



San Jose ORS Joint Personnel Committee- CEO/CIO Performance Evaluation Policies

Julie Becker, Partner
Benita Harper, Associate Partner
Aon Fiduciary Services Practice

April 1, 2026

Proprietary and Confidential | Reproduction is not permitted without the express approval of Aon. | Fiduciary services provided by Aon Consulting, Inc.



Today's Purpose and Objectives

The CEO and CIO Evaluation Policies are scheduled for review this calendar year. Aon and Staff discussed potential revisions with the Governance Committees of the Boards at their March meeting. Redlined changes will be submitted to the Governance Committees in June 2026.

Today we will review the anticipated revisions with the Joint Personnel Committee for feedback to better inform our ultimate recommendations.

Structural Alignment



- Combine each Evaluation Policy into one applicable to both Boards
- Standardize terminology and role definitions
- Formalize City Council Liaison participation in evaluation process
- Determine whether “Procedures for Evaluating the Performance of the CEO and CIO ” documents should be a formal part of annual evaluation process



Goal Setting & Framework



- Formalize annual goal-setting tied to organizational strategy-particularly after adoption of the Strategic Plan
- Clearly define:
 - Outcomes
 - Methods
 - Weights
- Set expectations at the beginning of the evaluation period
- Define “unacceptable performance”



Process Improvements



- Align evaluation timeline with City schedule (target August completion)
- Require formal self-evaluation
- Formalize mid-year review with agenda and documentation
- Require written board-approved consensus evaluation
- Offer CEO/CIO option to address Board in closed session



Surveys and Compensation



- Clarify how survey tools inform the performance assessment
- Strengthen linkage between evaluation results and:
 - Compensation
 - Benefits
 - Incentive determinations
- Confirm alignment with Incentive Compensation Plan/MPP



Specific to CIO Evaluation Policy



- Align structure with CEO Evaluation Policy (with role-specific differences)
- Clarify CIO's:
 - Independent fiduciary responsibility to the Boards
 - Administrative accountability to the CEO
- Link Charter duties directly to evaluation metrics



CIO Incentives and Risk Alignment



- Emphasize long-term objectives over short-term performance
- 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



Legal Disclosures and Disclaimers

Consulting services provided by Aon Consulting, Inc. ("ACI"). The information contained herein is given as of the date hereof and does not purport to give information as of any other date. The delivery at any time shall not, under any circumstances, create any implication that there has been a change in the information set forth herein since the date hereof or any obligation to update or provide amendments hereto.

This document is not intended to provide, and shall not be relied upon for, accounting, legal or tax advice or investment recommendations. Any accounting, legal, or taxation position described in this presentation is a general statement and shall only be used as a guide. It does not constitute accounting, legal, investment, and/or tax advice and is based on ACI's understanding of current laws and interpretation.

This document is intended for general information purposes only and should not be construed as advice or opinions on any specific facts or circumstances. The comments in this summary are based upon ACI's preliminary analysis of publicly available information unless otherwise noted. The content of this document is made available on an "as is" basis, without warranty of any kind. ACI disclaims any legal liability to any person or organization for loss or damage caused by or resulting from any reliance placed on that content. ACI reserves all rights to the content of this document. No part of this document may be reproduced, stored, or transmitted by any means without the express written consent of ACI.

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

© Aon plc 2026. All rights reserved.