

MINUTES

HOUSTON FIRST CORPORATION

SALES, TOURISM, AND MARKETING COMMITTEE

September 29, 2022 – 10:00 A.M.

Partnership Tower, 701 Avenida de las Americas, Suite 200

Houston, TX 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., held a meeting at Partnership Tower, 701 Avenida de las Americas, Suite 200, Houston, Harris County, Texas 77010, on Thursday, September 29, 2022, commencing at 10:00 a.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 participated in the meeting: Bobby Singh (Chair), Nicki Keenan (Vice-Chair), Sofia Adrogué, Meg Booth, Connie Cochran, Kim Davis, and Stephanie Haynes

1. The Committee Chair began the meeting at 10:04 a.m. A quorum was established.
2. **Public Comments.** None
3. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes for April 8, 2021, and November 10, 2022, were approved.
4. **Presentations, Reports, and Updates**
 - A. **Houston First President & CEO’s Update**

Michael Heckman, President & CEO, stated there had been tremendous progress this year from a variety of initiatives. There are challenges facing the industry for out-year bookings of mega conventions and a tremendous lead volume in the short-term with a booking window that has shrunk dramatically, which is impacting Houston and other cities all over the country. There was a shift during the pandemic toward more of a digital strategy for marketing. HFC faces challenges related to state legislation that impacts attendance and future bookings. However, attendance has surpassed expectations with 80% of attendance from citywide conventions this year.

A campaign called Unified Brand is being conducted by HFC, which Mayor Turner asked HFC to lead. The campaign has been carried out in collaboration with the Greater Houston Partnership.

Mr. Heckman informed the Committee that HFC would exceed HOT collection by \$2 million.

B. Market Report

Cindy Decker, Vice President, Business Intelligence and Market Strategy, reported that total room revenues are back to 2019 trends since March 2022. Year-to-date, Houston is down by about 4.6% compared to 2021, which was down 22% compared to 2019. Ms. Decker stated that ADR year-over-year has seen rates ahead of 2019 and has shown a great deal of rate growth in the market. Houston runs about 30% business travel and was trending at 30% down at the beginning of 2022. However, it is currently about 17% down on business travel, which indicates an uptick in business travel. Houston has recovered 106% in rate compared to 2019. The Houston market measures low on the top 25 due to 67% of hotels being suburban or airport properties where rates are under \$100 and because the market is geographically distributed. Houston's rates are below that of its competitors. Ms. Decker stated that the focus is on placing the business in the proper space to drive occupancy.

Mr. Heckman stated that one of HFC's strategic priorities going into 2023 is how RevPar recovery is measured versus 2019, for an apples-to-apples comparison.

Ms. Decker informed the Committee that for the first time ever, a Moxy Hotel by Marriott will be opening in Houston in December 2022 with 119 rooms. She also stated that Hyatt will be opening a Thompson Hotel in Houston for the first time in the Spring of 2023.

C. Marketing and Sales Report

Holly Clapham, Chief Marketing Officer, mentioned five of the eleven campaigns for 2022: Top Chef Houston ran domestically, Marketplace which is a product of the Tourism department and a domestic retail campaign; Summer Travel was a first-time integration campaign with Mexico which is heavy in both domestic and digital; National Business & Meetings in the Wall Street Journal and meeting trades, and Hotel Deals to further assist hotels with a push for third and fourth quarters.

There was a special packaging opportunity with Expedia by creating a Houston experience in English and Spanish. Expedia used Houston's destination space to promote on its social network, and this was Expedia's first time partnering with a destination.

Ms. Decker stated that she and Ms. Clapham started using pixels in 2019 to start tracking how marketing campaigns performed. HFC is working with a company that tracks the pixels straight through the web into the hotels, providing an estimated room night count. Pixels have shown that 50,000 room nights have been generated since March 2022 as well as \$1.4 million in HOT revenue, and an estimated \$114 million economic impact.

Ms. Clapham reported that HFC launched its first annual Houston Week in late March 2022 in Mexico and integrated a marketing campaign in Mexico on April 1, 2022, featuring a mix of both brand awareness and retail hotel conversion. These events garnered over 260 million impressions and 500 attendees experienced "Hola Houston" branded client events.

Nielsen, a global rating company, is conducting Houston's first brand lift study as a result of Houston generating over 680 million impressions, with the results of the study being available in January 2023.

John Solis, Senior Vice President of Sales and Client Services, stated there have been 17 key conventions with more than 218,000 attendees from January to August 2022 which is 84% of anticipated attendees. There are eight more scheduled conventions for the remainder of 2022 with 88% of those being association conventions and 60,000 anticipated attendees.

Mr. Solis stated that conventions are strong going into 2023. He emphasized that February would be a great month due to three first-time corporate groups coming representing retail, recreation, and technology. The spike in April 2023 is a result of the Final Four Basketball tournament being hosted in Houston. He informed the Committee that Houston is bidding for the DNC in 2024 and the RNC in 2028.

Mr. Solis stated that a priority for 2022 was to fill up the pipeline for future years. Pre-pandemic, the pipeline carried about four million room nights in the funnel and the goal is to get back to that. The goal in 2022 was to reach 2.5 million room nights, and it is currently at just over two million through September 2022. Actually, contracted room nights from January through September 2022 were at 189,945 for the 321 meetings that were booked.

The goal for 2022 was to get out to as many tradeshow and conferences as possible. The strategy had changed by going to smaller programs more frequently in the market.

Jorge Franz, Senior Vice President, Tourism and Industry Relations, stated that one of the key focuses for the Mexico Mission in 2022 was to meet with planners. Five participating agencies will be in Houston in October 2022. Mr. Franz also stated that Mexico tour operators are currently promoting Houston's leisure travel products through digital and print advertising and the highest-selling travel agents will win a trip to Houston in December 2022 to participate in a familiarization tour.

Mr. Franz reported that HFC Brand USA India, in partnership with Turkish Airlines, invited India's top tour operators to experience Houston and attend a familiarization tour to learn how to build and sell Houston products. Mr. Franz emphasized that India ranks #4 in overseas arrivals to the USA and Houston.

There will be a focus on improving the visitor experience due to complaints received regarding the lack of a visitor center. Mr. Franz stated that frontline personnel training will begin in 2023 with hotel staff on how to sell Houston the way HFC sells Houston. HFC is currently working with Houston Community College (HCC) to create a Houston

Certification. The Houston Insider Program will begin again in 2023 and will be solely for the hospitality sector.

D. Television and Film Report

Mr. Franz informed the Committee that the Houston Film Commission was highly involved with Comedian Mo Amer's film project called "MO," which was filmed in Houston and began airing on Netflix in August. He stated it was an eight-episode series that was filmed in 35 Houston locations from October to December 2021. The film was projected to have a \$24 million economic impact, and there are discussions for a second season. Mr. Franz mentioned that it had a 100% rating on Rotten Tomatoes and there was buzz for Emmy and Golden Globe consideration.

Mr. Franz reported that Hip Hop Family Christmas Part 2 will premiere on December 11, 2022. The show was produced by Jamie Foxx and filmed in Houston in 2021. The film has a projected economic impact of \$12 million, and there are discussions for a third show.

5. Adjournment. The meeting was adjourned at 11:42 a.m.