

SAN JOSÉ RETIREMENT BOARDS CEO 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 Executive Officer (CEO) and Chief Investment Officer (CIO) of the Office of Retirement Services. In keeping with this responsibility, the Boards are committed to ensuring that both the CEO and CIO undergo regular evaluations of their performance.
- 2) The purpose of the performance evaluations is twofold:
 - a) To ensure the CEO and CIO receive regular feedback for professional development.
 - b) To provide a basis for awarding increases in compensation and/or incentive compensation, if applicable.
- 3) The Boards have retained the responsibility for evaluating the CEO, but have delegated to the CEO the authority to evaluate the CIO, with input from each of the Boards via their respective Investment Committee Chairs.
- 4) This policy sets out a general framework by which the Boards shall evaluate the CEO. The general framework by which the CEO shall evaluate the CIO, and the roles of the Board and Investment Committees in that process, are set out in the CIO Performance Evaluation Policy.

CEO EVALUATION CRITERIA

- 5) Evaluation criteria shall fall into two general categories: quantitative criteria and qualitative criteria.

Quantitative Criteria

- 6) Quantitative criteria correspond to agreed-upon performance outcomes to be achieved by the CEO in relation to the mission, purpose, and goals of the retirement systems. The Boards should be able to objectively measure or otherwise determine if the quantitative criteria have been achieved. Examples of quantitative criteria include, but are not limited to:
 - a) Accuracy and timeliness of benefit payments to plan members.

- b) Member satisfaction as measured by surveys or similar tools.
 - c) Achievement of agreed-upon service delivery benchmarks.
 - d) Achievement of cost-effectiveness targets.
 - e) Achievement of investment performance benchmarks set out in the Statement of Investment Policy.
 - f) Execution of strategic plan milestones.
 - g) Compliance with policies and legislation.
 - h) Effective financial control as reflected in the annual financial audit or other audits.
- 7) Quantitative criteria and the methods for measuring them shall be developed by the Joint Personnel Committee (“JPC”) and recommended to the Board for approval in advance of the period for which the CEO’s performance is being evaluated (“Performance Evaluation Period”).

Qualitative Criteria

- 8) Qualitative criteria relate to the management style and personal qualities of the CEO. They will generally be measured in subjective or qualitative terms using surveys or interviews of board members or other parties with firsthand knowledge of the CEO’s performance. Examples include, but are not limited to:
- a) Leadership and integrity.
 - b) Effective human resources management.
 - c) Stakeholder management skills.
 - d) Organizational skills.
 - e) Communications skills.
- 9) The Boards shall approve all qualitative criteria and the general methods for assessing them. The JPC shall be authorized to approve any survey instruments or similar tools necessary to evaluate qualitative criteria.

EVALUATION PROCESS AND TIMELINE

- 10) The Performance Evaluation Period for the CEO shall correspond to each retirement system's fiscal year. Please refer to Appendix 1 which outlines the evaluation timeline.
- 11) In the quarter immediately preceding the Performance Evaluation Period, the JPC shall meet with the CEO to discuss the parameters for the evaluation process including:
 - a) The performance evaluation criteria and, if applicable, their relative weights.
 - b) The measurement methodologies and assessment tools to be used to assess the above criteria.
 - c) Any incentive compensation structures in place.
- 12) Following the above meeting, the JPC shall recommend the evaluation parameters to each Board for approval with the exception of any survey instruments, which shall be approved by the JPC.
- 13) In the first quarter following the Performance Evaluation Period, the JPC shall designate two members of the JPC ("Designees"), including one member from each Board to:
 - a) Distribute to all members of the Federated Board and PF Board, the CEO's own assessment of his or her performance relative to the evaluation criteria, along with any supporting documentation and information.
 - b)
 - c) Gather input from staff and/or external parties to support the evaluation, if applicable.
 - i) Should retirement staff or external parties be invited to provide input into the evaluation, they shall have the option of doing so anonymously.
- 14) Each Board shall separately hold a closed session meeting, during which the JPC's Designees shall gather input from their respective Boards, using as a guide, any survey, discussion guide, or other assessment tool previously approved by the JPC. The Boards shall, at a minimum, consider the CEO's overall performance in light of the following scale:
 - a) Outstanding
 - b) Commendable
 - c) Satisfactory
 - d) Needs Improvement

- 15) The JPC's Designees shall meet in closed session in the first quarter following the Performance Evaluation Period to review all information collected in relation to the evaluation criteria, including the CEO's own assessment, and shall approve a Summary Report of Findings for submission to the Boards. The CEO may be invited to attend any portion of such meetings. The Summary Report may include a recommendation regarding increases in compensation and/or incentive compensation for the CEO.
- 16) The JPC's Designees shall meet with the CEO to review the Boards' evaluations.
- 17) Each of the Boards shall receive a Summary Report of Findings of the overall review, prepared by the Designees.
- 18) Following the above meeting, the CEO shall have the option to address either or both of the Boards.
- 19) Throughout the evaluation process, the Boards and JPC may each meet in closed session to the extent permitted by law.
- 20) General Counsel will maintain in safekeeping a file containing all relevant documents pertaining to the CEO's performance evaluation.

Mid-year Evaluation

- 21) The JPC shall meet with the CEO to conduct an informal mid-year review of progress to date, discuss any adjustments to the evaluation criteria and any other relevant issues.

POLICY REVIEW AND HISTORY

- 22) The Boards shall review this policy at least every three years to ensure that it remains relevant and appropriate.
- 23) This policy was adopted by the Retirement Boards on June 16, 2016.

APPENDIX 1

FY2017 CEO Performance Evaluation Timeline – An Illustration	
Fiscal Year 2016	
4 th Quarter Apr.1-Jun.30	<i>CEO performance evaluation period ends for FY2016</i> Preparation for CEO performance evaluation for FY2017
Fiscal Year 2017	
Q1	<i>CEO performance evaluation period begins for FY2017</i> CEO performance evaluation for FY2016 ending June 30
Q2	Mid-year evaluation
Q3	
Q4	<i>CEO performance evaluation period ends for FY2017</i> Preparation for CEO performance evaluation for FY2018
Fiscal Year 2018	
Q1	<i>CEO performance evaluation period begins for FY2018</i> CEO performance evaluation for FY2017 ending June 30
Q2	Mid-year evaluation
Q3	
Q4	<i>CEO performance evaluation period ends for FY2018</i> Preparation for CEO performance evaluation for FY2019
Fiscal Year 2019	
Q1	<i>CEO performance evaluation period begins for FY2019</i> CEO performance evaluation for FY2018 ending June 30