



# *CEO Evaluation Policy*

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## I. Purpose

- A. The purpose of the CEO Evaluation Policy is to provide a documented process that the Board shall follow when assessing the CEO's performance, providing him/her with feedback, and determining his/her compensation on an annual basis.

## II. Objectives

- A. Evaluating the performance of the CEO is one of the most important duties of the ACERA Board of Trustees. Accordingly, the process should be designed to include the active participation of all trustees.
- B. With regards to the annual evaluation process, timing is of the essence. Given the potential for trustee turnover at the beginning of each year, it is important that the evaluation process be completed prior to any trustees departing the Board. The evaluation process, including the basis of the evaluation and the results, should be transparent to all trustees and the CEO.
- C. 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 Chair with the process such as the ACERA Chief Counsel and Human Resources Officer.

## III. Policy Guidelines

- A. Annual Evaluation Form
  - i. The CEO Performance Evaluation Form sets out the criteria to be used by the trustees in evaluating the CEO's performance each year. A copy of the CEO Performance Evaluation Form is attached as Exhibit A.

B. Evaluation Criteria

- i. In determining the performance criteria to be incorporated in the CEO Performance Evaluation Form, the following guidelines shall be observed:
  - a. To the extent possible, the criteria should be objective in nature.
  - b. The criteria should address the CEO's performance in meeting annual business objectives. In December of each year, the Board will define a set of key business objectives for the CEO that are critical to advancing ACERA's strategies. Target performance should be defined for each objective. The CEO's performance on each key business objective will be weighted as 50% of the evaluation.
  - c. The criteria should address the CEO's leadership competencies, including the following: vision and strategy; maximizing talent; leading change; technical expertise; and judgment and decision making. The CEO's leadership competencies will be weighted as 30% of the evaluation.
  - d. The criteria should address the CEO's performance in carrying out ongoing responsibilities. These responsibilities include overseeing day-to-day operations, implementing new strategies, resource development, and external/community relations. The CEO's ongoing responsibilities will be weighted as 20% of the evaluation.
  - e. The criteria should also provide an overall evaluation rating as well as an opportunity for each trustee to suggest specific ways in which the CEO may improve performance in the future.

C. Evaluation Timetable

- i. December – Objectives for Following Year:
  - In December of each year, the CEO and the Board will discuss and confirm the business objectives for the upcoming year.
  - These objectives will be memorialized in writing, kept by the Board Chair and incorporated into the CEO Performance Evaluation Form that will be used in the upcoming year to evaluate the CEO's performance.

- The Board Chair will memorialize the business objectives in writing and provide the CEO Performance Evaluation Form to the new Board Chair for the upcoming year in January.
2. June Board Meeting:
- In June 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 June meeting.
  - Similar to the end of year evaluation, the CEO will be provided an opportunity to present and discuss, in executive session, his/her self-evaluation and subsequent to the discussion the CEO may be excused from the meeting to permit the Board to conduct further discussions.
  - The Board has discretion to address the compensation package during the mid-year evaluation.
3. October Board Meeting:
- At the October Board meeting, the CEO will provide a self-evaluation to the Board for its consideration in the overall evaluation.
  - At the same meeting, Trustees will be given CEO Performance Evaluation forms.
4. Two Weeks after the October Board Meeting:
- Trustees shall complete the CEO Performance Evaluation Forms and forward them to the Board Chair two weeks after the October Board meeting.
  - Once the Board Chair receives the evaluation forms, the Board Chair shall review the forms and create a summary of the evaluations (“Summary”) to give to the CEO and Board at the November Board meeting.
5. November Board Meeting:
- At the November Board meeting, the Board Chair will provide the Summary to the CEO and Board.

- The CEO shall have an opportunity to present and discuss, in executive session, his/her self-evaluation presented to the Board at its October Board meeting.
  - Subsequent to the discussion, the CEO may be excused from the meeting to allow the Board to conduct further discussions.
  - The Board may address the process or compensation negotiation as discussed in further detail in Section D below.
6. December Board Meeting:
- At the December Board meeting, the Board addresses the compensation package, if desired.
  - The Board, as noted above in Section C (1), will also discuss and confirm the CEO business objectives for the upcoming year (if not completed by this date.)
7. It is the Board's intent to complete the evaluation at the November Board meeting and the compensation package at the December Board meeting.

D. Compensation Package

- i. Upon completion of the annual performance evaluation, the Board shall establish the compensation of the CEO for the following year and direct Staff to amend the CEO contract to incorporate the Board approved changes. In doing so, the Board shall adhere to the following guidelines or principles:
- a. The Compensation package should be arrived at initially through a negotiation process involving the Board Chair, or designee, and the CEO. The final decision, however, rests with the Board.
  - b. The Board Chair has discretion to create an ad hoc committee to gather and evaluate data to assist in the compensation process. The Board Chair would be the de facto Chair of any such committee.
  - c. The compensation package established each year should be progressive in that it is not necessarily constrained or dictated by the previous years' practices or general industry practices.
  - d. ACERA's CEO will be granted any and all COLA's that are approved for Alameda County unrepresented management.

- e. Should compensation include a bonus or incentive-based element, the Board will establish with the CEO specific and objective criteria that will serve as the basis for awarding said bonus or incentive element.
  - f. Per the Ralph M. Brown Act, the Board may discuss in closed session whether to authorize the CEO to receive an increase in compensation or benefits, but any discussion on the amount and scope of change to the compensation package will occur in open session, unless the Board consults with its designated negotiator in closed session consistent with Government Code section 54957.6 (see footnote 2).
  - g. Any action on the CEO's compensation and/or benefits must occur in open session at a regular meeting of the Board.
2. Determining the structure of the compensation package, the Board may incorporate the following elements as it deems appropriate:
- a. Salary
  - b. Bonus
  - c. Performance incentives
  - d. Perquisites
  - e. Benefits
  - f. Severance
- E. Transition

Throughout the above process, the Chair of the Board 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 Form, completed individual Evaluation Forms, Summary of Evaluations, etc. Once the Evaluation Process is completed, the Board Chair will provide the Human Resource Officer all relevant documents in a sealed envelope for storage.

## IV. Policy Review

The Governance Committee shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

## V. Policy History

- A. The Board adopted this policy on November 18, 1999.
- B. The Board reviewed and adopted this policy, with revisions, on July 20, 2017<sup>1</sup>.

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<sup>1</sup> Adoption date: November 18, 1999. Previous amendment dates, with revisions (except where noted): August 16, 2001; December 18, 2003; May 19, 2005; October 18, 2007; October 15, 2009 (without revisions); December 15, 2011; December 19, 2013; December 17, 2015; and July 20, 2017.



## CEO Performance Evaluation Process

### Rating Scale Definitions

Use the following rating scale to evaluate employee performance against goal achievement and demonstration of competencies for the upcoming performance period.

3. Exceeded Expectations	2. Achieved Expectations	1. Did Not Meet Expectations
<p>Consistently exceeded results and demonstrated advanced competencies. <i>The CEO had an outstanding year.</i></p>	<p>Consistently achieved results and demonstrated effective competencies. <i>The CEO met the Board's standards for performance and had a successful year.</i></p>	<p>Improvement is needed in one or more significant areas of expected job results and/or competencies. <i>The CEO did not meet the objective.</i></p>

### 1. CEO Annual Goals (50% of evaluation)

**Instructions:** At the beginning of the year, the Board will define a set of key goals for the CEO that are critical to advance ACERA's strategies. Target performance should be defined for each goal. At year-end, please rate the CEO's performance on each key business objective using the rating scale shown.

#### Rating Scale

3	Exceeded Expectations
2	Achieved Expectations
1	Did Not Meet Expectations
N/A	Not Sure / Unable to Rate

#### Goal #1

**Define the Key Business Objectives:**

<b>Define Target Performance:</b>	<b>Priority</b> <i>(optional – start of year)</i>	<b>Rating</b> <i>(required)</i>
<b>Results Achieved/Comments:</b> <i>(optional)</i>		

#### Goal #2

**Define the Key Business Objective:**

<b>Define Target Performance:</b>	<b>Priority</b> <i>(optional – start of year)</i>	<b>Rating</b> <i>(required)</i>
<b>Results Achieved/Comments:</b> <i>(optional)</i>		

#### Goal #3

**Define the Key Business Objective:**

<b>Define Target Performance:</b>	<b>Priority</b> <i>(optional – start of year)</i>	<b>Rating</b> <i>(required)</i>
<b>Results Achieved/Comments:</b> <i>(optional)</i>		



## ACERA – CEO Performance Evaluation Form

Goal #4		
Define the Key Business Objective:		
Define Target Performance:	Priority <i>(optional – start of year)</i>	Rating <i>(required)</i>
Results Achieved/Comments: <i>(optional)</i>		
Goal #5		
Define the Key Business Objective:		
Define Target Performance:	Priority <i>(optional – start of year)</i>	Rating <i>(required)</i>
Results Achieved/Comments: <i>(optional)</i>		
(Overall weighted average on goal achievement will be calculated)		

2. CEO Leadership Competencies (30% of evaluation)		
<b>Instructions:</b> At the beginning of the year, the Board will review the leadership expectations with the CEO and discuss strengths and developmental areas. At year-end, please rate the CEO's performance on each of the leadership expectations using the rating scale shown.		
<b>Rating Scale</b>		
3	Exceeded Expectations; demonstrates advanced performance on this competency.	
2	Achieved Expectations; demonstrates proficient performance on this competency.	
1	Did Not Meet Expectations.	
N/A	Not Sure / Unable to Rate.	
Leadership Competencies (Equally Weighted)	Comments <i>(optional)</i>	Rating <i>(required)</i>
<b>1 Vision and Strategy</b> —Develops a compelling picture of ACERA's vision and strategy; understands the long-term view of ACERA's strengths, challenges, and opportunities; anticipates competitive trends and develops innovative strategies.		
<b>2 Maximizing Talent</b> —Builds ACERA's long-term capability by ensuring the organization attracts, engages and retains a talented, diverse workforce; coaches and develops direct reports and emerging leaders.		
<b>3 Leading Change</b> —Creates and drives critical change initiatives across ACERA by defining outcomes, energizing others and actively working with stakeholders to identify and work through resistance.		
<b>4 Technical Expertise</b> —Builds depth and breadth of technical expertise and effectively makes decisions based on technical knowledge to increase credibility and success of ACERA.		
<b>5 Judgment and Decision Making</b> —Generate insightful, innovative and practical solutions to complex or unusual problems through the use of critical thinking and judgment; effectively balances risk in decision making.		





## ACERA – CEO Performance Evaluation Form

### 3. Ongoing CEO Responsibilities (20% of evaluation)

**Instructions:** In addition to specific goals, the CEO also has many important ongoing responsibilities. At year-end, please rate the CEO's performance on these ongoing responsibilities using the rating scale shown.

#### Rating Scale

3	Exceeded Expectations
2	Achieved Expectations
1	Did Not Meet Expectations
N/A	Not Sure / Unable to Rate

Ongoing Responsibilities	Comments <i>(optional)</i>	Rating <i>(required)</i>
<b>CEO's Performance in Carrying Out Ongoing Responsibilities</b> —includes overseeing day-to-day operations, implementing new strategies, resource development, and external/community relations.		

### 4. Overall Evaluation

**Instructions:** At year-end, please consider the CEO's performance for the full year and provide an overall evaluation using the rating scale shown. (Note: while a calculated overall rating will be generated, this question allows each Board member to reflect on the CEO's performance for the full year and provide a comprehensive evaluation including consideration of performance areas that may not be covered by this form.)

#### Rating Scale

3	Exceeded Expectations—Consistently exceeded results and demonstrated advanced competencies. <i>The CEO had an outstanding year.</i>
2	Achieved Expectations—Consistently achieved results and demonstrated effective competencies. <i>The CEO met the Board's high standards for performance and had a successful year.</i>
1	Did Not Meet Expectations—Improvement is needed in one or more significant areas of expected job results and/or competencies. <i>The CEO did not meet the objectives.</i>

	Rating <i>(required)</i>
<b>Overall Evaluation Rating</b>	

### 5. Open Ended Questions (Optional)

- a. What was the CEO's most significant achievement over the past year?
- b. Which area of the CEO's performance, if any, needed more attention over the past year?
- c. Which current or new goals should the CEO focus on during the next 12 months?
- d. Please share any additional comments.

**Thank you.**