

MINUTES

HOUSTON FIRST CORPORATION

Sales, Tourism, and Marketing Committee Meeting
September 12, 2023 – 10:00 A.M.
Partnership Tower, 701 Avenida de las Americas, Suite 200
Houston, Texas 77010
HOUSTON FIRST 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 Tuesday, September 12, 2023, 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), Sofia Adrogué, James Batt, Meg Booth, Connie Cochran, Stephanie Haynes, and Gerald Womack.

- I. **Call to Order.** Committee Chairman Bobby Singh called the meeting to order at 10:03 a.m. with an established quorum.
- II. **Public Comments.** None
- III. **Review and approval of minutes from prior meetings.** Following a motion duly seconded, the June 6, 2023, minutes were approved as presented.
- IV. **Presentations, Reports, and Updates**
 - A. **Houston First President & CEO’s Report.**

Michael Heckman, President and CEO, reported that HFC held a forecasting meeting, which included representatives from the University of Houston and Tourism and Economics, to discuss the annual hotel occupancy tax (“HOT”) collections. According to Mr. Heckman, HOT is exceeding its 2023 budget, and HFC anticipated further growth through 2024. He stated that HFC aimed to compete for leisure travel, meetings, and conventions of all sizes and to maintain unified branding. According to Mr. Heckman, hybrid meetings were becoming obsolete, and he emphasized how people preferred to meet in person.

Mr. Heckman explained that the convention industry was healthy, HFC's budget remained strong, and HFC projected that its business would grow in 2024. He then reminded the Committee that the passage of Senate Bill 1057 would provide an extraordinary amount of funding to reimagine the convention district.

B. Marketing, Sales & Tourism Report.

Nathan Tollett, Vice President of Citywide Convention Sales, reported that Texas travel expenditures were trending positively, up 4.3% from 2019 compared to the entire United States, up 2.3%.

Mr. Tollet explained that air passenger travel was recovering, with an index of 114 in June 2023 compared to 107 in January 2020. He noted that, according to the U.S. Travel Association, visas were lagging at 200 days for processing.

According to Mr. Tollet, Houston's March 2023 room revenue was Houston's highest on record due to CERAweek's energy conference, the Final Four, and the Taylor Swift concert. He also described that occupancy was inconsistent with 2019 due to a 4.6% supply increase and because two large events occurred in 2019.

Mr. Tollett reported that Houston ranked fifth in the Central Business Downtown Market regarding overall recovery and ranked sixth in positive variance in RevPar recovery compared to 2019. He added the average daily rate, currently \$214 for downtown Houston year-to-date, drove the RevPar.

John Solis, Senior Vice President of Sales & Client Services, reported that definite future meeting bookings increased by 43% in 2023 compared to 2019; however, room nights decreased by 26% in 2023 compared to 2019 due to fewer block bookings. He also reported that meeting lead production increased by 23% in 2023 compared to 2019, with room nights rising by 13% in 2023 compared to 2019. He added that site visits decreased by 42% in 2023 compared to 2019 and noted that 2023 was noticeably better than 2022.

Mr. Solis remarked that definite bookings in 2023 were at 75% compared to 2019; meetings were at 350 compared to 244 in 2019, and room nights were at 224,000 compared to 301,000 in 2019, which he attributed to smaller gatherings. Mr. Solis explained that the makeup of these definite bookings was 50% corporate, 26% association, 14% SMERF, 5% international, 4% sports, and 1% Texas State, with many events having a twelve-month booking window.

Mr. Solis reported on definite team production. He stated that HFC identified each domestic meeting by the number of peak room nights, for example, 10-999 (single hotel), 1,000 – 1,499 (two hotels), 1,500 or more (five to eight hotels), and International. Mr. Solis stated that 90% of the 315 definite bookings fell within the 10-999 peak room nights.

According to Mr. Solis, tentative production included businesses with demonstrated interest in Houston. He indicated there were 1,388 potential meetings with 2,332,643 room nights in 2023 compared to 1,125 meetings and 2,069,557 room nights. He highlighted that 85% percent of tentative production fell within the 10-999 peak room nights. Mr. Solis mentioned that four key categories were interested in signing contracts by the end of 2023 for future meetings in Houston: seven corporations, seven associations, four states, and two International.

Mr. Solis clarified that through July 2023, compared to the entire year of 2019, hosted meetings were 82%, room nights were 75%, and attendees were 60%. He then conveyed that he expected numbers to surpass 2022 and be similar to pre-pandemic amounts.

Mr. Solis predicted 2023 would have 29 meetings, 368,241 total room nights, and 3,481 average peak rooms. In parallel, he anticipated 2024 would have 28 meetings, 327,156 total room nights, and 3,391 average peak rooms.

Gerald Womack, Committee Member, remarked that “Sales” facilitated convention business and thanked Mr. Solis and his team for their hard work.

Holly Clapham, Chief Marketing Officer, reported that the Marketing department assumed Mexican and American marketing responsibility in 2022. She added that part of the 2023 strategy was to generate direct economic impact for hotels and attractions via a diverse mix of retail campaigns. Ms. Clapham explained the Digital Display of Hotel Conversation results for May, June, and July. She described that Amadeus resulted in revenue of slightly under \$11 million, Expedia resulted in \$8 million in gross bookings, and Sojern resulted in over \$2.5 million in gross bookings.

Mr. Womack sought a clarification on hotel outreach in numbers rather than percentages. Ms. Clapham replied that each hotel could post its packets without a fee. In response, Mr. Heckman said he would provide the numbers to the Committee. Jorge Franz, Senior Vice President of Tourism & Industry Relations, added that hotels received weekly outreach.

Ms. Clapham stated that the Marketing department supported the meeting efforts through advertising, bid presentations, signage, promotional items, and direct marketing to clients. She added that her team also invested more in social and influencer content.

Ms. Clapham boasted that earned media impressions were 1.1 billion year-to-date and that HFC hosted 95 FAMS. She emphasized that HFC’s numbers were previously unheard of in scale and added that she was excited to increase marketing numbers in 2024.

Sofia Adrogué, Committee Member, thanked Ms. Clapham and her team for their work and sought access to ads or videos that the Committee would utilize. Mr. Heckman said Ms. Clapham would circulate the link to the Committee Members. Similarly, Mr. Womack asked for a summary of influenced communities. Ms. Clapham stated she would comply with the request.

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Mr. Franz reported on Collaborate, formerly the Tourism Summit. He indicated it would be held on November 8, 2023, at the George R. Brown Convention Center from 9:00 a.m. to 5:00 p.m. According to Mr. Franz, the keynote speaker would be PCMA President & CEO Sherrif Karamat, and he noted that the event would focus on teaching attendees how to work with HFC, promote hotels or attractions to potential visitors, and disclose Houston's top attractions.

Mr. Franz announced that the Houston Insider program was returning and that five trainings have already been scheduled in September to teach frontline personnel how to sell Houston. He added that the training included the Moxey Hotel, Four Seasons, Hilton Americas, Marriott Marquis, and Westin Galleria.

According to Mr. Franz bi-monthly Houston Mixers for the hospitality industry would begin on October 5, 2023, at Pitch 25. He added that the mixers would provide networking and information-sharing opportunities.

Mr. Franz informed the Committee that HFC's Tourism department focused on collaborating with partners that could sell travel directly to consumers. He highlighted that HFC partnered with British Airways and Singapore Airlines and added that HFC was exploring a cooperative campaign with Expedia in the fourth quarter of 2023, which would focus exclusively on hotels.

Mr. Womack asked about marketing with South Africa. Mr. Franz stated he took the airports' lead on marketing needs. He explained the top market in consideration for Houston was India, which was growing at a rate not previously seen and was one of the top two long-haul markets along with the United Kingdom.

Mr. Heckman reminded the Committee that the subsequent Sales, Tourism, and Marketing Committee Meeting would be in November 2023, when HFC will present its 2024 strategies and budget proposal.

James Batt, Committee Member, addressed destination fees, which were charges instead of raising room rates. Stephanie Haynes, Committee Member, stated that hotels must disclose those fees. Mr. Batt responded that he would like to know the fees subject to HOT. Ms. Haynes replied that the wording determined the costs subject to HOT. Mr. Heckman noted that he would circulate information on fees subject to HOT.

Adjourn. The meeting was adjourned at 11:23 a.m.