FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM
CIO PERFORMANCE EVALUATION POLICY

BACKGROUND & PURPOSE

1) In accordance with section 810.10 of the City Charter, the retirement boards of the Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan ("the Boards") shall jointly appoint the Chief Investment Officer (CIO) of the Office of Retirement Services ("ORS"). In keeping with this responsibility, the Boards are committed to regularly evaluating the performance of the CIO.

2) The Boards jointly evaluate the CEO. In the case of the CIO evaluation, however, the Boards shall work with the CEO to carry out the CIO evaluation.

3) The purpose of this Performance Evaluation Policy is:

   a) To promote continuous improvement in the investment management and operations of ORS;

   b) To ensure the CIO receives regular feedback for professional development;

   c) To establish the roles of all parties in the evaluation and compensation-setting processes; and

   d) To begin laying the preliminary groundwork for the establishment of an incentive compensation program.

4) The performance of the CIO will be evaluated annually and the evaluation period ("Evaluation Period") will correspond to the fiscal years of the Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan; i.e. July 1 to June 30.

BROAD EVALUATION CRITERIA

5) The CIO will be evaluated according to the following broad criteria:

   a) The extent to which the CIO achieves measurable performance outcomes (“Outcomes”) specified by the Boards; and

   b) How well the CIO manages the means or methods (“Methods”) for achieving the Outcomes.

   Table 1 summarizes the Outcomes and Methods to be used in evaluating the CIO.

Table 1

CIO Evaluation Criteria	
Outcomes	*Methods*
• Investment performance	• Enterprise risk management • Human resources management • Stakeholder relations management • Operations management • Leadership/management abilities • Other

6) One or more specific metrics (“Metrics”) will be established to assist in measuring and/or evaluating each of the above Outcomes and Methods.

7) Only Outcomes and related Metrics will be assigned numerical weights in the evaluation process, resulting in a quantitative performance score for the CIO.

8) Methods and related Metrics will not be assigned numerical weights, but rather will be used to inform discussions with the CIO for performance management purposes and to help the CIO better understand the Boards’ expectations.

9) In the quarter preceding the start of the Evaluation Period (i.e. April–June), the Joint Personnel Committee (“JPC”), in consultation with the CEO and CIO, shall review and confirm for recommendation to the Boards:

   a) All Metrics to be used to evaluate Outcomes ***and*** Methods for the CIO; and

   b) All weights to be assigned to Metrics, as applicable.

   The Boards shall approve the above prior to the commencement of the Evaluation Period.

CIO EVALUATION PROCESS

10) Two members of the JPC ("the Designees") shall co-ordinate the evaluation of the CEO. Unless otherwise determined by the JPC, the Designees shall be the Investment Committee Chairs.

11) Commencing July 1, the CIO shall co-ordinate the gathering of all necessary information and reports to allow the Board to assess the CIO against the approved Outcomes, Methods, and related Metrics; and shall summarize such information in a comprehensive report ("CIO Performance Report") in preliminary form for review by the Designees.

12) The CIO shall prepare a written self-assessment of his or her own performance relative to the Metrics approved by the Boards, and any other criteria the CIO believes may be relevant, and such self-assessment shall be incorporated into the above preliminary CIO Performance Report.

13) Within three months of the end of the Evaluation Period (i.e., by September 30), the Designees shall submit the preliminary CIO Performance Report to the Boards and shall, separately or jointly, meet with each Board in closed session to review the Report and gather any additional input. The preliminary CIO Performance Report shall be provided to the Boards at least seven days prior to the closed session meetings.

    Regarding the Methods, the Boards shall, at a minimum, evaluate the CIO's performance using the following rating scale:

    a) Exceeds expectations

    b) Meets expectations

    c) Needs Improvement

    The CEO shall participate in a portion of the above closed sessions to deliberate with the Boards and share the CEO's perspective on the CIO's performance. Part of the closed session, however, shall be held without the CEO present.

14) Within 30 days of the above sessions with the Boards, the Designees and the CEO shall update the CIO Performance Report to reflect any additional input received from the Boards, review the updated Report with the CIO, and subsequently prepare a final version of the Report for recommendation to the Boards.

15) Within 60 days of the Boards' closed sessions (i.e. by November 30), the Designees and the CEO shall present the final recommended CIO Performance Report to each Board for approval. The CIO shall receive a copy of the Report once approved and

shall have the option to address the JPC, the Investment Committees, and/or the Boards in connection with the evaluation.

Mid-year Evaluations – CIO

16) The Designees and the CEO shall meet with the CIO at least semi-annually to conduct an informal mid-year review of progress to date, discuss any adjustments to the Metrics, and any other relevant issues.

Incentive Compensation Plan

17) If an incentive compensation program is authorized in the future, the Boards shall amend this policy to address how incentives compensation shall be determined and awarded.

Reconciliation of Board Input

18) If the Boards assign different weights to any Outcome, Method, or Metric; or provide conflicting input regarding the performance of the CIO on the Methods, the Designees may reconcile the differences when developing recommendations to the Boards.

Termination of CIO

19) The Boards may terminate the CIO at any time if they deem the CIO's performance to be unacceptable in any way, regardless of how the CIO performed in connection with the Metrics and the weights assigned to such Metrics.

20) In the event one Board wishes to terminate the CIO and the other Board does not, the Boards shall schedule a joint meeting of the Boards in closed session at the earliest opportunity to resolve the disagreement. Termination of the CIO shall require the approval of both Boards.

Procedures

21) The JPC is authorized to approve all procedures ("Procedures") necessary to implement this policy. The Procedures may include but are not limited to detailed timelines, survey instruments, formulas and calculation methods, and methods to ensure appropriate independent data collection. Such procedures shall be provided to the Boards for information purposes.

Base Compensation and Benefits

22) The Chair of each Board, or a designee of the Chair, shall serve as Labor Negotiator for their respective Board. The Labor Negotiators shall together meet with the CIO annually to discuss and arrive at base compensation and benefits subject to approval by the Boards and the City Council.

23) Prior to commencing the above discussions, the Labor Negotiators shall meet with their respective Boards in closed session to obtain direction and guidance. Prior to such meeting, the Boards shall be provided relevant background information regarding CIO compensation such as current annual salary ranges approved by City Council, non-pensionable compensation, past merit increments awarded, and any available compensation survey data. The Labor negotiators may continue to meet with their Boards during the negotiation process.

Records and Closed Meetings

24) The CIO Performance Reports shall remain confidential. The Boards may jointly act to make certain performance and compensation-related material public upon the advice of their legal counsel.

25) The Boards shall designate General Counsel or another party to maintain in safekeeping all relevant documents pertaining to the CIO's performance evaluation.

26) Throughout the performance evaluation process, the Boards, JPC, Designees and Labor Negotiators may meet in closed session to the extent permitted by law.

POLICY REVIEW AND HISTORY

27) The Board shall review this policy at least every three years.

28) This Board adopted this policy on May 21, 2020.

CIO Evaluation Process – Summary