CIO Performance Evaluation Policy

Policy Owner: ORS Senior Management	**Policy Version:** 4.0
Effective Date: 8/20/2026	**Next Review Date:** August 2029

PURPOSE

In accordance with Section 810.10 of the City Charter, the Boards of Administration (together, the Boards, or individual, the Board) of the Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan shall jointly appoint the Chief Investment Officer (CIO) of the Office of Retirement Services. One of the Board's critical core responsibilities is to jointly appoint the CIO and provide regular evaluation of the CIO's performance. To support this responsibility, the Boards have adopted this CIO Performance Evaluation Policy.

SCOPE

This Policy applies to the Board(s) of the following retirement system/plan as well as the supporting staff of the Office of Retirement Services (ORS):

- ☒ Federated City Employees' Retirement System
- ☒ Police & Fire Department Retirement Plan

AUTHORITY & GOVERNANCE

This Policy is issued under the authority of the Federated City Employees' Retirement System/Police & Fire Department Retirement Plan.

The Boards of the above-referenced retirement plans are responsible for approving and maintaining this document, including reviewing it periodically to ensure it remains accurate and up to date.

Implementation and administration of this Policy are the responsibility of ORS under the direction of the Chief Executive Officer and as directed by the Board.

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OVERVIEW

1) The objectives of this Policy are to ensure that:

   a) The Board clearly communicates meaningful performance goals and expectations to the CIO;

   b) The CIO receives timely and constructive feedback from the Board and the CEO;

   c) The CIO's performance and compensation are properly aligned; and

   d) The roles of all parties in the evaluation and compensation-setting processes are clearly established.

2) 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. However, benchmark data and survey results may be collected for alternative timelines for performance evaluation at the recommendation of the Joint Personnel Committee (JPC) and upon approval by the Board.

3) The Board delegates and authorizes the JPC to approve all actions necessary to implement the Board's performance evaluation of the CIO, which may include but is not limited to the determination of 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. (See San Jose Retirement Boards Joint Personnel Committee Charter.)

Broad Evaluation Criteria

4) The CIO will be evaluated according to the following broad criteria:

   a) Each Board's level of satisfaction with the CIO's overall leadership, management, and long-term strategic investment objectives, and

   b) Each Board's approved objective criteria that are, to the greatest extent possible, realistic, measurable, and directly tied to outcomes within the CIO's significant sphere of influence.

5) In the quarter preceding the start of the Evaluation Period (i.e., April-June), the 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 the CIO;

   b) All weights assigned to each metric, as applicable;

   c) The CIO's annual goals; and

   d) A detailed timeline governing the annual performance evaluation (Timeline). In alignment with the City of San José's Management Performance Program, each Board's goal is to render a performance rating decision in September and a compensation decision in October.

   The Boards shall approve the above referenced evaluation criteria, CIO's annual goals, and Timeline prior to the commencement of the Evaluation Period.

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CIO Evaluation Process

6) The CIO reports to the CEO for administrative purposes. The Boards shall work with the CEO to carry out the CIO evaluation.

7) Two members of the JPC (the Labor Negotiators) shall coordinate the evaluation of the CIO. Unless otherwise determined by the JPC, the Labor Negotiators shall be the Investment Committee Chairs of the respective Boards.

8) At the commencement of the Evaluation Period beginning on July 1, an independent third party retained by the Board(s) will coordinate the gathering of all necessary background information to allow each Board to assess the CIO against the approved annual goals and criteria and will summarize such information in a report to be included in a CIO Performance Evaluation Packet (Packet) for review by the Labor Negotiators.

   The CIO shall submit a written self-assessment of their own performance related to the above referenced evaluation criteria and CIO's annual goals for inclusion in the Packet.

9) Following the end of the Evaluation Period, the Labor Negotiators shall coordinate the following to support the Timeline:

   a) Submit the Packet to each of their respective Boards;

   b) Administer the CIO Performance Evaluation Survey to allow Board members to evaluate the CIO relative to the approved criteria (the Packet will serve as a reference); and

   c) May task an independent third-party to help facilitate the closed session discussions.

10) Each Board member shall submit their CIO performance evaluation paperwork to the Labor Negotiator or independent third party as prescribed by the Timeline.

11) The Packet and the results of the CIO Performance Evaluation Survey shall be provided to the Boards at least seven days prior to the first closed session meetings as prescribed by the Timeline.

12) In their respective first closed session(s),

   a) The Board shall review the Packets and the CIO Performance Evaluation Survey results.

   b) The Board may invite the CIO to respond to questions from Board members regarding the CIO's performance. If invited, the CIO shall be excused from the closed session after responding to questions, and shall not be present for the Board's deliberation. The CIO's participation in closed session is at the Board's discretion and is not a prerequisite to the Board's deliberation or rating vote. The CEO shall participate in a portion of the closed sessions to share the CEO's perspective on the CIO's performance. Following the delivery of such input, the CEO shall be excused from the closed session.

   c) The Board shall deliberate amongst itself and vote to approve a performance evaluation rating. The Board shall also provide its Labor Negotiator direction on specific evaluation points to be

incorporated into the written performance evaluation.

d) After the approval of the performance evaluation rating, the Board shall discuss performance-based compensation and shall set a range for performance-based compensation, which may include any increase in performance-based compensation and additional executive leave days. Thereafter, the Board shall authorize its Labor Negotiator to make an offer to the CIO within the approved range.

13) Prior to the next regularly scheduled Board meeting, the Labor Negotiators shall separately draft a written performance evaluation for their respective Board and thereafter meet with each other to discuss the position of their Board. If the final performance evaluations from the two Boards are not within one rating level of each other, the matter shall be referred to the Joint Personnel Committee and addressed in accordance with the Joint Personnel Committee Charter.

14) Prior to the next regularly scheduled Board meeting, the Labor Negotiator will meet with the CIO to discuss the performance evaluation and ratings and to negotiate performance-based compensation.

15) In closed session at the next regularly scheduled Board meeting, the Labor Negotiator shall present their written performance evaluation draft for approval. Each Labor Negotiator will present the information gathered from the sister board's evaluation. The Labor Negotiator shall update the Board on the progress concerning agreement on performance-based compensation with the CIO.

16) Once the CIO and the Labor Negotiator have reached agreement on performance-based compensation, subject to the provisions of the Joint Personnel Committee Charter on Compensation (where applicable), the Board shall approve a performance-based compensation for the CIO for the Evaluation Period.

Mid-year Evaluations – CIO

17) The Labor Negotiators shall meet with the CIO to conduct a mid-year review of the CIO annual goal progress to date, discuss any adjustments to the goals, and any other relevant issues. The CIO may present a written mid-year self-assessment, and the Labor Negotiators shall document the results of the mid-year review and share with the CEO, CIO, and the Boards.

Termination of the CIO

18) The Board retains the authority to terminate the CIO according to the provisions of the executed CIO employment agreement, regardless of any results of the CIO's performance evaluation. 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.

Base Compensation and Benefits

19) The Chair of each Board, or a designee of the Chair, shall serve as Labor Negotiator for their respective Board and shall be so designated at a duly agendized Board meeting during open session prior to the start of the Board's performance evaluation process. The Labor Negotiators shall meet together

with the CIO annually to discuss and arrive at base compensation and benefits, subject to approval by the Boards and the City Council.

20) Prior to commencing the above discussions, the Labor Negotiators shall meet with their respective Boards during their performance evaluation process to obtain compensation authorization. Prior to such meetings, the Boards shall be provided with 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

21) The Packet shall remain confidential. The Boards may jointly act to make certain performance and compensation-related material public upon the advice of their legal counsel.

22) The Boards shall designate General Counsel or another party to maintain in safekeeping all relevant documents pertaining to the CIO's performance evaluation.

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

EXCEPTIONS & NON-COMPLIANCE

No exceptions to this Policy are permitted without review by the Governance Committee. Non-compliance must be reported to the Governance Committee of the Boards.

DOCUMENT REVIEW HISTORY

Version	Approval Date	Description of Changes
1.0	FED - 5/21/2020 PF – 6/4/2020	Creation of policy & adopted by Board
2.0	FED - 5/20/2021 PF – 5/6/2021	Updates to Policy
3.0	FED – 3/17/2022 PF – 4/7/2022	Updates to Policy
4.0	FED – 8/20/2026 PF – 8/19/2026	Updates to Policy -streamlined evaluation process and timeline -combined Labor Negotiator & Designee into one role, now termed as "Labor Negotiator"