



MEMORANDUM

TO: JOINT PERSONNEL COMMITTEE
FROM: VALTER VIOLA, CORTEX
SUBJECT: SURVEY RESULTS (CEO AND CIO PERFORMANCE EVALUATION PROCESS)
DATE: FEBRUARY 1, 2023
CC: ROBERTO PENA (CEO); PRABHU PALANI (CIO); BARBARA HAYMAN (COO AND DEPUTY DIRECTOR)

Cortex has been working with the Joint Personnel Committee (“JPC”) to review the recently implemented system for executive leadership (CEO & CIO) performance evaluation. The system requires that we gather discrete inputs in 24 areas, covering both quantitative and qualitative considerations to arrive at a final rating for each executive.

Last month, we surveyed members of the JPC, along with the CEO, CIO, COO and Deputy Director, and finally Cortex regarding the evaluation metrics and the overall process. This memo summarizes the findings from the survey, which included **nine (9) individuals’ responses**.

- The survey asked for opinions on the following metrics, rating their utility and efficacy on four points:
- its **relevance** to executive performance, distinguishing between its relevance for the CEO’s evaluation and its relevance for the CIO’s evaluation;
 - its **measurability** (is it quantifiable);
 - whether the data can be collected in a **timely** manner (relative to the August/September evaluation deadline to complete the evaluation); and
 - its **cost effectiveness**, which encompasses the ease of data collection, the resources, personnel, and time required to collect the data.

We requested any additional thoughts on the evaluation process, including suggestions for improving it.

Memo Contents

Survey Coverage, Comments, and Potential Areas for Improvement 2

Detailed Findings..... 3

Issues Requiring Discussion 4

Comments from Individuals Requiring Potential Discussion..... 5

SURVEY COVERAGE, COMMENTS, AND POTENTIAL AREAS FOR IMPROVEMENT

One respondent said “nothing is missing from the evaluation”.

The following comments were made regarding potential improvements:

1. “Process was great. Very easy from a Trustee perspective.”
2. “No. It worked great!”
3. “More details from ORS direct reports on how the CEO and CIO performed.”
4. “Change to definition of some of 'timely' definitions. PENSION INCEPTIONS-For Deferred Vested, target is challenging due to board agenda deadlines & reciprocity processing For Non-member DROs - target is challenging due to delays with DRO paperwork and legal.”

Table 1: Summary of All Responses*

Overall:

- 72% of individuals said “YES”;
- 15% said “NO”; and
- 13% of responses:
 - indicated that some individuals were “NOT SURE” (2%);
 - included a comment or require discussion (1%); or
 - were not provided (10%**).

	%	Responses
Yes	72%	779
No	15%	161
	87%	940
Not sure	2%	24
Comment	0%	2
To discuss	1%	9
n/a	0%	2
Blank	10%	103
	100%	1,080

* There were 1,080 possible responses: 9 individuals x 24 questions x 5 considerations.

** Most of these non-responses relate to the “Other” category under Leadership/Management, where no responses were expected. In other words, responses were complete.

DETAILED FINDINGS

Table 2 below shows the current weights for evaluating the CEO and CIO (blue middle columns). For example, both the CEO and CIO have 60% weights to Organizational Outcomes (top panel), though the breakdowns differ between the two executives.

The table also shows the percentage of respondents saying “Yes” to the questions. The highest agreements with the criteria (“YES”) are green; the lowest agreements (“NO”) are red.

% Saying “YES” to Criteria	
Green	100% maximum (9 of 9)
Yellow/Orange	
Red	0% minimum (0 of 9)

Examples

Rows 1 to 3 indicate that all respondents (100%) agree that investment performance metrics are relevant for the CIO’s evaluation; however, only 44% (4 of 9) of respondents believe investment performance metrics are relevant for the CEO’s evaluation (i.e., 56% said “NO”, investment performance metrics are not relevant for the CEO). The higher scoring weight for the CIO (60%) compared to the CEO (10%) for investment performance appears to be consistent – at least directionally – with its higher relevance for the CIO (100%) compared to the CEO (44%) according to the survey.

Similarly, there is 100% agreement that Benefit Administration Cost-effectiveness is relevant for the CEO’s evaluation (row 4), but only 11% (1 of 9) believe this is relevant in evaluating the CIO.

Table 2: Percentage (%) of Respondents Saying “Yes”

I. ORGANIZATIONAL OUTCOMES		Row	Relevant for		% Weight		Meas	Time	Cost
			CEO	CIO	CEO	CIO			
Investment Performance	a) Net Fund Performance vs. Investable Benchmark Portfolio	1	44%	100%	10	60	100%	67%	89%
	b) Performance of private market portfolio vs. appropriate private market benchmark (TBD)	2	44%	100%			78%	33%	89%
	c) Total Fund Sharpe Ratio vs. comparable peer Ratio	3	44%	100%			100%	67%	78%
Benefit Administration Cost-effectiveness	Administration Cost-per-Member (ACPM) (3-year rolling basis)	4	100%	11%	5		100%	100%	89%
Member Service	a) Benefit Delivery:								
	· Timeliness of monthly pension payment	5	100%	0%	5		100%	89%	100%
	· Timeliness of pension notifications of payment	6	89%	0%			89%	78%	89%
	· Timeliness of pension inceptions (normal, deferred vested, survivors and non-member DROs)	7	100%	0%		17.5	89%	78%	67%
	b) Member Satisfaction:								
	· Group counselling session survey results	8	78%	0%	22.5		78%	67%	56%
	· ORS Website visitor survey results	9	78%	0%			89%	67%	78%
	· ORS Member Portal visitor survey results	10	89%	0%			100%	67%	67%
II. MANAGEMENT METHODS		Row	Relevant for		% Weight		Meas	Time	Cost
			CEO	CIO	CEO	CIO			
Enterprise Risk Management	a) Financial audit results	11	100%	67%	40	40	89%	100%	89%
	b) Quality of internal audit Plan	12	100%	56%			56%	67%	67%
	c) Internal audit results	13	100%	56%			78%	78%	78%
	d) Compliance report findings	14	100%	78%			67%	78%	78%
	e) Quality of management’s responses to above	15	100%	78%			33%	67%	67%
Human Resources Management	a) Employee turnover rates	16	100%	100%			100%	89%	89%
	b) Code of conduct violations	17	100%	100%			100%	67%	78%
	c) Climate survey results/City engagement survey results	18	100%	67%			78%	67%	56%
Stakeholder Relations	a) Stakeholder interview findings	19	89%	89%			67%	56%	44%
Operations Management	a) Quality of annual workplan	20	89%	67%			78%	67%	78%
	b) Progress on annual workplan	21	100%	67%			89%	78%	67%
	c) Appropriateness of any mid-year adjustments	22	78%	56%			78%	78%	78%
Leadership/ Management	a) Leadership/Management survey results	23	89%	100%			67%	67%	67%
	b) Other	24	22%	22%			11%	0%	0%

ISSUES REQUIRING DISCUSSION

6 Issues from One Trustee: While one trustee indicated that some discussion might be required regarding the relevance in evaluating the CIO using the six (6) criteria under **Member Services** (questions/rows 5 to 10), other respondents agreed (“NO”) this criteria was not relevant for the CIO. Accordingly, we assume these nine issues do not warrant further discussion.

3 Issues from One Staff Member: One staff member identified three (3) issues that may require discussion. These are:

- Code of conduct violations:
 - Timeliness; and
 - Cost effectiveness; and
- Stakeholder interview findings: Timeliness.

These three issues are listed in the table on the next page, along with other comments made by individuals related to some of the 24 criteria.

COMMENTS FROM INDIVIDUALS REQUIRING POTENTIAL DISCUSSION

The **seven (7) comments** made by individuals appear in the footnotes below; these comments are cross-referenced to the criteria in the table, which are highlighted in yellow.

The three items raised for discussion by a Staff member appears with an asterisk (*) in orange.

			Relevant	Measurable	Timely	Cost Effective
ORGANIZATIONAL OUTCOMES	1. Investment Performance ¹	a) Net Fund Performance vs. Investable Benchmark Portfolio				
		b) Performance of private market portfolio vs. appropriate private market benchmark (TBD)			2	
		c) Total Fund Sharpe Ratio vs. comparable peer Ratio				
	2. Benefit Administration Cost-effectiveness	Administration Cost-per-Member (ACPM) (3-year rolling basis)				
	3. Member Service	a) Benefit Delivery: <ul style="list-style-type: none">Timeliness of monthly pension payment				
		<ul style="list-style-type: none">Timeliness of pension notifications of payment			3	
		<ul style="list-style-type: none">Timeliness of pension inceptions (normal, deferred vested, survivors and non-member DROs)			4	
		b) Member Satisfaction: <ul style="list-style-type: none">Group counselling session survey results	5			
		<ul style="list-style-type: none">ORS Website visitor survey results				
		<ul style="list-style-type: none">ORS Member Portal visitor survey results				
MANAGEMENT METHODS	Enterprise Risk Management	a) Financial audit results				
		b) Quality of internal audit Plan				
		c) Internal audit results				
		d) Compliance report findings				
		e) Quality of management’s responses to above				
	Human Resources Management	a) Employee turnover rates				
		b) Code of conduct violations			*	* 6
		c) Climate survey results/City engagement survey results				
	Stakeholder Relations	a) Stakeholder interview findings			*	
	Operations Management	a) Quality of annual workplan	7			
		b) Progress on annual workplan				
		c) Appropriateness of any mid-year adjustments				
	Leadership/Management	a) Leadership/Management survey results				
		b) Other				

Footnotes:

1 “Not really sure about this one.”
2 “Final numbers are not usually available in August.”
3 “I am not sure what this one is about, why are they notifying people of payments?”
4 “Took a long time to compile, may need to reconsider basis for timeliness.”
5 “Relevant for CEO, but not highly relevant.”
6 “Difficult to obtain.”
7 “Possible relevance to CIO if workplan includes investment team goals.”