Program elements. ▪ Training Materials/Communication Approach developed for use by leadership

**CITY OF GAINESVILLE TOTAL REWARDS PROGRAM CONSULTANT SERVICES
DRAFT PROJECT APPROACH**

	<ul style="list-style-type: none"> ▪ Final Total Rewards Program Implementation Plan. ▪ Total Rewards Training Plan for use by the Project Task Force, HR and Executive teams. ▪ Communication Strategy for educating employees. ▪ Evaluation Method for assessing program effectiveness. 	<p>and HR in communicating the Total Rewards Plans to employees and others.</p> <ul style="list-style-type: none"> ▪ Evaluation Approach recommended for assessing the effectiveness and sustainability of the Total Rewards program.
<p>Month 8-9</p>	<p>Task 7 – Board Adoptions and Plan Layout/Design:</p> <ul style="list-style-type: none"> ▪ Final Total Rewards Program and Implementation Plan Documents. ▪ Materials for Employees and Web Posting following approval of the plan. ▪ Final Implementation Plan Presentation City Leadership and Commissioners. 	<ul style="list-style-type: none"> ▪ Implementation Documents developed for use in rolling out the Total Rewards programs including web-based and direct employee communications. ▪ Final Implementation Plan Presentation to City Leadership and Commissioners.

References

City of Raleigh, NC

Between 2015 and 2017, we assisted the City in conducting a comprehensive Compensation System Study which provided for the development of a formal compensation philosophy, identified appropriate labor markets and benchmark jobs, recommendations for new pay structures, and enterprise wide employee and key stakeholder communication strategies. Mr. C. Stephen Jones, Jr. MBA, SPHR at 919-996-4708 or C.Stephen.Jones@raleighnc.gov, 222 W. Hargett Street, First Floor, Raleigh, NC 27601.

City of Richmond, VA

In 2016 and ongoing, the firm was engaged by the City of Richmond, Virginia to conduct a full HR system diagnostic and comprehensive classification and compensation study covering over 2,000 full-time and part-time employees and 500 job classifications. Korita Jones, HR Director, 900 E. Broad Street, Room 902, Richmond, VA 23219, 804-646-5693, korita.jones@richmondgov.com.

City of Baltimore, MD

We were retained in 2007 to conduct a comprehensive classification and compensation study for the City of positions within the "Managerial and Professional Society" (MAPS), with approximately 1,000 employees in 800 job classifications across a number of City departments and agencies. In 2012, we were engaged to provide professional project implementation support. Ms. Mary Talley Director, Human Resources, City of Baltimore at 410-396-1503 or Mary.Talley@baltimorecity.gov.

Lehigh County, PA

In 2017, we were contracted to conduct a compensation and classification study covering all employees in the County. The study covered about 230 distinct job titles covering approximately 1,962 employees. Judith Johnston, HR Director, 610-782-3130, JudithJohnston@lehighcounty.org.

Beaufort County, SC

In 2015, we were engaged to assist the County in conducting a comprehensive classification & compensation study covering approximately 840 full-time and 130 part-time positions. This engagement included a review of the County's job evaluation and classification structure, position description updates and a market survey to determine internal and external competitiveness. Ms. Suzanne Gregory, Director of Human Resources, at 843-255-2982 or suzanneg@bcgov.net, PO Box 1228, Beaufort, SC 29901-1228.

City of Tacoma – Tacoma, WA

In 2008, we were retained to assist the City in developing a new job classification structure covering all City positions, as well as to develop a new compensation program using data to be collected by another consulting firm. In 2016, we worked with the City to support reorganization underway. Joy St. Germaine, Human Resources Director at (253) 591-2060 or jstgermain@ci.tacoma.wa.us.

State of Rhode Island

Beginning in 2014 and ongoing, we assisted the State in conducting a comprehensive Classification and Compensation System Study covering 14,000 employees. Ms. Deborah Dawson at 401-222-3454 or Dborah.Dawson@hr.ri.gov.

Tab 2: Price Proposal

The proposed lump sum price for this project is \$152,500. Price assumes up to 4 in-person meetings and market pricing of a cross section of up to 150 job classifications.

All data will be compiled from currently available published surveys. We recommend a minimum of 150 jobs be priced to determine whether the City's overall pay structure is competitive, based on current job descriptions. We will select benchmarks that are reflective of the work performed in the various job families and at all hierarchical levels of the City. We will also ensure that the classes selected as benchmarks cover at least ½ of the City's total workforce.

If selected as a finalist, we would welcome a discussion to refine the scope and timing of the project that may ultimately affect final fees (up or down).

Tab 3: Qualifications

Arthur J. Gallagher & Co. (AJG) was formed in Chicago in 1927. AJG is now the fourth largest brokerage and risk management firm in the world with approximately 25,000 employees worldwide. Gallagher Benefit Services, Inc. is a wholly owned subsidiary addressing the compensation and benefit consulting needs of public and private sector clients nationwide. The corporation was established in Delaware.

Gallagher Benefit Services, Inc. (GBS) ranks among the top five benefits providers in the country with more than 3,000 employees nationwide. GBS is one of the most successful and industry-recognized providers of employee benefit brokerage, consulting, and administrative services. With over 2,000 Public Entity clients across the country, GBS goes beyond the typical approach, and holistically looks at all aspects of your total rewards program.

The Fox Lawson Group (FLG), a division of Gallagher Benefit Services, Inc. began in 1981 as the public sector compensation consulting practice at Arthur Young & Company. In 1989, Arthur Young merged with Ernst & Whinney to become Ernst & Young. In January 1995, Ernst & Young elected to sell its public sector compensation consulting practice to Fox Lawson & Associates, LLC. By sale agreement with Ernst & Young, Fox Lawson became the successor firm to Ernst & Young LLP's public sector compensation and human resources consulting practice. On October 1, 2009, Fox Lawson was acquired by, and became a division of, Gallagher Benefit Services, Inc. Fox Lawson has 14 employees exclusively serving public sector clients in classification and compensation issues.

The Fox Lawson Group (FLG) has over 30 years of experience conducting compensation philosophy, classification, and total compensation studies for cities, districts, counties and other public sector organizations.

While we have a broad understanding of human resources systems, our firm specializes in classification, performance management, and compensation studies. These studies often include: developing new classification structures and job specifications, evaluating jobs with a job evaluation methodology to determine the internal equity, conducting a custom-tailored salary survey, developing a competitive pay system with implementation strategies, and ensuring appropriate guidelines are in place to maintain the system. These studies address compliance with applicable laws and regulations, such as the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) standards and have pay systems that are appropriate for their organization and market strategy.

Client Service. In a survey of clients that we have served in past years, the independent firm Dun & Bradstreet found that the quality of services GBS delivered to its clients exceeded the services delivered by nearly 90 other consulting firms it competes with, many firms which are large, well-known, national firms. The factors rated included cost, timeliness, quality, responsiveness to problems, technical support, quantity delivered compared to quantity requested, and the attitude of personnel.

Salary Database. We utilize an internet-based salary survey database that includes over 350 of the major public and private sector salary surveys. This allows us to match nearly any job, in any type of organization, in any part of the country with up-to-date labor market data when needed to supplement

our custom surveys. In addition, we often obtain specialized surveys for our clients in the event that we do not have them in our database at the time of the engagement. Each benchmark within our database has been evaluated with our own proprietary job evaluation method. We have found this database to be a valuable resource for obtaining single market figures for an individual job, or to supplement any data collected by a custom salary survey.

GBS and its subsidiaries have been producing compensation wellbeing and benefits surveys for over 40 years. We currently conduct over 50 annual surveys for business associations, government entities, and individual clients across the country and every industry. We currently conduct regional and national surveys in the fields of aviation, banking, grocery, healthcare, manufacturing, legal, forest products, distribution, call centers, state housing agencies, information technology, and pharmacy. We also conduct several “general industry” surveys that cover a wide range of benchmark jobs such as our PEBA compensation survey (covers all employers in SE Pennsylvania, Southern New Jersey, and Delaware). Being either regional or national in scope, many of our surveys collect data representing hundreds of thousands of incumbents and often contain up to 300 distinct positions. Our largest survey, the National Retail Grocers survey, covers thousands of locations and, since it is conducted using individual incumbent data, contains over 600,000 salary records.

Most, if not all, of our surveys are guided by steering committees consisting of either a group of participants or members of the sponsoring association. We work with the steering committees to constantly update our surveys to ensure that the results are relevant and are meeting the needs of the participants. We believe that user input is critical to on-going success of any survey and we make this a priority. Virtually all of our survey clients give us high marks and we have been able to maintain long-term relationships with our survey clients, some for decades.

We utilize GBS’s proprietary BenefitPoint™ database to manage client and benefit plan information providing access to considerable benchmark data. With the perspective gained from thousands of clients, we are able to provide very specific client-focused benchmarking down to the specific industry, locale, or plan detail. GBS has access to aggregate data for all organizations that use BenefitPoint™ as their data management system.

Additionally, we subscribe to multiple national benefits benchmarking studies and contract with globally recognized informational data repositories, such as Ingenix. We also have access to nationally accredited data banks typically utilized in the employee benefits industry, such as Mercer, Segal, Kaiser Foundation, and Towers-Watson.

Industry Associations and Presentations. We also have a strategic alliance with the International Public Management Association for Human Resources (IPMA – HR), the National Public Employers Labor Relations Association (NPELRA), and the Colleges and Universities Professional Association for Human Resources (CUPA - HR). We have been featured speakers at every IPMA-HR national conference for the past 20 years. We also have been featured speakers at NPELRA (a public sector labor relations organization) national conferences over the past 15 years.

Nationally, Gallagher has an established **Public Entity & Scholastic Practice Group** which is solely dedicated to serving



the needs of public employers and school districts. With over 2,100 public entity and school clients, Gallagher is a national leader in governmental agencies, states, counties, cities, public schools, and special taxing districts.

Our **Public Entity Practice Group** has years of experience understanding and providing for the nuances of public entities. The practice is led by a dedicated national practice leader who focuses on monitoring the trends in the public sector. Your local lead benefit consultants, Ann Gebhard and Jimmy Kelly are specialists in the Public Entity practice.

And as a provider of services to the public, we understand that the City faces unique challenges. Your organization is exempt from certain laws and governed by others. Tax revenue streams and other funding sources that are subject to change which drives the design and financing of your employee compensation and benefit programs. Also, the City's benefit programs may be affected by collective bargaining agreements and are subject to intense public scrutiny.

Industry Leadership. The consultants of GBS have demonstrated leadership in the field of compensation and benefits. Each member of the GBS compensation practice has obtained their IPMA-CP certification, the CCP certification, or teaches courses through WorldatWork. They teach courses on a variety of compensation topics including Job Analysis and Evaluation, Performance Management, Broad Banding, Gainsharing and Variable Pay seminars. These topics will be addressed in this project.

Published Articles. We publish a bimonthly column in the IPMA-HR News called CompDoctor™. Previous articles have included discussions on alternative rewards, such as skill or competency based pay, best practices in salary administration, and the Sherman Antitrust Act, as well as several other progressive topics in the public sector. We also have published articles in American City and County, Public Management, Corporate Report Ventures, Corporate Board Member, and Benefits Planner. We encourage you to access many of these articles through our website at www.ajg.com/compensation.

Work must be carefully planned and efficiently performed to meet your objectives. Bruce Lawson, Compensation Project Director, and Ann Gebhard, Benefits Project Manager will be the primary contacts with the City.

Compensation Team

BRUCE G. LAWSON, MPA, CCP, IPMA-SCP - Mr. Lawson is a Managing Director of the firm. In this capacity, Mr. Lawson serves as project director and/or technical advisor, providing technical direction and quality assurance. He is responsible for all consulting activities in the areas of job evaluation and compensation, organization analysis, personnel systems and policy development. Mr. Lawson has been directing classification and compensation studies for more than 30 years. Prior to forming Fox Lawson, he spent 15 years with the firm of Ernst & Young LLP where he served as the national director of their public-sector compensation consulting practice. He also served as City Manager in two California cities (Los Altos Hills and Belvedere), was the County Administrative Officer in Multnomah County (Portland) Oregon, Assistant City Manager/Personnel Director in Corvallis, Oregon, and Assistant to the City Administrator/Personnel Director in Placentia, CA. Mr. Lawson has a Master's Degree in Public Administration from the California State University at Fullerton, is a.b.d. in Public Administration from Golden Gate University in San Francisco, and has earned his CCP certification from *WorldatWork*. He is also an active member of

several professional associations including the College & University Professional Association for Human Resources, the International City & County Management Association, the International Public Management Association for Human Resources, the Society for Human Resources Management and *WorldatWork*. Mr. Lawson co-authors a quarterly compensation article called the *CompDoctor*TM.

JAMES C. FOX, Ph.D., IPMA-SCP - Dr. Fox is a Managing Director of the firm. In this capacity, he serves as project director and/or technical advisor on all projects, providing technical direction and quality assurance. He is responsible for all consulting activities in the areas of personnel management, job evaluation and compensation, organization and management analysis, executive compensation, and survey research. Dr. Fox has been directing classification and compensation studies for more than 30 years. Prior to forming the firm, he was a Partner in the firm of Ernst & Young LLP and headed up the firm's regional compensation practice, with national responsibility for the public-sector compensation practice. Dr. Fox holds both M.A. and Ph.D. Degrees in Sociology from the University of Minnesota. Dr. Fox co-authors a *quarterly compensation article called the CompDoctor*TM.

LORI MESSER, M.Ed., CCP - Ms. Messer is a Senior Consultant and has worked for 3 years with the firm. She is responsible for conducting classification and compensation consulting projects. Ms. Messer has worked with and for a variety of public and private sector organizations, including states, cities, counties, school districts, colleges, universities, and special districts. Prior to joining the firm, Ms. Messer held positions with school districts and a variety of consultative human resources and compensation positions in high tech, distribution, healthcare and local government organizations. Ms. Messer has a Bachelor's Degree in Business Administration from Arizona State University and a Master's Degree in Education from the University of Phoenix. She is also a member of *WorldatWork* and has earned her CCP certification.

SANDRA SPELLMAN, MPA, IPMA-SCP - Ms. Spellman is a Senior Consultant and has worked for 9 years with the firm. She has been conducting studies for our firm for 10 years and specializes in the areas of classification, communications, human resource strategy and process, performance management and employee and management focus group meetings. Prior to joining the firm, Ms. Spellman spent 18 years with Ernst & Young's consulting practices where she was responsible for client and internal change management, communications, and training strategies. She has also held state executive and legislative positions addressing a wide range of human resource and related issues. Ms. Spellman has a Bachelor's Degree in Sociology/Political Science from Arizona State University and a Master's Degree in Public Administration with an emphasis in Organizational Development from the same institution. She is a member of several professional associations, including the College & University Professional Association for Human Resources, International Public Management Association for Human Resources, and *WorldatWork*.

WellBeing Team

Kathleen Schulz, MS, CHES *Wellbeing & Engagement Practice Leader, Eastern Region*

Kathleen Schulz brings more than 20 years of experience in designing and implementing wellness, fitness, occupational health, EAP, benefits, and work/life programs. As the Eastern Region Practice Leader, Kathleen works with Gallagher teams and clients to design holistic strategies to address the total employee value proposition – including all the dimensions of wellbeing, employee engagement and productivity.

Prior to joining GBS, Kathleen spent nineteen year's leading award winning occupational health and wellness programs for a large food manufacturer in New Jersey, and four years leading the health and wellness programs for a large telecommunications company in New York. Her experience lies in designing integrated approaches to wellbeing & engagement by building relationships and collaborating with key internal stakeholders to understand the organization's mission, then developing strategies that enable the mission and support high performance.

Kathleen received her MS in Organizational Development with a minor in Health Administration, as well as a Post Graduate Diploma in Occupational Health, from St. Joseph's University in Philadelphia, PA. She also holds a BS in Cardiovascular Health from Northeastern University in Boston, MA and is a Certified Health Education Specialist (CHES).

Kate Siano, CWC - Kate Siano is the Regional Wellbeing & Engagement Consultant for Gallagher Florida Offices. She has worked closely with our Public Sector clients, including; Hillsborough County Board of County Commissioners, City of Tampa, Osceola School district, Columbia County School District and Suwanee School Districts. Each entity is unique and our approach in supporting our Public Entity clients and their employees' wellbeing includes (but not limited to):

- Assessing and evaluating current resources and programs
- Measuring levels of employee interest and evaluating employee engagement strategies and metrics
- Creating short term and long goals and objectives as it relates to attracting and retaining talent and becoming an employer of choice through a Total Wellbeing approach

Kate has 22 years of experience in the Health and Wellness industry and has been with Gallagher for nearly two years. Prior to her role at Gallagher, Kate served three years the as Director of Corporate Wellness for a National Health Management Company whose book of business was primarily in the Labor & Trust and Union Market. She was responsible for developing customized health management solutions for new and existing clients, including; Disease Management programs, Lifestyle and Behavior change programs, Customized Portal design, Incentive design, Health Promotion Campaigns, Program Implementation and Reporting. During her seven year total tenure with Health Management Concepts, Kate earned her credentials as a Certified Wellness Coach specializing in Diabetes Prevention, Stress Management and Weight Management.

John Hughes, Wellbeing & Engagement Client Manager

John is the Wellbeing & Engagement Account Manager for Arthur J. Gallagher (Gallagher) West Palm Beach, Tampa and Jacksonville Offices. John has over ten years in the health and fitness industry. John currently works hands-on with clients to optimize vendor solutions, lead tactical wellbeing program execution, develop wellbeing metrics and incentives, and facilitate successful program roll-out and communications.

Benefits Team

Jimmy Kelly, Area Vice President - Jimmy Kelly will serve as Lead-Consultant for the City of Gainesville account, serviced from Gallagher's Jacksonville Office. His clients include Florida State College Risk Management Consortium, Florida State College at Jacksonville. Jimmy has worked with all lines of coverage including medical, dental, life, disability, ancillary and vision, for various clients including those listed above. He has been employed with Arthur J. Gallagher for over 3 years.

Jimmy specializes in health and welfare plans and data analysis. His specific strengths are in the following areas:

- Government Procurement Law related to Employee Benefits and HR Consulting
- State of Florida Statutes and Local Municipal Laws specifically
- Contractual Negotiations with Vendors and Clients
- Strategic Health and Welfare Plan Consulting
- Insurance Vendor Subject Matter Expert
- Client Relationship Management
- Insurance Vendor Procurement, Marketing and Analysis
- Presentation of Vendor Marketing Results
- Implementation of New Health and Welfare programs or Vendors
- Assistance with Collective Bargaining Negotiations for Public Sector Clients

Ann Gebhard, Area Vice President - Ann is an Area Vice President for Gallagher Benefit Services' Tampa office and will serve as Co-Consultant. Ann has 25 years of industry experience in human resources and benefit management including roles with both employers and consulting organizations. Over the past 8 years, Ann was a leader at another global consulting organization. Her experience included 2 years as a subject matter expert in their Absence Management Practice; serving as interim office lead for the Tampa Health and Benefits practice and most recently, Ann has specialized in working with Florida public sector clients as Public Sector Practice Leader.

Her consulting clients include Florida County/ municipality, county government, school districts, and water management districts. In her consulting engagements, she has provided expertise in areas of benefit strategy development, benefit plan evaluation and renewal, HR implications of mergers and acquisitions, wellness program and consumer driven plan implementation and broader talent management support. Ann has spoken at the Annual Meeting of the Society of Human Resource Management and local ISCEBS chapters in Florida.

Glen Volk, Society of Actuaries (FSA). Member of the American Academy of Actuaries (MAAA) Area Vice President, Consulting Actuary

- Glen provides actuarial analytics for Gallagher clients in Florida including many public entity customers. His work includes developing funding rates and reserves, reviewing stop-loss plans and rates, filing required actuarial reports with regulators (public entity business) evaluating discounts offered by our provider networks, preparing retiree medical evaluations, and helping with any other actuarial and underwriting issues. Glen holds a Master's degree in Applied Mathematics from the University of Waterloo, as well as a Bachelor's of Science in Mathematics from the University of Regina.

Darrecia Blount, Benefits Analyst - Darrecia has been a Benefits Analyst with Gallagher Benefit Services since July of 2015. Darrecia works with Gallagher consultants and account managers to

support the renewal, marketing and reporting functions of our services. She is responsible for working directly with vendors on plan design, pricing and analysis on behalf of our Clients. Darrecia is a licensed agent with her 2-15 license.

Prior to Gallagher, Darrecia worked as an insurance analyst within the Property and Casualty Financial Oversight division at the Florida Office of Insurance Regulation (FLOIR). Darrecia is a graduate of Florida State University holding a Bachelor of Science degree in Risk Management and Insurance, and Human Resource Management. She also has a Master of Science Degree in Instructional Systems.

Tab 4: Required Forms and Certifications

DRUG-FREE WORKPLACE FORM

The undersigned vendor in accordance with Florida Statute 287.087 hereby certifies that

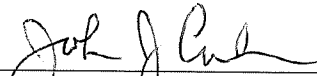
Gallagher Benefits Services, Inc.

does:

(Name of Business)

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for the drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.



Bidder's Signature

November 28, 2017

Date

PROPOSAL RESPONSE FORM – SIGNATURE PAGE

(submit this form with your proposal)

TO: City of Gainesville, Florida
200 East University Avenue
Gainesville, Florida 32601

PROJECT: Total Rewards Study

RFP/RFQ#: HRDX-180040-GD

RFP/RFQ DUE DATE: November 30, 2017

Proposer’s Legal Name: Gallagher Benefit Services, Inc.

Proposer’s Alias/DBA: Gallagher Benefit Services, Inc.

Proposer’s Address: 4350 W. Cypress Street, Suite 300
Tampa, Florida 33607

PROPOSER’S REPRESENTATIVE (to be contacted for additional information on this proposal)

Name: Ann Gebhard, Area Vice President Telephone Number 727.743.2974

Date: November 17, 2017 Fax Number 561.793.1313

Email address Ann_Gebhard@ajg.com

ADDENDA

The Proposer hereby acknowledges receipt of Addenda No.’s _____, _____, _____, to these Specifications.

TAXES

The Proposer agrees that any applicable Federal, State and Local sales and use taxes, which are to be paid by City of Gainesville, are included in the stated bid prices. Since often the City of Gainesville is exempt from taxes for equipment, materials and services, it is the responsibility of the Contractor to determine whether sales taxes are applicable. The Contractor is liable for any applicable taxes which are not included in the stated bid prices.

LOCAL PREFERENCE (check one)

Local Preference requested: YES NO

A copy of your Business tax receipt and Zoning Compliance Permit should be submitted with your bid if a local preference is requested.

QUALIFIED LOCAL SMALL AND/OR DISABLED VETERAN BUSINESS STATUS (check one)

Is your business qualified as a Local Small Business in accordance with the City of Gainesville Small Business Procurement Program? (Refer to Definitions) YES NO

Is your business qualified as a Local Service-Disabled Veteran Business in accordance with the City of Gainesville Small and Service-Disabled Veteran Business Procurement Program? (Refer to Definitions)
 YES No

SERVICE-DISABLED VETERANS' BUSINESS (check one)

Is your business certified as a service-disabled veterans' business? YES NO

LIVING WAGE COMPLIANCE

See Living Wage Decision Tree (Exhibit C hereto)

Check One:

- Living Wage Ordinance does not apply (check all that apply)
 - Not a covered service
 - Contract does not exceed \$100,000
 - Not a for-profit individual, business entity, corporation, partnership, limited liability company, joint venture, or similar business, who or which employees 50 or more persons, but not including employees of any subsidiaries, affiliates or parent businesses.
 - Located within the City of Gainesville enterprise zone.
- Living Wage Ordinance applies and the completed Certification of Compliance with Living Wage is included with this bid.

NOTE: If Contractor has stated Living Wage Ordinance does not apply and it is later determined Living Wage Ordinance does apply, Contractor will be required to comply with the provision of the City of Gainesville's living wage requirements, as applicable, without any adjustment to the bid price.

SIGNATURE ACKNOWLEDGES THAT: (check one)

- Proposal is in full compliance with the Specifications.
- Proposal is in full compliance with specifications except as specifically stated and attached hereto.

Signature also acknowledges that Proposer has read the current City of Gainesville Debarment/Suspension/Termination Procedures and agrees that the provisions thereof shall apply to this RFP.

ATTEST:

(CORPORATE SEAL)
PROPOSER:

Bonnie Lynn Gallagher
Signature

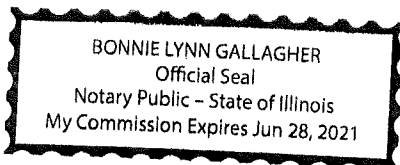
By: Bonnie Lynn Gallagher

Title: Executive Assistant / Notary Public

John J. Caraher
Signature

By: John J. Caraher

Title: Chief Financial Officer



BUSINESS REFERENCES**BIDDER:** Gallagher Benefit Services, Inc.**PROJECT:** Total Rewards Study**BID#:** HRDX-180040-GD**BID DUE DATE:** November 30, 2017

Provide the following business reference information for three clients that a same or similar project has been provided within the past five years. You may include other pertinent information.

#1 Dates of Engagement (i.e. 6/2017 to 9/2017): 2015-2017 Project Amount \$ 57,000 Contract Amount:
\$150,000 Additional Phases:
Project Client Name: City of Raleigh, NC
Project Scope: Comprehensive Compensation System Study
City, State Zip: 222 W. Hargett Street, First Floor, Raleigh, NC 27601
Client Contact Name: C. Stephen Jones
Phone Number: 919.996.4708 Fax Number: N/A
Email Address: C.Stephen.Jones@raleighnc.gov

#2 Dates of Engagement (i.e. 6/2017 to 9/2017): 2016 - Ongoing Project Amount \$ 212,000
Project Client Name: City of Richmond, VA
Project Scope: Full HR System Diagnostic and Comprehensive Classification and Compensation Study
City, State Zip: 900 E. Broad Street, Room 902, Richmond, VA 23219
Client Contact Name: Korita Jones
Phone Number: 804.646.7000 Fax Number: 804.646.6856
Email Address: Korita.Jones@richmondgov.com

#3 Dates of Engagement (i.e. 6/2017 to 9/2017): 2012 & 2017 Project Amount \$ 200,000 multiple years
Project Client Name: City of Baltimore, MD
Project Scope: Comprehensive Classification and Compensation Study
City, State Zip: 201 E. Baltimore Street, Suite 300 Baltimore, MD 21202
Client Contact Name: Mary Talley, Director of HR
Phone Number: 410.396.1503 Fax Number: N/A
Email Address: Mary.Talley@baltimorecity.gov

Tab 5: Exceptions and Deviations

Gallagher takes the following exceptions as indicated below:

- **Section V: Investigation of Wrongdoings, Litigation/Settlements/Fines Penalties**

Please see the Administrative Actions Summary Below

SUBJECT: Administrative Actions
Gallagher Benefit Services, Inc.
FEIN: 36-4291971

In January, 2012 an administrative action was taken against Gallagher Benefit Services, Inc. by the State of Utah Insurance Department for conducting business without the proper license and a forfeiture of \$1,500.00 was assessed.

In July, 2012 an administrative action was issued against Gallagher Benefit Services, Inc. by the Commonwealth of Massachusetts for neglecting to notify them of the Stipulation and Order issued by the Utah Insurance Department at the time of renewal. A forfeiture of \$750.00 was assessed.

In October, 2012 an administrative action was issued against Gallagher Benefit Services, Inc. by the State of Florida, Department of Financial Services for neglecting to inform them of the Stipulation and Order issued by the Utah Insurance Department at the time of renewal. A forfeiture of \$2,500.00 was assessed.

In October, 2013 an administrative action was issued against Gallagher Benefit Services, Inc. by the New York State Department of Financial Services for failure to report actions taken against it by the Florida Department of Financial Services and Utah Insurance Department within 30 days of their respective final dispositions and for providing materially incomplete information on its original application for an agent's license, by failing to disclose that in 2005 its owner, Arthur J. Gallagher & Co., was ordered by the Illinois Division of Insurance to establish a fund to be paid to certain policy holders of Arthur J. Gallagher & Co., and was ordered by the Illinois Division of Insurance not to engage in certain conduct in placing, renewing, consulting on or servicing any retail insurance policy. Forfeiture in the amount of \$3,750.00 was assessed.

In September, 2014 the Commissioner of Banking and Insurance, State of New Jersey issued a consent order against Gallagher Benefit Services, Inc. for potential violations of the New Jersey Producer Licensing Act. A fine of \$5,000.00 was assessed.

It is important to note that all administrative actions taken have been strictly against the entity(s). There have been no administrative action(s) taken against any of the individual professional or occupational licenses held by any of the entity's directors or officers.

- **Section B: Minimum Requirements**

Please see Appendix A for our Standard Consulting Agreement.

- **Section B: Indemnification**

Indemnification is limited to negligent acts and omissions, breaches of the contract, intentional misconduct, or violations of law. Please note the \$20 million limitation of liability of fees paid.

- **Section B: Insurance**

- Gallagher can agree to name the City as an additional insured on its Commercial General Liability Policy but it will be via a Certificate of Insurance, not an endorsement.
- Gallagher's insurers are not required to provide advance notice of cancellation/non-renewal via the terms of the policies, so Gallagher cannot agree to provide 30 days prior notice to its clients. Rather, any cancelled or non-renewed policy will be replaced with no coverage gap and a current Certificate of Insurance will be provided to the City.

Tab 6: Appendix

**Appendix A:
Sample Consulting Agreement**



CONSULTING AGREEMENT

This Consulting Agreement (this “Agreement”) is made by and between Gallagher Benefit Services, Inc., (“Gallagher”) and (the “Client”).

The Client wishes to enter into a consulting relationship with Gallagher on the terms and conditions set forth in this Agreement, and Gallagher is willing to accept such a consulting relationship.

In consideration of and in reliance upon the previous paragraph and the terms and conditions contained in this Agreement, the Client and Gallagher agree as follows:

1. Engagement

The Client engages Gallagher as an employee benefits consultant as stated in this Agreement and Gallagher accepts this engagement. During the time that Gallagher is performing services for the Client under this Agreement, and for all purposes outlined in this document, Gallagher’s status will be that of an independent contractor of the Client.

2. Term and Termination

The Effective Date of this Agreement is month day, year. The term of Gallagher’s engagement under this Agreement (the “Consulting Period”) will begin as of the Effective Date and will remain in effect for one (1) year from the Effective Date. **The Consulting Period will be automatically extended for an additional year on each anniversary of the Effective Date.** Either party may terminate this Agreement by giving the other party at least thirty (30) days written notice of its intent to terminate. In the event such termination is effective during the Consulting Period (including any renewed Consulting Period), Client shall be responsible to Gallagher for any services performed prior to the date of termination and Gallagher shall be responsible to Client to continue to provide services until the date of termination of this Agreement.

3. Services

Gallagher will provide employee benefits management consulting services to the Client and consult with its employees, representatives, agents and contractors as to such matters as more fully described in Exhibit A attached to this Agreement and incorporated herein. Gallagher will perform other services as the Client and Gallagher mutually agree in writing.

4. Compensation (3 options: Select 1 and complete)

Subject to any changes as may be mutually agreed by the parties, Gallagher will receive, as compensation for its services under this Agreement, fees in the amount of \$00.00 per year, which amount will be billed in equal installments of \$00.00 and paid on a Select One: basis.

For additional information regarding Gallagher compensation, please see the Gallagher revenue disclosure policy and schedule set forth in Exhibit B.

In the event an insurance company cancels or refuses to renew an insurance coverage that had been placed by Gallagher, on behalf of the Client, Gallagher will use its best efforts to obtain appropriate replacement coverage from another insurance company.

OR

Subject to any changes as may be mutually agreed by the parties, Gallagher will receive, as compensation for its services under this Agreement, fees in the amount of \$00.00 per year, which amount will be billed in equal installments of \$00.00 and paid on a Select One: basis. The aforementioned fees will be offset by commissions received by Gallagher as the agent of record for the Client's (insert the appropriate LOC such medical, dental, LTD) benefits program. The monthly bills submitted to the Client will include, mutually agreed upon, estimated commission income and be reconciled quarterly against actual commissions received.

For additional information regarding Gallagher compensation, please see the Gallagher revenue disclosure policy and schedule set forth in Exhibit B.

In the event an insurance company cancels or refuses to renew an insurance coverage that had been placed by Gallagher, on behalf of the Client, Gallagher will use its best efforts to obtain appropriate replacement coverage from another insurance company.

OR

Subject to any changes as may be mutually agreed by the parties, Gallagher will receive as compensation for its services under this Agreement the payment of carrier commissions that shall be paid to Gallagher as a result of the agent of record letters assigning Gallagher as the exclusive agent of record for the Client. Those commissions are set forth in Exhibit B.

For additional information regarding Gallagher compensation, please see the Gallagher revenue disclosure policy and schedule set forth in Exhibit B. Gallagher shall disclose the amount of commissions payable to it by each insurance company at the time it presents rates to Client.

5. Performance and Scope

(a) Gallagher Not a Fiduciary Under ERISA. To the extent that one or more of the Client's employee benefit plans are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and in spite of any other provision of this Agreement to the contrary, the parties agree and acknowledge that:

(i) Gallagher's services under this Agreement are not intended in any way to impose on Gallagher or any of its affiliates a fiduciary status under ERISA; and

(ii) this Agreement does not provide Gallagher, and the Client will not cause or permit Gallagher to assume, without prior written consent of Gallagher, any:

- (A) discretionary authority or discretionary control respecting management of any "employee benefit plan" within the meaning of Section 3(3) of ERISA (an "ERISA Plan"),
- (B) authority or control respecting management or disposition of the assets of any ERISA Plan, or
- (C) discretionary authority or discretionary responsibility in the administration of any ERISA Plan.

(b) Reliance. In the performance of its duties, Gallagher may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to Gallagher by the Client or its designated representatives and reasonably believed by Gallagher to be genuine and authorized by the Client.

(c) No Practice of Law. Gallagher will not be obligated to perform, and the Client will not request performance of, any services which may constitute unauthorized practice of law. The Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its

own conduct and operations, including the engagement of Gallagher under the scope and terms as provided herein, conform in all respects with applicable State and Federal laws and regulations (including ERISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Client has foreign operations, any applicable foreign laws and regulations.

(d) Subcontractors. Gallagher may cause another person or entity, as a subcontractor of Gallagher, to provide some of the services required to be performed by Gallagher hereunder; provided, that Gallagher shall remain responsible for all acts and omissions of any such subcontractors (each of which shall be bound by Gallagher's obligations under this Agreement). Gallagher shall seek prior written approval from Client for any subcontractors providing substantive consulting, professional or managerial services. Prior written approval shall not be required for clerical, office, secretarial, IT back-up, administrative or similar support services.

(e) Conflict of Interest. Gallagher's engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Client. Gallagher will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Client's best interest.

(f) Acknowledgements. In connection with Gallagher's services under this Agreement, Client agrees that:

(i) Although Gallagher will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client's risks, there can be no assurance that the insurance companies Gallagher has accessed are the only or are the best suited ones to insure the Client's risks.

(ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and the Client expressly waives any claims alleging any such conflict of interest.

(iii) The final decision to choose any insurance company has been made by the Client in its sole and absolute discretion. The Client understands and agrees that Gallagher does not take risk, and that Gallagher does not guarantee the financial solvency or security of any insurance company.

(iv) The compensation payable to Gallagher is solely for the services set forth under this Agreement, including Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of a separate agreement covering the Additional Services.

(v) The Client is responsible for immediate payment of Gallagher's fees (if applicable) and payment of premiums for all insurance placed by Gallagher on Client's behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to the Client, and may allow an insurance company for the Client's risks to cancel any applicable policies in accordance with the terms of such policies.

6. Confidentiality

(a) Client Information. Gallagher recognizes that certain confidential information may be furnished by the Client to Gallagher in connection with its services pursuant to this Agreement ("Confidential Information"). Gallagher agrees that it will disclose Confidential Information only to those who, in Gallagher's reasonable determination, have a need to know such information. Confidential

Information will not include information that (i) is in the possession of Gallagher prior to its receipt of such information from the Client, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by Gallagher, or (iii) is or can be independently acquired or developed by Gallagher without violating any of its obligations under this Agreement. However, disclosure by Gallagher of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement.

(b) HIPAA Privacy. Gallagher and the Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. Where required, the Client, as a representative of the health plans and Gallagher will enter into a separate Business Associate Agreement.

(c) Use of Names; Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party’s prior consent.

7. *Indemnification Rights and Limitation of Liability*

(a) Indemnification. Each party (“Indemnifying Party”) will promptly defend, indemnify and hold the other party (“Indemnified Party”) harmless from and against any and all claims, suits, actions, liabilities, losses, expenses or damages which the Indemnified Party may incur as a result of any violation by the Indemnifying Party of any law, or any loss or expense to the Indemnified Party caused by the misrepresentation, negligent act or omission, or any breach of any of the Indemnifying Party’s obligations under this Agreement.

(b) Limitation of Liability. Notwithstanding any other term or provision of this Agreement, each party shall only be liable for actual damages incurred by the other party, and shall not be liable for any indirect, consequential or punitive damages. Furthermore, the aggregate liability under this Agreement, if any, of either party to the other for claimed losses or damages shall not exceed \$20,000,000. This provision applies to the fullest extent permitted by applicable law.

8. *Notices*

Any notices, requests and other communications pursuant to this Agreement will be in writing and will be deemed to have been duly given, if delivered in person or by courier or sent by express, registered or certified mail, postage prepaid, addressed as follows:

If to the Client:

If to Gallagher: Gallagher Benefit Services, Inc.
 Attention: Jodie Petrone
 2056 Vista Parkway
 West Palm Beach, FL 33411

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

9. Miscellaneous

(a) Severability. The various provisions and subprovisions of this Agreement are severable and if any provision or subprovision or part thereof is held to be unenforceable by any court of competent jurisdiction, then such enforceability will not affect the validity or enforceability of the remaining provisions or subprovisions or parts thereof in this Agreement.

(b) Entire Agreement; Amendment. This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, between the parties regarding the subject matter hereof. Except for changes in carriers and/or lines of coverage noted in Exhibit B which may occur upon unilateral approval of the Client, this Agreement may be modified or amended only by a written instrument executed by both parties.

(c) Governing Law; Rule of Construction. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of State where Client is legally situated without giving effect to the choice of law principles thereof or any canon, custom or rule of law requiring construction against the drafter.

(d) Successors. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

(e) Counterparts. This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

(f) Survival of Provisions. Sections 5(a), 6 and 7 will survive the termination of this Agreement.

**[The remainder of this page intentionally left blank.
The parties' signatures appear on the following page.]**

IN WITNESS WHEREOF, the parties hereto have caused this Consulting Agreement to be duly executed on the date first written above.

FULL LEGAL CLIENT NAME

By: _____
Name: _____
Title: _____
Date: _____

GALLAGHER BENEFIT SERVICES, INC.

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A SCOPE OF SERVICES

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, Gallagher will provide the following services:

CONSULTING SERVICES PROVIDED ON AN “AS NEEDED” BASIS

RENEWAL ANALYSIS:

- Review and evaluate carrier projections
- Prepare “shadow” renewal projection
- Create financial modeling reports using proprietary Apex software
- Coordinate carrier negotiations
- Create employee contribution modeling reports
- Review identified benchmarks of projected plan costs
- Develop “working” rates for Client analysis and approval
- Assist with budget projections
- Provide renewal alternatives with cost impact of benefit plan changes

PERIODIC PLAN FINANCIAL REPORTS: (FREQUENCY TO BE MUTUALLY AGREED UPON)

- Summary of plan costs
- Analysis of actual vs. budget
- Employee contributions
- Large claims tracking
- Identification of costs for specific line of coverage
- Comparison of plan costs to aggregate stop-loss projections, if applicable
- Utilization review
- Comparison to prior claim period
- Plan trends

ANNUAL FINANCIAL REPORTS (END OF YEAR ACCOUNTING):

- Executive summary of program expenses
- Comparison of current costs to renewal costs
- Incurred But Not Reported (IBNR) claims analysis
- Overview of specific Stop-loss projections
- Future plan costs projections
- Dollars saved by contract negotiation
- Percent of benefit dollars paid by employee
- Claims by size
- Physician visit details
- Benefits paid by type of service
- Plan funding/budget comparison
- Fixed expense comparison

LEGISLATIVE AND CORPORATE COMPLIANCE SUPPORT:

- Provide legislative updates, including Technical Bulletins and Directions newsletters
- Evaluate plan design to assist with compliance with state and federal regulations
- Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- Conduct periodic seminars on regulatory issues
- Assist with the review and evaluation of COBRA and HIPAA compliance procedures

- Provide general information and guidance to assist with compliance with ERISA, FMLA, USERRA, Medicare Part D and other Federal legislation that directly affects the administration of plan benefits
- Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Client

CARRIER MARKETING AND NEGOTIATIONS, AS DIRECTED BY CLIENT:

- Work with Client to develop a strategy to identify goals, analyze program costs and review both current and alternative funding arrangements
- Manage the renewal process with the current carrier to control costs
- Implement carrier renewal strategies with Client
- Develop timeline covering every aspect from RFP preparation to the delivery of employee communications
- Provide analysis of employee disruption report and preparation of geo-access report
- Provide analysis of discounts offered by various carriers by using CPT codes and carrier pricing data
- Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Client
- Explore alternative funding solutions
- Evaluate vendor responses to track variations in coverage and costs as they are identified
- Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
- Draft renewal analysis report, based on renewal negotiation, covers program and claims cost projections as well as complete information on benefit designs
- Facilitate decision process by coordinating close collaboration and discussions among the Gallagher team and Client

DAY TO DAY ADMINISTRATIVE ASSISTANCE

EMPLOYEE EDUCATION PROGRAMS:

- Facilitate focus groups
- Monthly benefit communication directed to employees
- Educational meetings on coverage and trends

COMMUNICATION MATERIALS:

- Assist with the drafting and distribution of participant Satisfaction Surveys
- Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
- Provide annual open enrollment guidance and employee meeting materials
- Assist with marketing and oversight of Customized Enrollment Materials (if elected)
- Assist with participant wellness initiatives, as directed by Client

BENEFIT ADMINISTRATION ASSESSMENT:

- Periodic evaluation of internal plan enrollment and benefit termination processes
- Review, coordinate and implement Client agreed upon plan “best practices” to help limit plan liability and increase participant satisfaction
- Help identify opportunities for streamlining and improving administration procedures

MARKET BENCHMARKING STUDIES:

- Local Area Surveys
- Industry Surveys

MERGER AND ACQUISITION:

- Project claim liability and cost implications of active employee health welfare benefits plan integration or consolidation, as requested by Client
- Provide coverage comparison analysis and recommendations as to plan design, carrier selections and funding mechanisms
- Provide disruption analysis reports
- Assist with employee meetings to introduce integrated program(s) or plan changes

BENEFIT PLAN DESIGN (OR REDESIGN):

- Help Client identify business and HR objectives that impact benefits
- Review with Client possible benefit strategies to meet their objectives
- Help Client evaluate/review current scope of benefits package – e.g., types & levels of coverage
- Work with Client to develop funding and contribution strategies
- Assist with budget projections for design alternatives

EXHIBIT B
COMPENSATION DISCLOSURE STATEMENT

What follows is the disclosure of our actual fees and/or commissions related to Client’s Group Health Plan(s) and any relationships, or agreements Gallagher has with the insurance company involved in this transaction. Gallagher, as agent of record, will receive the following initial and renewal sale commissions expressed as percentage of gross premium payments, or fees as agreed upon by Client:

Line of Coverage	Insurance Company	Effective Date	Commission ¹ / Supplemental Compensation ²	Direct Fees ³
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		
		xx/xx/20xx		

If needed insert additional supp comp information – if extra space is not needed then delete this statement

It should also be noted that:

- **Gallagher** is not an affiliate of the insurer whose Contract is recommended. This means the insurer whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of **Gallagher**.
- **Gallagher’s** ability to recommend other insurance contracts is not limited by an agreement with the Insurance Carrier.
- **Gallagher** is effecting the transaction for the Plan(s) in the ordinary course of **Gallagher business**.
- The transaction set forth is at least as favorable to the Plan(s) as an arm’s length transaction with an unrelated party.
- **Gallagher** is not a trustee of the Plan(s) and is neither the Plan Administrator of the Plan(s), a fiduciary of the Plan(s), nor an employer which has employees in the Plan(s).

For Employers and Plan Sponsors Subject to ERISA: This Disclosure Statement is being given to the Client (1) to make sure Client knows about Gallagher’s and Gallagher affiliates’ income before purchasing the insurance product and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24⁴, which protects both Client and Gallagher⁵. Disclosure must be made to an independent plan fiduciary for the ERISA Plan(s), and Client acknowledges and confirms that this is a reasonable transaction in the best interest of participants in its ERISA Plan(s).

¹ Commissions include all commissions/fees paid to Gallagher that are attributable to a contract or policy between a plan and an insurance company, or insurance service. This includes indirect fees that are paid to Gallagher paid by a third party, and includes, among other things, the payment of “finders’ fees” or other fees to Gallagher for a transaction or service involving the plan.
² Gallagher companies may receive supplemental compensation referred to in a variety of terms and definitions, such as contingent commissions, additional commissions and supplemental commission.
³ Direct Fees include compensation to Gallagher paid for directly by the plan sponsor.
⁴ Which allows an exemption from a prohibited transaction under Section 408(a) of **the Employee Retirement Income Security Act of 1974 (ERISA)**.
⁵ In making these disclosures, no position is taken, nor is one to be inferred, regarding the use of assets of a plan subject to ERISA to purchase such insurance.

For more information on Gallagher's compensation arrangements, please visit www.ajg.com/compensation. In the event a client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to Compensation_Complaints@ajg.com or send a letter to: AVC Compliance Officer, c/o Internal Audit Department, Arthur J. Gallagher & Co., Two Pierce Place, Itasca, IL 60143.