

**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 achievement of 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**

<b>CIO Evaluation Criteria</b>	
<i>Outcomes</i>	<i>Methods</i>
<ul style="list-style-type: none"><li>• Investment performance</li></ul>	<ul style="list-style-type: none"><li>• Enterprise risk management</li><li>• Human resources management</li><li>• Stakeholder relations management</li><li>• Operations management</li><li>• Leadership/management abilities</li><li>• Other</li></ul>

- 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) 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 the Metrics, as applicable.

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

## **CIO EVALUATION PROCESS**

- 8) Two members of the JPC (“the Designees”) shall co-ordinate the evaluation of the CIO. Unless otherwise determined by the JPC, the Designees shall be the Investment Committee Chairs.
- 9) Commencing July 1, an independent third-party retained by the Boards or the JPC shall co-ordinate the gathering of all necessary background 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 (“Background Report”) in preliminary form for review by the Designees.
- 10) 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 Background Report.
- 11) Within three months of the end of the Evaluation Period (i.e., by September 30), the Designees shall:
  - a) submit the preliminary Background Report to the Boards;
  - b) administer a survey to allow Board members to evaluate the CIO relative to the Performance Outcomes and Management Methods (the Background Report shall serve as a reference); and
  - c) separately or jointly, meet with each Board in closed session to review the Background Report and Final Survey results and gather any additional input. The Designees may task an independent third-party to help facilitate the closed session discussions. The Background Report and the results of the Final Survey shall be provided to the Boards at least seven days prior to the above closed session meetings.
- 12) In their respective closed session(s), each Board shall review the CIO’s Performance. Each Board may also arrive at preliminary determinations regarding the awarding of Individual Personal Compensation Adjustments (“IPCA”) and Additional Executive Leave Days, provided such determinations take place in open session. Within 30 days of the above closed sessions, the Designees shall meet to prepare a draft Final Evaluation to reflect any additional input received from the Boards at the closed sessions, and review the draft Evaluation with the CIO.
- 13) 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 Background 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 draft Evaluation to each Board for approval. The CIO shall receive a copy of the Evaluation 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 ratings regarding the CIO's Performance Outcomes or Management 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 meetings, 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 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) The Boards shall designate General Counsel or another party to maintain in safekeeping all relevant documents pertaining to the CIO’s performance evaluation.

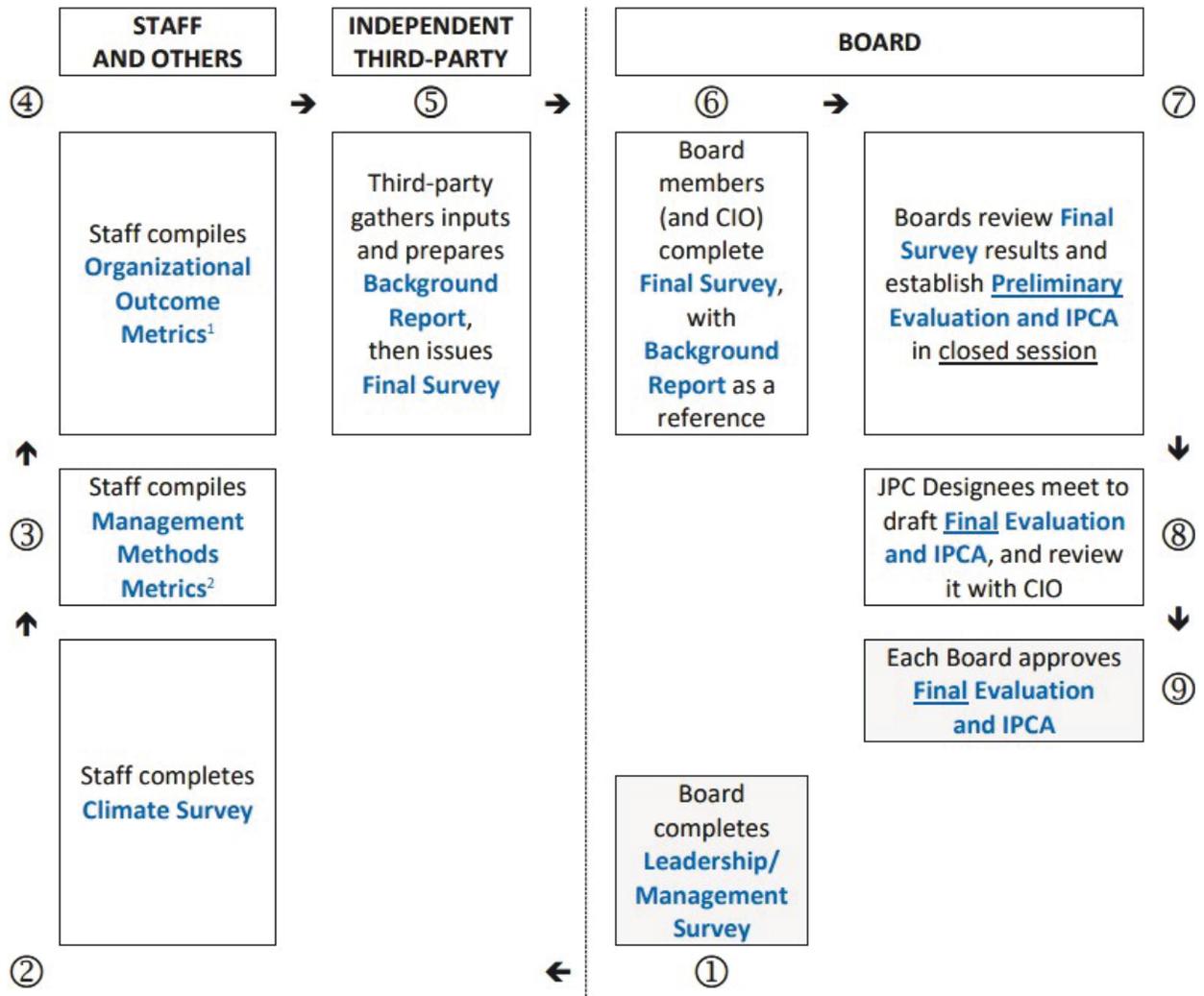
26) Throughout the performance evaluation process, the Boards, JPC, Designees and Labor Negotiators may meet in closed session to the extent permitted by law.

### **POLICY REVIEW AND HISTORY**

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

28) The Board adopted this policy on May 21, 2020. Reviewed and amended May 20, 2021. Reviewed and amended March 17, 2022.

## CIO Evaluation Process – Summary



<sup>1</sup> Organizational Outcome Metrics: Investment Performance

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