

CEO PERFORMANCE EVALUATION POLICY
PROPOSED REVISIONS AT APRIL 30, 2021

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 of the Office of Retirement Services ("ORS"). In keeping with this responsibility, the Boards are committed to regularly evaluating the performance of the CEO.
- 2) The purpose of this Performance Evaluation Policy is:
 - a) To promote continuous improvement in the investment and operations functions of ORS to assure timely delivery of promised benefits to plan members and their beneficiaries;
 - b) To ensure the CEO 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.
- 3) The performance of the CEO 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

- 4) The CEO will be evaluated according to the following broad criteria:
 - a) The achievement of measurable performance outcomes ("Outcomes") specified by the Boards; and
 - b) How well the CEO manages the means or methods ("Methods") for achieving the Outcomes.

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

Table 1

CEO Evaluation Criteria	
<i>Outcomes</i>	<i>Methods</i>
<ul style="list-style-type: none"> • Investment performance • Benefit administration cost-effectiveness • Member service quality 	<ul style="list-style-type: none"> • Enterprise risk management • Human resources management • Stakeholder relations management • Operations management • Leadership/management abilities • Other

- 5) One or more specific metrics ("Metrics") will be established to assist in measuring and/or evaluating each of the above Outcomes and Methods.
- 6) ~~Only Outcomes and related Metrics will be assigned numerical weights in the evaluation process, resulting in a quantitative performance score for the CEO.~~
- 7) ~~Methods and related Metrics will not be assigned numerical weights, but rather will be used to inform discussions with the CEO for performance management purposes and to help the CEO better understand the Boards' expectations.~~
- 8) In the quarter preceding the start of the Evaluation Period (i.e. April–June), the Joint Personnel Committee ("JPC"), in consultation with the CEO, shall review and confirm for recommendation to the Boards:
 - a) All Metrics to be used to evaluate Outcomes **and** Methods for the CEO; and
 - b) All weights to be assigned to the Metrics, as applicable.

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

CEO EVALUATION PROCESS

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

- 11) The CEO 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 CEO believes may be relevant, and such self-assessment shall be incorporated into the above preliminary CEO Performance Report.
- 12) Within three months of the end of the Evaluation Period (i.e., by September 30), the Designees shall submit the preliminary CEO 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 CEO Performance Report shall be provided to the Boards at least seven days prior to the above closed session meetings.

~~Regarding the Methods, the Boards shall, at a minimum, evaluate the CEO's performance in aggregate using the following rating scale:~~

~~b) Exceeds expectations~~

~~c) Meets expectations~~

a) Needs Improvement

In their respective closed session(s), each Board shall rate the CEO's Performance Outcomes and Management Methods using a predefined scale (e.g. "Outstanding", "Commendable", etc.) and arrive at preliminary determinations regarding the awarding of Individual Personal Compensation Adjustments ("IPCA") and Additional Executive Leave Days.

- ~~14)~~13) Within 30 days of the ~~Boards'~~above closed sessions, the Designees shall meet to update the CEO Performance Report to reflect any additional input received from the Boards at the closed sessions, review the updated Report with the CEO, and subsequently prepare a final version of the Report for recommendation to the Boards.

- ~~15)~~14) Within 60 days of the Board's' closed sessions (i.e. by November 30), the Designees shall present the final recommended CEO Performance Report to each Board for approval. The CEO shall receive a copy of the Report once approved and shall have the option to address the JPC and/or the Boards in connection with the evaluation.

Mid-year Evaluations – CEO

~~16~~15) The Designees shall meet with the CEO 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~~16) 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~~17) If the Boards assign different weights to any Outcome, Method, or Metric; or provide conflicting input ratings regarding the ~~performance of the CEO's~~ Performance Outcomes or Management Methods on the Methods, the Designees may reconcile the differences when developing ~~their~~ recommendations to the Boards.

Termination of CEO

~~19~~18) The Boards may terminate the CEO at any time if they deem the CEO's performance to be unacceptable in any way, regardless of how the CEO performed in connection with the Metrics and the weights assigned to such Metrics.

~~20~~19) In the event one Board wishes to terminate the CEO 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 CEO shall require the approval of both Boards.

Procedures

~~21~~20) 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~~21) 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 CEO annually to discuss and arrive at base compensation and benefits, subject to approval by the Boards and the City Council.

~~23~~22) 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 meetings, the Boards shall be provided relevant background information regarding CEO 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~~23) The CEO Performance Report 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~~24) The Boards shall designate General Counsel or another party to maintain in safekeeping all relevant documents pertaining to the CEO's performance evaluation.

~~26~~25) 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~~26) The Board shall review this policy at least every three years.

~~28~~27) The Board adopted this policy on May 21, 2020. Revised [mm, dd, 2021]

CEO Evaluation Process – Summary

