



Compensation Committee of the Port Commission of the Port of Houston Authority

Charter

Adopted as of June 25, 2019

A. Purpose and Authority

The Compensation Committee (“Committee”) is established by the Port Commission as governing body of the Port of Houston Authority of Harris County, Texas (“Port Authority”) for the primary purpose of assisting the Port Commission in:

1. Prescribing the compensation of the Port Authority’s executive director and chief audit executive.
2. Overseeing the Port Authority's compensation and succession planning programs and practices.

B. Composition and Meetings

1. The Compensation Committee will be comprised of three or more Port Commissioners, and as provided by the Amended and Restated Bylaws of the Port of Houston Authority, as amended from time-to-time (the “Bylaws”).
2. Unless a chairperson is selected by the Chairman of the Port Commission, the members of the Committee may designate a chairperson by majority vote.
3. The Committee will meet periodically as circumstances dictate and as otherwise provided by the Bylaws. The Committee chairperson will approve the agenda for the Committee’s meetings and any member may suggest items for consideration.
4. As part of its responsibility to foster open communication, the Committee may meet periodically with employees and legal counsel in separate executive sessions as permitted by the Texas Open Meetings Act.
5. Port Commissioners who are not members of the Committee are welcome to attend and participate in the meetings of the Committee unless otherwise specified by the Committee chairperson, but may not vote.

C. Responsibilities and Duties

To fulfill its responsibilities and duties, the Compensation Committee will:

Compensation and Succession Planning Philosophy and Programs

1. In consultation with Port Authority employees, establish the Port Authority's general compensation and succession planning philosophies and oversee the development and implementation of compensation and succession planning programs.
2. Provide guidance to the Port Commission and Port Authority employees with respect to succession planning for the executive director, chief audit executive, and other senior-level positions.

Executive Director and Chief Audit Executive

3. Evaluate annually, or as otherwise required by law or the terms of any employment agreement, Port Authority goals and objectives relevant to the compensation of the Port Authority's executive director, evaluate the executive director's performance in light of those goals and objectives, and assist the Port Commission in prescribing the compensation of the executive director based on this evaluation.
4. Evaluate annually, or as otherwise required by law or the terms of any employment agreement, the performance of the Port Authority's chief audit executive and assist the Port Commission in prescribing the compensation of the chief audit executive based on this evaluation.
5. Review and assist the Port Commission in approving any employment, severance, or termination agreements or arrangements to be made with the executive director or chief audit executive of the Port Authority.
6. Provide guidance to the Port Commission with respect to selecting, developing, evaluating, and retaining the executive director and chief audit executive of the Port Authority.

Port Commission Reporting

7. Review and advise staff regarding the detail and appropriate timing for distribution of Port Commission materials regarding compensation or succession planning agenda items, to allow the Port Commission adequate time to review materials and prepare for meetings.
8. Review and advise staff regarding other Port Commission briefing materials in connection with Compensation Committee matters.
9. Report to the Port Commission regarding the execution of the Compensation Committee's duties and responsibilities, activities, any issues encountered, and related recommendations.

Compliance and Updates

10. Periodically review any significant issues or activities that could have a significant impact on the Port Authority's compensation or succession planning programs.
11. Obtain regular updates from management and counsel regarding other compensation or succession planning matters.

Other responsibilities

12. Conduct periodic assessments of this Charter and the Compensation Committee's purpose, duties, and responsibilities hereunder, and recommend to the Port Commission any changes or amendments.
13. Perform any other activities consistent with this Charter, the Port Authority's Bylaws, and governing laws that the Port Commission or Compensation Committee determines are necessary or appropriate.

D. Retention of Advisers

1. The Committee may, in its sole discretion, retain or obtain the advice of a compensation, succession planning, or executive search consultant, independent legal counsel, or other adviser (collectively, "Committee Consultants").
2. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any Committee Consultant retained by the Committee, provided the Port Commission retains the discretion to provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Committee Consultant retained by the Committee.
3. The Committee may select a Committee Consultant only after taking into consideration that person's independence from Port Authority employees. The Committee is required to conduct such an independence assessment with respect to any Committee Consultant that provides advice to the Committee, other than a Port Authority employee.
4. Nothing in this Section D shall be construed: (a) to require the Committee to implement or act consistently with the advice or recommendations of the Committee Consultant; or (b) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

E. Delegation to Subcommittees and Discussion by Port Commission

1. The Committee may when appropriate form and delegate authority to subcommittees consisting of one or more members, provided that any decision of such subcommittee shall be presented to the full Committee at its next meeting.

2. Nothing in this Charter precludes discussion of compensation or succession planning by the Port Commission generally, as it is not the intent of this Charter to impair communication among members of the Port Commission.
