AON

Memo

Updated CEO Performance Evaluation Policy

Date: August 20, 2026

To: Board of Administration for the Federated City Employee's Retirement System

From: Julie Becker, Partner, Aon Fiduciary Services Practice Leader

Benita Harper, Associate Partner, Aon Fiduciary Services Practice

cc: John Flynn, Chief Executive Officer

RECOMMENDATION

Discussion and action to approve the updated CEO Performance Evaluation Policy.

BACKGROUND

Aon, ORS staff, and Reed Smith prepared updates to the CEO Performance Evaluation Policy as part of the Q2'26 Policy Updates. The Boards' Governance Committees met jointly on June 17, 2026 to review the proposed updates and approved recommending the CEO Performance Evaluation Policy to their Boards for approval.

The key updates include:

1. Combined the CEO Performance Evaluation Policies for each Board into one applicable to both Boards.
2. Formalized annual goal setting tied to organizational strategy in line with the Strategic Plan.
3. Expanded focus on clear communication of performance goals and expectations and timely and constructive feedback.
4. Added requirement of written documentation and formalized mid-year evaluation process.

5. Clarified roles and responsibilities in the process, including duties to be performed by the Joint Personnel Committee and consolidated the prior "Designee" and "Labor Negotiator" roles into a single Labor Negotiator role to eliminate ambiguity.
6. Strengthened alignment with the City of San Jose Management Performance Program.
7. Deleted reference to “unacceptable performance” and incorporated reference to the CEO employment agreement

CONCLUSION

Aon recommends that the Board approve the updated CEO Performance Evaluation Policy as part of the governance workplan.

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