

ADDENDUM 2

DATE: July 28, 2015
PROJECT: Executive Compensation Study and Ad Hoc Services
RFP NO: 744-R1523
OWNER: University of Texas Health Science Center
Houston, Texas
TO: Prospective Bidders

A. The following are revisions to the general information provided in RFP posted July 2, 2015:

5.3.10 Please provide a list of **creditable** resources that will be used such as third party survey, or compliance and regulatory agencies.

B. The following are responses to questions received prior to the July 22, 2015 Questions Deadline:

1. What is driving this RFP at this time?

Answer: UTHealth is seeking a reputable, saleable third-party review of its current executive compensation pricing and practices.

2. Is UTHealth currently working with a consulting firm?

Answer: No.

3. Regarding Question 5.3.10, what is meant by "credit resources"?

Answer: Refer to **Section A of this Addendum 2**. Credible resources refer to those resources that are easily validated as reliable and considered best practice resources within the higher education and healthcare industry.

4. The Pricing and Delivery Schedule references "job family FLSA reviews" (6.1.2). During the bidders' conference, UTHealth indicated that this will be ad hoc for roles other than executive roles, and it would like hourly rates for this type of work. Will a table that outlines hourly rates by level provide you with the requisite information, or is other information required from us for this request?

Answer: Per Section 6.1.2 of the RFP, a single, hourly rate is requested for all ad hoc services; this rate will included in the scored criteria for pricing. Clarification of this rate may be included as a separate attachment to Proposer's Section 6 Pricing and Delivery Schedule but will not be included in the scored criteria for pricing.

5. We have an existing Master Services Agreement with University. Will we be able to rely on this?

Answer: Proposer's current or prior UTHealth experience may be incorporated into Proposer's response to Section 5.3 of the RFP for University consideration. However, the agreement rates, term, and other provisions associated with such experience will not have any merit on the selection of Contractor for this Project.

6. Regarding Item 5.4 A (1), how do the University define "total compensation"?—is it including or excluding benefits/perquisites in this definition?

Answer: University requests Total Cash compensation. Benefits analysis is not a part of the Scope of Work this Project.

7. Regarding Item 5.4 A (1), how does the University currently define its "target market"?

Answer: At the Executive level, the closer the market data is to the Texas Medical Center market level, the more valuable the data is to UTHealth.

8. Has UTHealth used a compensation consultant for this work in past? If so, which firm(s)?

Answer: No, UTHealth has not used a consultant previously in the consultant/ad hoc format. It has, however, used a consultant in the executive compensation study format.

9. Other than the need to assess competitiveness of current compensation levels, are there any specific issues that have led UTHealth to issuing this RFP?

Answer: Yes—UTHealth Executive leadership requests for a third-party to validate its Compensation Services department materials.

10. Have all the positions identified as part of the scope of the study been benchmarked in the past?

Answer: Yes—in-house with third party surveys.

11. Does UTHealth have access to or used in the past any specific compensation survey sources? If so, which ones?

Answer: Yes—Mercer, Towers/Watson, Haygroup, Comd Data, Sullivan Cotter, and others.

12. In the RFP, Section 1.2 includes the following as a description of the work to be performed:

- *Pricing of executive and highly compensated jobs.*

- *Review, assessment and/or validation of various compensation programs and the programs' reasonability of structure, design and effectiveness.*
- *Identification of changes that need to occur to ensure competitiveness and alignment to market and University culture and strategic planning.*
- However, in Section 5.4 of the RFP called "Scope of Work", says:
- *Contractor shall 1) conduct an executive and/or highly compensated jobs compensation study the measures and provides analysis on base salary and total compensation for the 25th, 50th, and 75th percentiles relative to target market for each job, and 2) Provide short-term and long-term incentive target data*

Should the proposal include work steps required to assess reasonability of structure, design and effectiveness, and to identify changes that need to occur to ensure competitiveness and alignment to market and University culture and strategic planning? Or is the focus of the project really just on assessing market competitiveness and incentive opportunities?

Answer: The first project related to executive compensation will focus solely on assessing market competitiveness and incentives.

13. To whom will the Contractor be accountable—management or the Board or a Committee of the Board?

Answer: The Contractor will be accountable to a Compensation Committee consisting of four UTHealth members: Director of Compensation Services, Senior Compensation Analyst, Chief of Staff for the CFO, and the Vice President of Human Resources.

14. With proposals due on 8/3 and a report expected in late August or early September, when does UTHealth expect to select the Contractor?

Answer: UTHealth expects to select a Contractor in August 2015 and will adjust the Project timeline and deadlines accordingly.

15. The RFP document and Appendix 3 discuss the HUB requirements. Please confirm if the Contractor is REQUIRED to use a HUB as a part of this work.

Answer: No, the Contractor is not required to use a HUB. Please contact the HUB Manager for additional clarification—reference **Section 2.5.5 of the RFP**.

END OF ADDENDUM 2