



MEMORANDUM

TO: JOHN FLYNN
FROM: VALTER VIOLA, CORTEX
SUBJECT: 2025 CEO AND CIO PERFORMANCE EVALUATIONS
DATE: MARCH 10, 2025
CC: BARBARA HAYMAN

This memo responds to your request regarding the CEO Evaluation Policy and timelines for supporting the JPC and Boards. On the following pages, we:

1. share the items approved in 2024 for:
 - a. **metrics** used to evaluate Outcomes and Methods; and
 - b. **weights** assigned to the Metrics; and
2. **explain who produces the metrics.**

OVERVIEW

The 2024 Evaluation Process differed from prior years in three ways, summarized below. As a result, the metrics used to evaluate Outcomes and Methods differed from those used in prior years.

First, the Board Chairs decided not to apply the process to the outgoing CEO.

- Barbara may be aware of some of the correspondence between Cortex (as the designated independent third-party) and the Board Chairs (Horowitz and Vado) regarding this decision, but perhaps not all correspondence. I would be pleased to provide more background on those discussions (from e-mail correspondences) if needed.
- One consequence of this decision is that **some of the metrics related to ORGANIZATIONAL OUTCOMES were not provided to the Board because these are only relevant for the evaluation of the CEO (not the CIO), whose performance was not assessed in 2024.** These metrics included:
 - Benefit Administration Cost-effectiveness; and
 - Member Service (i.e., Benefit Delivery and Member Satisfaction).

Second, some information under MANAGEMENT METHODS (Internal Staff Survey, also called Climate Survey) was not available, given the departure of the Senior Auditor.

- While Cortex offered to administer the survey as an independent third-party on an interim basis, the Board Chairs decided not to do so after initially thinking this was a good idea.
- Barbara may be aware of some of the correspondence between Cortex and the Board Chairs regarding this decision, and I would be pleased to provide more background on those discussions (from e-mail correspondences) if needed.

Third, the two City Council Liaisons to the Board were asked to complete the Leadership/Management survey for the first time.

- Cortex was informed that the City wanted more input on the evaluations of the CEO and CIO, so Pam Foley and Devora Davis were asked to complete the survey in 2024.
- In previous years, only trustees completed the survey.

1. A) METRICS AND B) WEIGHTS

The tables below summarize a) metrics and b) weights for:

- I. ORGANIZATIONAL OUTCOMES (60% weight); and
- II. MANAGEMENT METHODS (40% weight).

The next page shows who is responsible for producing the metrics.

TABLE I - ORGANIZATIONAL OUTCOMES

ORGANIZATIONAL OUTCOMES	A) METRICS	B) WEIGHTS	
		CEO	CIO
1. Investment Performance	<ul style="list-style-type: none">Net Fund Performance vs. Investable Benchmark PortfolioPerformance of private market portfolio vs. appropriate private market benchmark (TBD)Total Fund Sharpe Ratio vs. comparable peer Ratio	10%	60%
2. Benefit Administration Cost-effectiveness	<ul style="list-style-type: none">Administration Cost-per-Member (ACPM) (3-year rolling basis)	5%	-
3. Member Service	<i>Benefit Delivery:</i> <ul style="list-style-type: none">Timeliness of monthly pension paymentTimeliness of pension notifications of payment	8%* (was 5%)	-
	<ul style="list-style-type: none">Timeliness of pension inceptions (normal, deferred vested, survivors and non-member DROs)	27%* (was 17.5%)	-
	<i>Member Satisfaction:</i> <ul style="list-style-type: none">Group counselling session survey resultsORS Website visitor survey resultsORS Member Portal visitor survey results	10%* (was 22.5%)	-
TOTAL SUB-WEIGHT		60%	60%

* Revised by JPC at May 2023 JPC Meeting.

TABLE II - MANAGEMENT METHODS

MANAGEMENT METHODS	A) METRICS	B) WEIGHTS & SCORING SCALE (SAME FOR CEO & CIO)
Enterprise Risk Management	<ol style="list-style-type: none">Financial audit resultsQuality of internal audit PlanInternal audit resultsCompliance report findingsQuality of management’s responses to above	No sub-weights shall be established for each Metric 40% weight is applied using the following scale: <ul style="list-style-type: none">OutstandingCommendableSatisfactoryNeeds improvement
Human Resources Management	<ol style="list-style-type: none">Employee turnover ratesCode of conduct violationsClimate survey results/City engagement survey results	
Stakeholder Relations	<ol style="list-style-type: none">Stakeholder interview findings	
Operations Management	<ol style="list-style-type: none">Quality of annual workplanProgress on annual workplanAppropriateness of any mid-year adjustments	
Leadership/ Management	<ol style="list-style-type: none">Leadership/Management survey resultsOther	

2. WHO PRODUCES THE METRICS

The table below shows who is responsible for producing the metrics, noting that some metrics were not collected by Cortex in 2024 given the changes in the process noted earlier. The numbers (① to ⑤) correspond to the Evaluation Process Diagram, which is reproduced in the appendix.

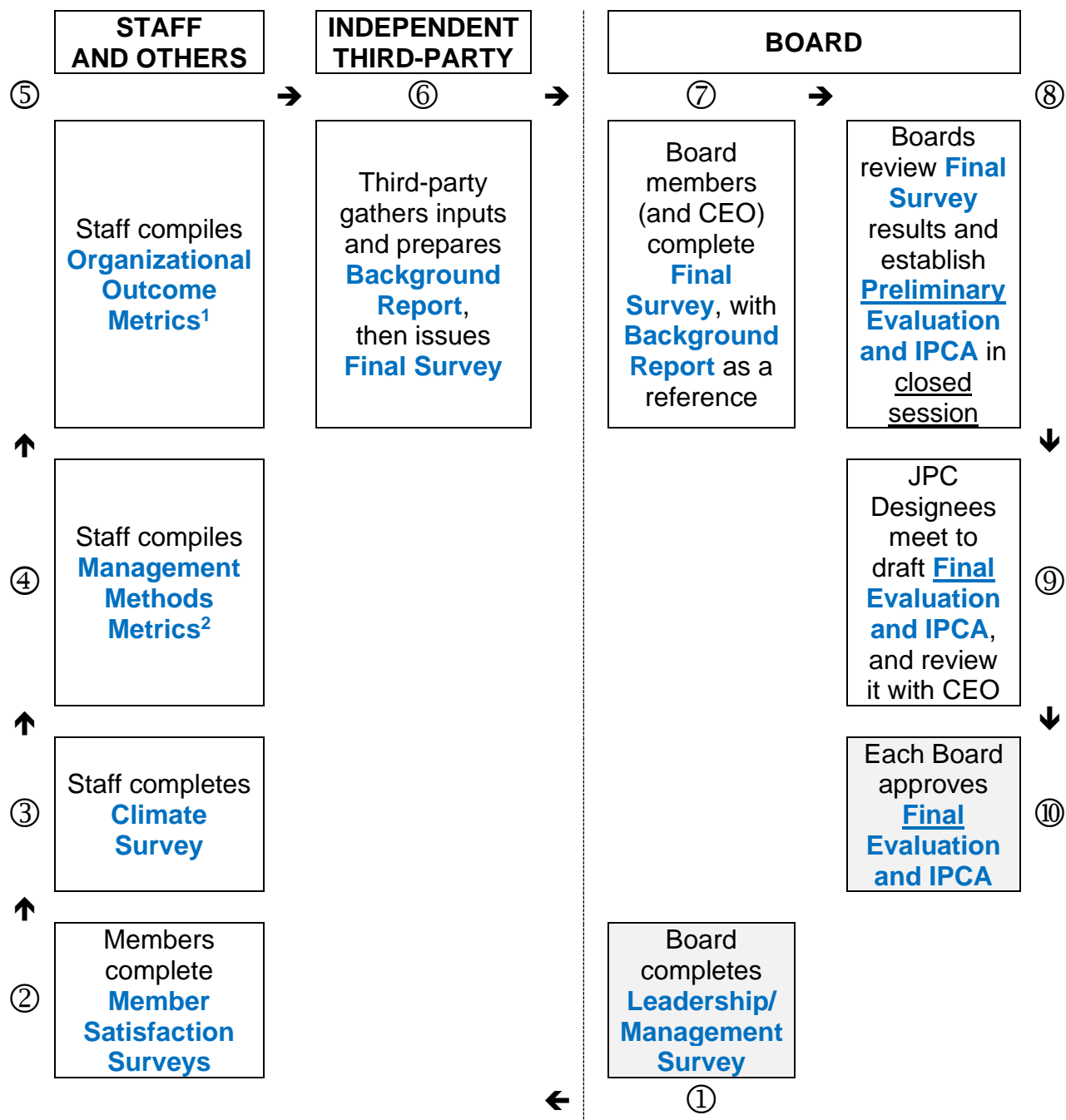
Cortex’s prepares a Background Report (step ⑥), which has included (prior to 2024) three reports:

- 1. Common Report (criteria that is common to both CEO and CIO evaluations);
- 2. CEO Evaluation Report (unique to CEO); and
- 3. CIO Evaluation Report (unique to CIO).

OUTCOMES & METHODS	a) METRICS	RESPONSIBILITY
ORGANIZATIONAL OUTCOMES		
1. Investment Performance	<ul style="list-style-type: none">• Net Fund Performance vs. Investable Benchmark Portfolio• Performance of private market portfolio vs. appropriate private market benchmark (TBD)• Total Fund Sharpe Ratio vs. comparable peer Ratio	Meketa provides investment performance data.
2. Benefit Administration Cost-effectiveness	<ul style="list-style-type: none">• Administration Cost-per-Member (ACPM) (3-year rolling basis)	⑤ ORS Staff collects cost data (including data from other California plans) as part of the annual budget process. Third-party (Cortex) calculates ACPMs using data collected by ORS Staff.
3. Member Service	Benefit Delivery: <ul style="list-style-type: none">• Timeliness of monthly pension payment• Timeliness of pension notifications of payment• Timeliness of pension inceptions (normal, deferred vested, survivors and non-member DROs)	⑤ ORS Staff compiles the data, including data from Member Satisfaction Surveys (②).
	Member Satisfaction: <ul style="list-style-type: none">• Group counselling session survey results	
	<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	1. Financial audit results	Independent Auditor expresses an opinion (Report on the Audit of the Financial Statements).
	2. Quality of internal audit Plan	Internal Auditor prepares Internal Audit Plan (assumption).
	3. Internal audit results	④ Staff compiles report annually (i.e., Internal Auditor).
	4. Compliance report findings	④ Staff compiles compliance report findings.
	5. Quality of management’s responses to above	n/a
Human Resources Management	1. Employee turnover rates	④ Staff compiles.
	2. Code of conduct violations	

OUTCOMES & METHODS	a) METRICS	RESPONSIBILITY
	3. Climate survey results/City engagement survey results	③ Staff completes Climate Survey. The results are compiled by the Internal Auditor. ORS Staff indicated that the City Engagement Survey was last done in 2019. (Barbara may be able to provide a more recent update.)
Stakeholder Relations	1. Stakeholder interview findings	No information regarding stakeholder relations has ever been provided to Cortex.
Operations Management	1. Quality of annual workplan 2. Progress on annual workplan 3. Appropriateness of any mid-year adjustments	In years prior to 2024, ORS Staff provided elements of a workplan, but Cortex may not have received any information related to its progress or any mid-year adjustments.
Leadership/Management	1. Leadership/Management survey results	① Trustees complete the survey, which is administered by a third-party (Cortex). In 2024 (for the first time), City Council Liaisons to the Board were asked to complete the survey.
	2. Other	n/a

APPENDIX: PROCESS (FOR CEO EVALUATION)



¹ Organizational Outcome Metrics: Investment Performance, Benefit Administration, Cost-effectiveness, and Member Service

² Management Methods Metrics: Enterprise Risk Management, Human Resources Management, Stakeholder Relations, Operations Management, and Leadership/Management