

# MINUTES

## HOUSTON FIRST CORPORATION

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**SALES, TOURISM, AND MARKETING COMMITTEE**  
**September 6, 2019 - 2:00 P.M.**  
**Partnership Tower, 701 Avenida de las Americas, Ste. 200**  
**Houston, Texas 77010**  
**HFC BOARD ROOM**

*The Sales, Tourism, and Marketing Committee ("Committee") of Houston First Corporation (the "Corporation" or "HFC"), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV'T. CODE ANN. §394.001 et seq., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Friday, September 6, 2019 commencing at 2:00 p.m.*

*Written notice of the meeting including the date, hour, place and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.*

*The following Committee members were present for the meeting: Council Member David Robinson (Chair), Bobby Singh (Co-Chair), Jacques D'Rovencourt, Ryan Martin, Eric Schmauch, Stephanie Haynes, Patricia Voss, Scot Cotton, James Batt, and Kim Davis.*

The meeting was called to order at 2:06 p.m. and a quorum was established.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the Sales Committee meeting minutes of November 1, 2018, the Joint Tourism Committee meeting minutes of November 2, 2018 and March 29, 2019, and the Sales, Tourism, and Marketing Committee meeting minutes of June 17, 2019 were approved as presented.
3. **Presentations and Reports.**
  - A. **2020 Budget Overview.** Frank Wilson provided the Committee with the 2020 Budget Overview. He discussed HFC's corporate strategy that guided the budget process. He also informed the Committee of HFC's commitment to replenish reserves.

On the revenue side, HFC began collecting HOT from Airbnb in July of 2019 and will see the value in October. HFC is in discussions with Home Away as well.

Mr. Wilson informed the Committee that the strategic plan was included in their materials. He further explained that the KPI's could change, but HFC staff will come back to the Committee with additional information. Council Member David Robinson stated the handout had small font, otherwise it was quite comprehensive and Ryan Martin also complimented staff on the deliverable.

Mr. Wilson explained, that, although not included under key bookings, the Whataburger Corporate Convention will be returning in 2021 thanks in large part to the hard work of the Sales team.

He further explained, that while last year's budget process focused on Hurricane Harvey recovery, HFC's focus in 2020 is on budget recovery, goal setting, and large capital projects.

Council Member Robinson asked if there was a timeline when HFC intends to replenish reserves and Mr. Wilson stated that there is a draft policy in place, however, the policy will be brought to the Board for final approval.

He explained some variances in the Budget related to personnel expenses and capital projects for the Hilton.

Mr. Wilson then deferred to the department heads to discuss the specifics of each team's departmental budget.

#### 4. **Committee Business.**

##### A. Consideration and possible recommendation of the 2020 Sales, Tourism, Marketing, and Film Budgets.

John Solis informed the Committee that the DMO's is first corporate goal is to generate convention and leisure business and to promote Houston as a premier travel destination by raising the number of target visitors to Houston. Client Services will create better value for groups visiting Houston and will maximize existing client relationships. Additionally, Mr. Solis' team will achieve these corporate goals by managing stakeholder relations.

Mr. Solis explained there was a spike in operating revenues in the Sales budget due to anticipated collections from the service fee applied for PCMA. Expenses remained the same, notwithstanding an increase in personnel expense due to hiring two full-time employees for Sales and Client Services.

Scot Cotton asked about group room night goals and explained that every year HFC discusses setting new goals, but it's important to track these figures as a real-time metric by quarter and determine where the bookings are placed. He further explained that over 60% of hotel business is booked in either the first or second quarters leaving large gaps in the third and fourth; therefore, HFC should create goals set to each quarter. Mr. Solis stated he is aware of this challenge, but there

are less groups meeting in the third quarter. John reported he has met with Hilton staff to determine how to maximize bookings during the third quarter. Mr. Cotton stated he would like to be a part of those discussions in the future.

Lisa Hargrove explained that the Committee is unable to vote on this item, but HFC staff can bring an item before the Committee at a later date based on Mr. Cotton's comments.

Jorge Franz discussed the budget for the Tourism Department. He explained in furtherance of the overall corporate goal, his department has been working on room generation in the third quarter and weekends as a result of real-time data received from our partners. Tourism is also focused on increasing tourism in the top five international travel markets, which include Mexico and China. Additionally, Tourism will promote more leisure tourism sales through student group tours. They will do so by engaging stakeholders in the Houston Experience Marketplace as HFC has a responsibility to promote and market the products of those partners and to create new opportunities for local business.

He also discussed Tourism's role with the new Welcome Center and that personnel have been trained to assist visitors in purchasing experiences through the Houston Experience Marketplace. iPads are located in select hotels in the downtown area to encourage hotel guests to also purchase experiences, but the long-term goal is to have similar capabilities throughout Houston.

Mr. Franz then discussed some slight variances in the department budget related to revenues from the Tourism Summit and an open position in the Tourism Department that will be filled in 2020. Additionally, the department has increased its travel promotion budget for the IPW Trade Show at the request of HFC's partners.

Council Member Robinson asked how the Tourism Department measured the success of the Tourism Summit and Mr. Franz stated that a survey is sent to all participants with a goal of 85% or higher that the Tourism Summit was "highly valuable." He stated he is happy with the success of the Tourism Summit thus far as it is the largest tourism summit within the State of Texas.

Bobby Singh asked what the split was between domestic and international travel promotion and Mr. Franz explained that the Tourism Department is more focused on advertising then international and domestic travel at this time. Mr. Singh stated the importance of working with our partners in India and Mr. Franz clarified that Tourism will continue to work with the agency locally in India, but as we look at the market, India had dropped slightly from the number four top international travel destination to number six.

Rick Ferguson gave a brief overview of the Houston Film Commission 2020 Budget. Mr. Ferguson informed the Committee that the Texas Legislature increased funding for the Texas Moving Image Industry Incentive Program from

\$22 million to \$55 million, however, they will continue to advocate for increased funding and a way to level the playing field for filmmakers. The Houston Film Commission will continue to concentrate on specific initiatives such as promoting industry networking and providing services to its clients such as location support, crew development, and promoting the local film industry. In doing so, the Film Commission will further the corporate goal of increasing visitation to Houston by increasing the number of film and video projects in the City, specifically multi-episode television series and films with lengthier production schedules that put heads in beds.

The Film Commission has made upgrades to the Reel Scout Program to improve response times and records appropriate for film productions.

Mr. Ferguson stated that the West Coast Initiative will no longer take place and the employee overseeing that project has resigned. The Film Commission will use a local location scout that can coordinate and follow-up on leads for projects generated in California.

Council Member Robinson commented that people reach out to him often with film opportunities and briefly discussed a PBS documentary called "Saving the City" and asked how these specific interests are generated through Reel Scout and Mr. Ferguson further explained.

Mr. Ferguson also announced there was a vacancy in his department after his longtime Executive Assistant, Jessica Montgomery, lost her battle with cancer.

Kim Davis asked Mr. Ferguson if part of the Houston Film Commission's efforts were dedicated to engaging local talent and up and coming filmmakers and Mr. Ferguson stated that he and his team meet with local filmmakers four to five times a week.

Holly Clapham-Rosenow discussed the 2020 Budget for the Marketing Department. She explained that the Marketing Department represents sixteen brand channels. Also, in furtherance of supporting the corporate-wide goal of increasing visitation to Houston, they have determined that Gen X and Millennials are the most likely to visit, so they have focused their advertising accordingly and are working with Cindy Decker to target visitation on holidays and weekends. She further discussed the marketing engine, which now includes conversion output so the Marketing team can monitor acquisition through conversion and return on investment. Ms. Clapham-Rosenow also discussed her team's performance goals for 2020, which include increasing HFC's social media followers. She also announced that the Visit Houston website is currently being re-designed and set to launch on September 18.

She also provided a visual of earned media, highlighting the huge spike in news coverage related to the 50<sup>th</sup> Anniversary of the Apollo 11 Mission. Bobby Singh

asked for more detail on the graph shown and the specific ads run during those periods.

In discussing the operating budget for Marketing, Ms. Clapham-Rosenow stated a vacant position will be filled in 2020 and the budget for advertising and promotion will be decreased.

Stephanie Haynes asked what the Marketing team has done to leverage Houston as a culinary capital and industry leader rather than its country and western roots and there was additional discussion.

Bobby Singh asked what the biggest risk is in decreasing the advertising and promotion budget next year and Ms. Clapham-Rosenow stated she's not certain, however, she will know more when the team receives its next destination profile, but likely web networks will not grow and will remain flat. She further explained that it was a strategic decision to pull out of large and mid-size markets and increase advertising in states like Louisiana. Additionally, marketing will rely on digital ads and pre-roll rather than traditional advertising methods. Mr. Singh stated that HFC has done its best to invest the correct funds for advertising and he has some concerns with HFC reducing those funds.

Scot Cotton asked how much HFC has spent on advertising and promotion over the past few years. Ms. Clapham-Rosenow stated that funds will be shifted from branding to conversion. Jorge Franz commented that HFC utilized this strategy in years past, and in his opinion, it allows HFC to target individual travelers. Mr. Cotton further explained that the toughest thing hoteliers have to do is sell Houston to visitors, but once they arrive, they're sold. So, from a sales perspective, if HFC does not sell the "sizzle" things fall apart.

Ms. Clapham-Rosenow acknowledged the concerns of the Committee and stated a more positive outlook is that the Marketing Department has the opportunity to showcase new technology such as the Houston AR Scanner App.

Council Member Robinson asked that Committee Members make any final comments in the interest of time and Ryan Martin stated that a reduction in spend does not mean there has to be a decrease in production or output.

Frank Wilson finally stated that HFC has to prepare for the "R" word and its impact on HOT, revenues, etc.

Following a motion duly seconded, the 2020 Sales, Tourism, Marketing, and Film Budgets were approved unanimously.

- B. Consideration and possible recommendation of a revised Sales, Tourism, and Marketing Committee Charter. [This item was removed from the agenda.]

- 5. **Adjournment.** The meeting was adjourned at 3:43 p.m.