



2026 San Jose ORS Joint Governance Committee- Policies

Julie Becker
Aon Fiduciary Services Practice Leader

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Summary of Q2 Policies Under Review



Review of key governance and performance evaluation policies



Focus on alignment, clarity, and consistency across Boards



Objective: strengthen oversight, accountability, and risk governance

We are seeking feedback from the Governance Committees of the Boards today and will utilize in preparing redlined policy changes to the June Joint Governance Committee meeting.

Policies Reviewed



- Board of Administration Charter
- CEO Performance Evaluation Policy
- CIO Performance Evaluation Policy



Board Charter: Governance Alignment



- Align cross-references with Board Operations Policy and other governance documents
- Standardize terminology, titles, and role references
- Confirm referenced policies, thresholds, and Municipal Code provisions are current



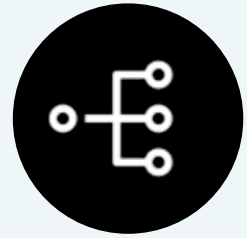
Board Charter: Delegation of Authority



- Consider a formal Delegation of Authority Matrix or appendix
- Reconcile prior Board resolutions (CEO and CIO authorities)
- Improve transparency, traceability, and documentation



Board Charter: Risk Governance



- Expand Risk Management language
- Consider adoption of a formal Enterprise Risk Management (ERM) framework
- Clarify Board oversight role relative to:
 - Audit Committee
 - Investment Policy Statement
 - Internal Audit function



Board Charter: Policy Enhancements

Potential Areas for Enhancement



- Conflicts of Interest governance
- Technology and Cybersecurity oversight
- Whistleblower / reporting of concerns
- Emergency and Business Continuity governance
- Member privacy and confidentiality
- Benefit over- and under-payment oversight



Board Charter: Strategic Oversight



- Cross-reference Strategic Planning Policy & Procurement Policy
- Expand succession planning language
- Reference CEO and CIO Evaluation Policies for senior staff performance oversight
- Reduce duplication with Code of Conduct; rely on principle-based language



CEO/CIO Evaluation Policy: Policy Enhancements



- Combine FED and PF CEO/CIO evaluation policies into one
- Structural alignment
- Goal Setting and Framework
- Process Improvements
- Surveys and Compensation



CIO Incentives and Risk Alignment



- Clarify CIO participation in incentive compensation plans
- Strengthen linkage between performance outcomes and compensation
- Reinforce that incentives must:
 - Align with fiduciary duty
 - Avoid inappropriate risk-taking
 - Support long-term, risk-adjusted performance



Cross Policy Themes and Takeaways



- Consistency across Boards and senior leadership roles
- Clear delegation, authority, and accountability
- Stronger risk governance and oversight
- Improved performance management and compensation alignment
- Reduced ambiguity and enhanced transparency



Next Steps

- After receiving today's feedback from the Governance Committees of the Boards, Aon and Staff will work on appropriate redlined revisions. We will submit the redlined revisions to Governance Committees of the Boards in June.

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Aon Consulting, Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601

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