



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 8

MEETING DATE: January 19, 2021

SUBJECT: CEO Performance Evaluation Policy

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

The Chief Executive Officer (CEO) recommends the Board approve changes to the Board's timeframe for conducting performance evaluations of the CEO.

PURPOSE

This item complies with the Strategic Management Program goal to support workplace development and culture by facilitating the process for the Board to regularly conduct periodic evaluations of the CEO's performance.

DISCUSSION

On November 30, 2017, the Board adopted a CEO performance evaluation framework and process to conduct a mid-year and annual review. In September 2019, the Board aligned the timing of the performance evaluation to the current CEO's work anniversary and formalized the administrative procedure as a Board policy.

The proposed amendment would remove the ongoing requirement for a mid-year review, leaving it to the discretion of the Board President. As is currently the case, the Board can hold a performance evaluation of the CEO in closed session at any time during the year.

ATTACHMENTS

- CEO Performance Evaluation Policy – redline version
- CEO Performance Evaluation Policy – clean version

Prepared by:

/S/

Eric Stern
Chief Executive Officer



Chief Executive Officer Performance Evaluation Policy

PURPOSE

The purpose of the Chief Executive Officer (CEO) Performance Evaluation Policy is to provide a documented process for the Board to follow when assessing the CEO's performance, providing him/her with feedback, and determining his/her compensation.

POLICY

The Board shall conduct ~~a mid-year informal performance discussion with the CEO and~~ an annual performance evaluation of the CEO.

APPLICATION

Evaluating the performance of the CEO is one of the most important duties of the SCERS' Retirement Board. Accordingly, the process should be designed to include the active participation of all Board Members.

Staff members reporting to the CEO should generally not play a role in the evaluation process unless requested by the Board, except to the extent that they have an official role in assisting the Board and/or Board President.

Evaluation Criteria

In determining the performance criteria for each performance evaluation period, the following guidelines shall be observed:

1. The criteria should address the CEO's performance in meeting SCERS' business objectives. For each performance evaluation period, the Board will identify a set of key business objectives for the CEO that are critical to advancing SCERS' strategies and define the target performance for each objective. The CEO's performance on each key business objective will collectively be weighted as 50% of the evaluation.
2. The criteria should address the CEO's leadership competencies including: vision and strategy; maximizing talent; technical expertise; judgment and decision making; and leading change. The CEO's leadership competencies will be weighted as 50% of the evaluation.
3. In evaluating the CEO's performance/competency under each criterion, each Board Member should provide an evaluation rating as well as specific suggestions about how the CEO can improve performance under that criterion in the future.

Evaluation Timetable

~~1. Mid-Year Performance Discussion:~~

- ~~a. Not later than the May Board meeting, the Board and CEO will conduct a mid-year informal performance discussion. The CEO will provide a self-evaluation to all Board Members before the meeting.~~
- ~~b. The CEO will be provided an opportunity to present and discuss the self-evaluation with the Board in executive session. Subsequent to the discussion, the CEO may be excused from executive session to permit the Board to conduct further discussions.~~
- ~~c. The Board/Board President will ensure the CEO receives information on the Board's consensus view on whether the CEO's performance is meeting the Board's expectations and any areas on which the CEO should increase his/her focus and efforts.~~

2.1. Annual Performance Evaluation:

- a. Not later than October 31st, the CEO will provide a self-evaluation with the performance objectives for the evaluation period to Board Members for their consideration and reference in completing the 12-month evaluation.
- b. Not later than November 15th, each Board Member will complete a CEO Performance Evaluation Template and forward to the Board President or designee.
- c. The Board President or designee shall review the forms and create a summary of the evaluations from all Board Members. This summary shall be provided to Board Members and the CEO in advance of the Board Meeting, which shall be held not later than the December meeting.
- d. In executive session of the Board meeting:
 - 1) The Board and CEO will discuss the summary and, as appropriate and necessary, the CEO will be provided an opportunity to present and discuss his/her self-evaluation with the Board.
 - 2) The CEO may subsequently be excused from executive session to permit the Board to conduct further discussions.
 - 3) If revisions to the summary are needed, the Board President will ensure the Board's final consensus summary is prepared and provided to the CEO, whether at this meeting or at another time not later than the next regular Board meeting.

- e. In open session:
- 1) The Board will consider what action, if any, is warranted with regard to the CEO's compensation for the next 12-month period of employment.
 - 2) The Board and CEO will discuss and confirm the business objectives on which the CEO's performance for the next evaluation period will be based.
 - 3) These objectives will be used to evaluate the CEO's performance for the next evaluation period.

3.2. The Board President may adjust the deadlines as necessary to accommodate changes in the Board Meeting schedule.

Documentation

Throughout the above process, the Board President shall establish and maintain a file containing a record of all relevant activities involving the CEO Evaluation Process, including the Chief Executive Officer Performance Evaluation Template, Evaluations completed by Board Members, Summary of Board Member Evaluations, Consensus Board Evaluation, etc.

Once the CEO Evaluation Process is completed, the Board President will provide the final Consensus Board Evaluation signed by the Board President and CEO to the CEO and to the SCERS' Human Resources Officer ~~in a sealed envelope~~ for retention as the final, official record of the Board's evaluation of the CEO.

The Board President shall arrange for the destruction of all other materials/working documents collected throughout the process.

RESPONSIBILITIES

Executive Owner: Chief Executive Officer

POLICY HISTORY

Date	Description
<u>01-19-2021</u>	<u>Staff recommended Board approve amended policy</u>
09-18-2019	Board approved revised procedure as Board policy
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