

# MINUTES

## HOUSTON FIRST CORPORATION

### **SALES, TOURISM, AND MARKETING COMMITTEE**

**November 7, 2022 – 9:00 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, November 7, 2022, commencing at 9:00 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, James Batt, Meg Booth, and Kim Davis.*

1. The Committee Chair began the meeting at 9:01 a.m. A quorum was not established. Tom Segesta, Board Member, was present.
2. **Public Comments.** None.
3. **Review and approval of minutes from prior meeting.** The minutes for September 29, 2022, were not presented due to a lack of quorum.
4. **Committee Business**
  - A. **Consideration and possible recommendation of the 2023 Sales, Tourism, Marketing, Film, and Partnership & Event Development Budgets.**

Michael Heckman, President & CEO, indicated that the COVID financial crisis is now in the past and that HFC has fully recovered. He emphasized that HFC believes that 2023 is expected to have the highest HOT tax collections in the City’s history and added that travel in 2023 is strong.

Mr. Heckman reported that HFC has overperformed on the budget for 2022 and will deliver a balanced budget for this year. He explained the process, as in previous years, for approving the budget. He stated that each committee reviews the strategies and budgets for each portion of the corporation’s budget, then the entire corporation’s budget is presented to the Benefits, Compensation, and Finance Committee for approval before presenting to the Board of Directors for ultimate consideration and approval.

Mr. Heckman highlighted the three strategic pillars: transformational leadership, destination development, revenue diversification, and asset growth. He stated that in order for departments to spend money on an initiative, it needs to touch one or more of the following value drivers: destination brand/image enhancement, operational efficiency, organizational innovation, exceptional visitor/customer experience, or revenue generation.

He reported that the budget for 2023 will be up by almost \$23 million from 2019.

Frank Wilson, Chief Financial Officer reported a 2022 Total Revenue Forecast of \$194.2 million compared to a 2022 Budget of \$183.3 million; a 2022 Total Expense Forecast of \$192.7 million compared to a 2022 Budget of \$196.5 million with a 2022 Revenue of Excess of Expense of \$1.5 million compared to 2022 Budget of \$-13.2 million resulting in a \$14.7 million change for CT 2022. Frank stated that HFC will finish 2022 in the black by \$1.5 million.

Mr. Heckman identified the priorities for 2023, which include: proliferating Houston's Unified Brand, leveraging and capitalizing on high-profile events, building upon the success of Houston Week in Mexico, developing a 10-year Destination Development Plan, understanding and enhancing the 360° visitor experience, continuing and improving digital 'smart targeting', increasing the use of social media influencers, accelerating long-term city-wide convention sales, attracting national impact events, developing annual events that drive economic impact, using the opening of Lynn Wyatt Square as a catalyst, amplifying Heritage Month, and developing infrastructure and economic models for TV & film projects.

Mr. Wilson presented the Proposed CY 2023 Budget with Total Revenues budgeted at \$207.6 million, Total Expenses at \$205.9 million, and Revenues in Excess of Expenses at \$1.6 million. Additionally, HFC budgeted \$29 million for Capital Expenditures based on assumptions.

John Solis, Senior Vice President of Sales and Client Services, stated that his team is going into 2023 with a solid and aggressive plan to increase involvement in trade shows, develop more sponsorship, and expand in-person networking opportunities across the industry.

Mr. Solis also added that other priorities for 2023 include rebuilding large-scale convention sales pipeline and bookings, improving the client experience through transitions from Sales to Client Service, conducting semi-annual meetings hosted in Houston with Client Advisory Board Members, supporting a 75% increase in Client Services pre-promotion schedule for 2024 GRB conventions, building consistent messaging and communication with stakeholders, continuing sponsorships/partnerships with Third Party organizations, and targeting high impact events for Houston.

Jorge Franz, Senior Vice President of Tourism and Industry Relations, identified the 2023 priorities for his departments. The Tourism department's focus will be on representing Houston's hospitality interests within the domestic and international tourism industry, invigorating Houston's hospitality industry, uniting and engaging Houston's hospitality sector, supporting the hospitality industry, increasing Houston's competitiveness and attractiveness as a tourist destination, and maximizing opportunities from Mexico.

Mr. Franz stated the priorities for the Houston Film Commission department include increasing awareness of the Houston film industry, leading advocacy efforts alongside the HFC Public Affairs team, increasing funding for the Texas Moving Image Industry Incentive Program, publicizing Houston as a film-friendly destination, promoting homegrown talent, and

advocating for the development and construction of a purpose-built soundstage facility in Houston.

Mr. Franz identified that the Event Services department's priorities include focusing on elevating the reputation of Houston and Houston First, providing a variety of cost-effective employee appreciation events, and supporting sales prospecting.

Holly Clapham, Chief Marketing Officer, reported on the 2023 priorities for the Marketing department, which include: broadening Houston's Brand Unification, strengthening Houston First's Hotel Convention Strategy in the United States and Mexico, increasing the value of the Houston Experience Marketplace, refining the media mix in Mexico, replenishing the Sales Lead Funnel, strengthening Houston's brand position, promoting Houston in targeted consumer and media markets, continuing to support the business objectives of Houston First, reducing the amount of time spent managing and increasing time spent in production, expanding voices of Houston's brand, and deploying a consumer campaign for Lynn Wyatt Square.

Aimée McCurtain, Vice President of Enterprise Strategy, informed the committee of the 2023 priorities for the Partnership & Event Development department. The priorities include creating an incentive program that motivates event professionals to select Houston, providing revenue streams to other HFC departments, rebooting to commercialize assets, driving room nights, ancillary revenue, and national media coverage, expanding Juneteenth celebrations, developing a 3 to 5-year plan for a start-up Food & Wine event, negotiating, managing, and reporting on external sponsorship opportunities, and supporting internal and possibly external events.

The 2023 Sales, Tourism, Marketing, Film, and Partnerships & Event Development budgets were not presented for approval due to a lack of a quorum.

5. **Adjournment.** The meeting was adjourned at 10:10 a.m.