



COMPENSATION COMMITTEE MEETING
June 10, 2019
Minutes

The Compensation Committee Meeting of the Board of Directors of the Las Vegas Convention and Visitors Authority (LVCVA) was held on June 10, 2019, at the Las Vegas Convention Center, 3150 Paradise Road, Las Vegas, Nevada 89109. This meeting was properly noticed and posted in compliance with the Nevada Open Meeting Law.

Compensation Committee Members:

Present unless otherwise noted

Ms. Mary Beth Sewald, Vice Chair

Mr. Chuck Bowling

Councilwoman Michele Fiore

Mr. Tom Jenkin..... absent

Mr. Bill Noonan

Ms. Marilyn Spiegel

Commissioner Lawrence Weekly

LVCVA Executive Staff in Attendance

Steve Hill, CEO/President

Luke Puschnig, Esq., CEM, Legal Counsel

Lori Nelson-Kraft, Senior Vice President of Communications & Government Affairs

Brian Yost, Chief Operating Officer

Barbara Bolender, Chief People Officer

Terry Jicinsky, Senior Vice President of Operations

OPENING CEREMONIES

Vice Chair Mary Beth Sewald called the meeting to order at 1:59 p.m.

FLAG SALUTE The Pledge of Allegiance was performed.

COMMENTS FROM THE FLOOR BY THE PUBLIC

There were no comments from the floor by the public.

Member Michel Fiore entered the meeting at 2:00 p.m.

APPROVAL OF AGENDA AND MINUTES

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Member Chuck Bowling moved and it was carried by unanimous vote of the voting members present, to approve the June 10, 2019, Compensation Committee Meeting agenda and the September 11, 2018, Compensation Committee meeting minutes.

OFFICER NOMINATIONS

In accordance with Board Policy 1.04, the following Committee officer elections will be made.

- Chair
- Vice Chair

Member Lawrence Weekly nominated Member Marilyn Spiegel as Chair and Member Mary Beth Sewald as Vice Chair of the Compensation Committee.

Member Mary Beth Sewald thanked Member Weekly.

Member Weekly moved, seconded by Member Chuck Bowling, and it was carried by unanimous vote of the voting members present, to: elect Member Marilyn Spiegel as Chair and Member Mary Beth Sewald as the Vice Chair of the Compensation Committee.

Member Spiegel proceeded the meeting as Chair.

The Committee congratulated Chair Spiegel.

Chair Spiegel commented on her experiences in being a part of other Compensation Committees.

STAFF REPORTS – DISCUSSION AND POSSIBLE ACTION

ITEM A. **Compensation Committee Charter Review and Evaluation of the Committee**

Barbara Bolender, Chief People Officer, requested that the Compensation Committee review its Charter and evaluate the Committee's performance pursuant to the Charter.

Ms. Bolender delivered a PowerPoint presentation on the Compensation Committee Charter detailing the Committee's purpose, structure and organization, and responsibilities.

Fiscal Impact
None

Chair Spiegel confirmed the Charter was presented to the Committee in February 2018 and inquired how many meetings were held in 2018, to which Ms. Bolender answered there were two meetings, noting the last meeting was held in October 2018. Ms. Bolender also noted that there had been no changes or recommendations to the Charter since that time.

Member Chuck Bowling expressed his appreciation to Steve Hill, Chief Executive Officer (CEO)/President, in his efforts for implementing the review of charters by each different committee of the LVCVA Board of Directors. Member Bowling noted that the Las Vegas Convention Center District (LVCCD) and Audit Committees have reviewed their charters and noted it is "very healthy" for the committees to review their charters.

Member Bowling commented on his briefing with Ms. Bolender and referenced Page 2 Responsibilities, Section 4 of the Charter, and emphasized the importance of the focus on Pay-for-Performance metrics. Member Bowling expressed his concern that the Charter does not clearly outline the Pay-for- Performance metrics.

Chair Spiegel agreed with Member Bowling's comments, noted her thoughts on the value of implementing the compensation philosophy in a written document detailing the ranges, and Committee recommendations regarding mid-point salary ranges. Chair Spiegel described other compensation philosophies regarding mid-point, and asked what the LVCVA's philosophy is on mid-point. Chair Spiegel inquired if the LVCVA's bonus program is target-based or based on performance incentive, how employees can go about the target for performance, and what the minimum requirement is before there is no bonus. Chair Spiegel stated that the described bonus strategies are usually written out, and commented on how the documentation would be helpful to the Committee.

Member Bill Noonan moved, seconded by Chair Spiegel, and it was carried by unanimous vote of the voting members present, to: 1) Approve the review of the Committee's Charter with the change to include the language of the Pay-for- Performance model in the Charter; and 2) Approve the evaluation of the Committee's performance pursuant to the Charter.

ITEM B. **Approval of Special Awards Policy Pursuant To Board Policy 1.04(13)**

Ms. Bolender requested that the Compensation Committee consider recommending to the LVCVA Board of Directors approval of the attached Special Awards Policy for Ambassadors pursuant to Board Policy 1.04(13).

Fiscal Impact

FY 2020 \$75,000 Estimated expenditure

Ms. Bolender provided a PowerPoint presentation on the Special Awards Policy highlighting the Policy's Purpose, and Methods of Reward and Recognition.

Member Noonan inquired if the estimated expenditure is consistent to what has been budgeted in prior years, and confirmed that there is no change to the financial or make up of the program. Ms. Bolender confirmed that there are no changes to the financial or make up of the program from the time that it was approved in September 2018.

Member Noonan moved and it was carried by vote of the voting members present, to: recommend to the LVCVA Board of Directors for approval of the attached Special Awards Policy for Ambassadors pursuant to Board Policy 1.04(13).

ITEM C. **Compensation Philosophy Program and Executive Class Review**

HELD

Ms. Bolender requested that the Committee review and recommend to the LVCVA Board of Directors approval of the LVCVA's general compensation philosophy and executive compensation programs, and approval of title changes, and salary and bonus ranges of executive officers or "E" level positions.

Fiscal Impact

None

Ms. Bolender presented a PowerPoint presentation on the Compensation Philosophy Program and Executive Class Review discussing the philosophy and goals, methodology, findings, and new ranges of the program.

Ms. Bolender recognized Jessica Lerner, Senior Manager of People Rewards, for her efforts in the market data research, job matching, and LVCVA job description revisions.

Chair Spiegel asked Ms. Bolender to define which market was chosen for the market research, and asked if there was market data for the other large convention centers or other Destination Marketing Organizations (DMO). Ms. Bolender answered local hospitality data was used for the Sales, Marketing, and Public Relations departments, and local public entities data was used for administrative type roles such as Finance and Human Resources.

Vice Chair Sewald inquired if it would have been more feasible to compare the Las Vegas market with any other Convention markets across the country. Ms. Bolender stated the research would have been? more feasible for Executive level pay as a valid comparison, explained that the other DMOs are not necessarily funded by tax payer dollars the way the LVCVA is, and explained staff was very mindful of the funding, and looked at the other local public entities when researching comparable positions.

Member Noonan asked Ms. Bolender to explain the duplication in the wage scale. Ms. Bolender referenced the supplemental document to Item B and explained that there are positions with no current incumbents and explained the positions are appropriately placed in the wage structure to prepare for future hiring. Ms. Bolender explained the vacancies of the Chief Marketing Officer and Senior Vice President of Marketing, commenting that staff will ascertain the appropriate level for each position in part based on the quality of candidates that are received. Ms. Bolender explained that the structure would not necessarily have both a Chief Marketing Officer and Senior Vice President of Marketing, although it may be deemed necessary by Mr. Hill in the case that the titles are approved.

Member Noonan confirmed that it would be budgetary authority to fund if the new positions in the structure, to which Ms. Bolender stated that is correct.

Member Weekly referenced Member Bowling's comments on the Pay-for-Performance metrics and asked how staff is researching the various categories with the exceptions of different executive level pay grades, and asked about the measurement of movement between minimum and maximum. Member Weekly asked if staff was researching based off previous discussions, other than the base and bonus guarantee. Ms. Bolender discussed that the supplemental document is a structure, explained that the pay will be within the structure based on performance and metrics, and explained that pay increases and incentive pay are based off Pay-for-Performance and presumably based on appropriate metrics.

Member Weekly asked if the described positions in the "E-3, E-2, and E-1" levels, are on the same timeline. Ms. Bolender explained that the positions are on the same timeline, and increases will occur annually around July 1 depending on how the pay period falls.

Mr. Hill added to Ms. Bolender's comments that the LVCVA is currently going through an evaluation process, and detailed the goal and evaluation process.

Member Michele Fiore inquired about the approval of the new titles, and asked if the titles are a part of the preliminary budget that was approved in May 2019, or if the new titles would be in addition to the preliminary budget. Mr. Hill answered that the new titles are a part of the budget and discussed that any additions would be a part of the budget that was previously approved. Mr. Hill explained that staff does not necessarily have any time sensitive plans to fill the positions, that the positions may be a part of the organization at some point, and stated staff should have a complete menu of what the positions may be, but that there is no plan to add to the number of people on the Executive Team.

Member Bowling discussed the efforts of the Compensation philosophy, referenced Mr. Hill's comments on the evaluation period of the market both in the sales and operations area between government entities because it is a tax payer funded initiative on the project. Member Bowling discussed that the focus is to market Las Vegas and there is no other job description in the city that has the job or the mission of the LVCVA. Member Bowling explained that the competitive market is Dallas, TX, San Francisco, CA, and Chicago, IL, and suggested staff go broader than local entities to better align job responsibility and job descriptions to ensure that staff is the very best in the industry. Member Bowling stated that the industry is not at the local entities, but at the other competitors in the market, discussed the accountability of the Compensation Committee and Board of Directors in creating jobs which would grow more taxes across the board, suggested staff "go one more level" to ensure that the job descriptions are aligned with the "best of the best," and emphasized the importance of being competitive in the market.

Chair Spiegel agreed with Member Bowling's comments and emphasized the importance of identifying the market and to benchmark against the competitive market. Chair Spiegel discussed the previous executive pay wage scales are still in place and compared the new pay wage scales referencing the reduced minimums, mid-points, discussed the opportunity to have more time with a compensation consultant who understands DMOs that can help staff compete against the competitive market. Chair Spiegel discussed the criticalness of the industry in Las Vegas, discussed her concerns on benchmarking against the local entities, welcomed a motion to table item C, and have a compensation consultant work with staff to ensure the LVCVA will have the very best talent.

Member Bowling stated that the data points presented are equally important and will be used in the consideration of the compensation philosophy.

Member Fiore inquired if staff is researching the competition in Macau, China, discussed her opportunity to travel with the Board of Directors, commented on the competition of China conventions and tourists, and inquired how the competition from Macau would be implemented in further research. Member Fiore agreed with Member Bowling's comments.

Chair Spiegel moved, seconded by Member Bowling, and third by Member Fiore, and it was carried by unanimous of the voting members present, to: table item C for discussion at a future Compensation Committee meeting.

ITEM D. **Legal Counsel's Performance Incentive**

Ms. Bolender requested that the Compensation Committee consider: 1) Any performance incentive for Legal Counsel for fiscal year 2019; and 2) Making an appropriate recommendation to the Board of Directors regarding performance incentive compensation based on accomplishment of the fiscal year 2019 goals.

Fiscal Impact
FY 2020 TBD

Mr. Hill introduced Luke Puschnig, Legal Counsel, to present his accomplishments of FY 2019.

Mr. Puschnig outlined his accomplishments of FY 2019.

Chair Spiegel thanked Mr. Puschnig.

Mr. Hill announced Mr. Puschnig's retirement from the LVCVA, and expressed his appreciation to Mr. Puschnig of his 20 years of service with the organization.

Mr. Hill recommended that the Compensation Committee consider an 18 percent performance incentive for Mr. Puschnig.

Member Bowling reiterated Mr. Hill's comments, and expressed his appreciation to Mr. Puschnig.

Member Noonan moved and it was carried by unanimous vote of the voting members present, to: 1) Approve a performance incentive of 18 percent for Legal Counsel; and 2) Make the appropriate recommendation to the Board of Directors regarding performance incentive compensation based on accomplishment of the fiscal year 2019 goals.

Mr. Puschnig thanked the Compensation Committee.

ITEM E. **CEO/President's Annual Performance Evaluation**

Ms. Bolender requested that the Compensation Committee consider: 1) Rendering the CEO/President's annual evaluation; 2) Approving his fiscal year 2020 goals; and 3) Making an appropriate recommendation to the Board of Directors regarding merit increase and performance incentive compensation based on accomplishment of the fiscal year 2019 goals.

Fiscal Impact
FY 2020 TBD

Mr. Hill noted at the discretion of the Committee, he will present his 2020 goals in detail at the June 11, 2019, Regular Meeting of the Board of Directors.

Mr. Hill delivered a PowerPoint presentation outlining his accomplishments for FY 2019 highlighting the Sales, Operations, Access and Advocacy, LVCCD, and Corporate Governance accomplishments, and corrected a typo in the presentation regarding potential room nights noting the room nights should read 1.25M potential room nights, explaining that the goal is for the LVCVA to accomplish 1.5M potential room nights.

Mr. Hill presented a video presentation summarizing his accomplishments for FY 2019.

Chair Spiegel thanked Mr. Hill for discussing his objectives, and commented on the format of Mr. Hill's presentation.

Member Bowling thanked Mr. Hill for the video presentation, acknowledged the change in leadership in 2018, and commended Mr. Hill on a "great first start". Member Bowling discussed that there is no other DMO in the industry that has a review process explaining that there is no other CEO that runs a DMO and runs a convention center. Member Bowling highlighted the format of Mr. Hill's presentation, reiterated the Compensation Committee is reviewing both the FY 2019 accomplishments and a recommendation on future compensation, and congratulated Mr. Hill.

Chair Spiegel suggested the Compensation Committee parse the recommendation into two ways by providing the performance incentive recommendation and a recommendation for merit increase separately.

Member Bowling reminded the Compensation Committee of the Pay-for-Performance metrics and noted the success of the evaluation is to obtain a benchmarking from the top DMOs in the country and discussed that other DMOs do not have same area of responsibility as the LVCVA. Member Bowling recommended the Compensation Committee approve a 40 percent performance incentive recommendation.

Member Noonan discussed his involvement in the Pay-for-Performance metrics in prior years, and highlighted the success of the Pay-for-Performance metrics within the past year. Member Noonan acknowledged the leadership and transition in the past year, complimented Mr. Hill on a "job well done", agreed with Member Bowling's comments, and expressed his support of the recommendation of a 40 percent performance incentive for Mr. Hill.

Member Noonan moved and it was carried by unanimous vote of the voting members present to approve a performance incentive of 40 percent for the CEO/President.

Chair Spiegel noted the compensation consultant provided the Committee with information about other DMOs that include Orlando, FL, Chicago, IL, Atlanta, GA, San Diego, CA, Dallas, TX, and San Francisco, CA. Chair Spiegel noted Mr. Hill's base pay is below the mean of the other locations, echoed Member Bowling's comments noting the level of responsibility Mr. Hill has compared to other DMO markets, and discussed her concern of the importance that the LVCVA remain competitive.

Member Bowling added to Chair Spiegel's comments explaining that the expectation for the LVCVA is to be "the best in the world", and emphasized the responsibility of the CEO. Member Bowling described the metrics in making a merit increase to Mr. Hill's compensation, and recommended that the Committee approve a merit increase of five percent for Mr. Hill.

Chair Spiegel clarified Member Bowling's comments confirming the recommendation is to approve a merit increase of \$18,750 at five percent, to which Member Bowling confirmed.

Member Bowling moved and it was carried by unanimous vote of the voting members present, to: 1) Render CEO/ President's annual evaluation; 2) Approve a performance incentive of 40 percent and a merit increase of five percent; and 3) Make the appropriate recommendation to the Board of Directors regarding merit increase and performance incentive compensation based on accomplishment of the fiscal year 2019 goals.

Ms. Bolender reminded the Committee that the compensation recommendations for Legal Counsel and CEO/President will need to be approved by the Board of Directors at their June 11, 2019, Regular Meeting.

Member Noonan clarified the new Legal Counsel, Caroline Bateman, will present her goals to the Committee at a later time for review and approval, to which Ms. Bolender confirmed.

Chair Spiegel asked Mr. Hill to present his FY 2020 goals at the June 11, 2019, Regular Meeting of the Board of Directors.

SET NEXT MEETING DATE

The next Compensation Committee will be at the Call of the Chair.

DIRECTORS' RECOGNITION

Member Bill Noonan recognized Ms. Lerner and thanked her for a "job well done".

Vice Chair Sewald recognized staff and Mr. Hill for all their work and expressed her appreciation to live in Las Vegas, the opportunity to serve on the LVCVA Board of Directors, lead the largest business organization in the State, and congratulated Mr. Hill on behalf of the Las Vegas Metro Chamber of Commerce.

LVCVA Board Chair Larry Brown acknowledged the recent changes including the expansion and the transition in leadership, and stated that Mr. Hill and staff's accomplishments are "just remarkable", and thanked the Compensation Committee and the Board of Directors for the support they have given to Mr. Hill and to the organization.

Member Weekly congratulated Mr. Hill, and expressed his appreciation for Mr. Hill's recognizing the team efforts during his presentation.

Chair Spiegel thanked Ms. Bolender and Ms. Lerner on their efforts in revising the job descriptions, and stated she looked forward to work with Ms. Bolender and Ms. Lerner on the compensation philosophy to ensure consistency, recognized Mr. Puschnig's accomplishments, thanked Mr. Puschnig for his contributions to the LVCVA, and congratulated Mr. Hill on a "wonderful job this past year".

Mr. Hill thanked Chair Spiegel.

COMMENTS FROM THE FLOOR BY THE PUBLIC

There were no comments from the floor by the public.

ADJOURNMENT

Chair Marilyn Spiegel adjourned the meeting at 3:31 p.m.

Respectfully submitted,

Date Approved: TBD

Christal Harrison
Assistant to the Board of Directors

Marilyn Spiegel
Compensation Committee Chair