

# AGENDA

## HOUSTON FIRST CORPORATION

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***Sales, Tourism, and Marketing Committee Meeting***

***November 9, 2020 – 10:30 A.M.***

***Live Video and Audio Conference Meeting***

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***Meeting Access Password: 592921***

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### COMMITTEE MEMBERS:

Council Member Robinson (Chair), Bobby Singh (Co-Chair), Sofia Adrogué, James Batt, Elizabeth Brock, Scot Cotton, Kim Davis, Jacques D'Rovencourt, Stephanie Haynes, Jonathan Horowitz, Nicki Keenan, Reginald Martin, Ryan Martin, David Mincberg, Desrye Morgan, Eric Schmauch, Patricia Voss, Gerald Womack

*In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.*

*Any questions regarding this Agenda, should be directed to Lisa K. Hargrove, General Counsel at either 713.853.8965 or [Lisa.Hargrove@houstonfirst.com](mailto:Lisa.Hargrove@houstonfirst.com)*

- I. **Call to Order**
- II. **Public Comments**
- III. **Minutes – August 3, 2020**
- IV. **Committee Business**
  - A. Consideration and possible recommendation of the 2021 Sales, Tourism, Marketing, and Film Budgets.
- V. **Adjournment**

**III. Minutes – August 3, 2020**

# MINUTES

## HOUSTON FIRST CORPORATION

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

**August 3, 2020 – 10:30 A.M.**

**Live Video and Audio Conference Meeting**

*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 via live video and audio conference on Monday, August 3, 2020 commencing at 10:30 a.m.*

*In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, the Agenda was posted for public information, at all times, for at least 72 hours preceding the scheduled meeting time online at <https://www.houstonfirst.com>.*

*The following Committee members were present for the meeting: Council Member David Robinson (Chair), Bobby Singh (Co-Chair), Sofia Adroguè, James Batt, Elizabeth Brock, Scot Cotton, Kim Davis, Jacques D’Rouvencourt, Stephanie Haynes, Jonathan Horowitz, Reginald Martin, Ryan Martin, David Minberg, Eric Schmauch, Patricia Voss, and Gerald Womack.*

The Committee Chair called the meeting to order at 10:30 a.m. and a quorum was established, with all Committee members virtually present.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the Sales, Tourism, and Marketing Committee meeting minutes of June 1, 2020 were approved as presented unanimously.
3. **Presentations and Reports.**
  - A. **United Airlines Safety Measure Report.** Eric Schmauch, Director of Sales at United Airlines, provided a brief safety report. Mr. Schmauch began the presentation with a snap shot of all of the airplanes that have been grounded and stated that a lot of the major hubs in the U.S. have become parking lots. He shared photos of the stark reality of transient business at Intercontinental Airport and noted that many airlines both in the U.S. and abroad have been forced to restructure or shutdown. Mr. Schmauch also shared a graphic of the sharp decline in travel since March. He explained that the narrative in the marketplace is that corporations are no longer traveling; however, certain industries continue to travel, and in fact, leisure travel continues as a lot of corporate business people are now traveling with their families on vacation.

Mr. Schmauch explained that airlines have had to adapt and transport essential supplies and that United Airlines announced a partnership last month with the Cleveland Clinic and Clorox called United Clean Plus. Mr. Schmauch stated that airlines do not want to compete on cleanliness and many airlines follow the same protocols with increased sanitization measures. He went on to say that United Airlines requires the use of face masks and mandatory temperature checks; they have also integrated touchless systems and electrostatic spraying before each flight, and now board from the rear of the plane. In general, he said, travelers are a lot more understanding of the new safety measures and are more courteous. He also shared a few travel tips to make your travel experience easier.

Mr. Schmauch shared some statistical data of the average schedule for different airlines from June through August, which reflect large increases in flights in August to unique destinations. He then concluded his presentation by thanking Jorge Franz and Michael Heckman. He also thanked the entire organization for the desire to have United Airlines as a partner.

Council Member Robinson thanked Mr. Schmauch for his presentation before opening up the discussion for questions from Committee members and staff.

Holly Clapham asked if Mr. Schmauch could share the video of the new cleaning process to be included in a video created by marketing on safe travel. Mr. Schmauch stated a new video that highlights the curb to cabin flight experience will be released shortly and he would be happy to share the information.

Council Member Robinson asked if other airlines such as Southwest have changed their ticketing policy to require select seating. Ms. Schmauch stated that United Airlines is the only one of the two airlines he is aware of that is boarding flights from the rear of the plane. He stated all airlines are doing a good job with new safety protocols, but they are trying to get the organization that governs all airlines to enforce uniform safety standards. He also noted that one key difference among airline carriers is the use of middle seats.

Frank Wilson asked how the pandemic impacted the amount of money spent on advertising, specifically on leisure travel. Mr. Schmauch explained that the advertising budget has been eliminated until further notice as the airline has re-focused its attention on cash burn and suffered huge losses in the workforce.

Sofia Adroguè shared that she and her family have traveled in the last month on United Airlines and said she was impressed with the professionalism of the crew during these trying times. She also added when flights to Argentina resume she will fly with United Airlines. Mr. Schmauch thanked her for her comment and stated as a long-time Continental employee he is very much invested in the airlines and wants to educate staff on the current travel situation.

Patricia Voss echoed the sentiments of Committee member Sofia Adroguè and stated that she too has recently traveled on United Airlines and felt very safe. She

also asked if the airlines had considered looking into a different business model and not operating at wholesale rates to increase sales in the leisure travel market. Mr. Schmauch confirmed that leisure travel is still a driver and he would be happy to share any additional information. He also informed the Committee that in August the airlines will re-open a few international flights in the European market.

- B. Topline Report from Sales, Tourism & Marketing. Cindy Decker, Vice President of Market Strategy, provided the Committee with a brief market update year-to-date. Ms. Decker stated that the hotel market has struggled with the lowest point being around April 12, 2020. In March, she said, RevPar year-to-date in the Houston CBD market was \$58 and \$47 in the medical center; Ms. Decker also shared a competitive overview that reflects Houston as being fifth on drops year-over-year compared to cities such as Chicago and Austin that have seen significant decreases. She explained that there have been increases in occupancy in the Houston hotel market week-over-week since April, until approximately mid-June and into the 4th of July when there was a spike in new COVID-19 cases in Houston. The majority of the volume, according to Ms. Decker, is due to leisure travel, which continues to show growth week-over-week while business travel is still down.

Sofia Adroguè asked about leisure travel as the summer months come to an end. Ms. Decker stated based on the pace moving forward, trends in occupancy still supports increases. Ms. Decker stated that she feels confident that the Houston market can reach 45%-46% occupancy, but in order to obtain 50%-60% occupancy, business travel must resume and group business must return to the market.

Holly Clapham, Chief Marketing Officer, then provided a marketing report. Ms. Clapham began her report with the five pillars of relief and rebound that include, publicity, retargeting social display, retargeting digital display, online travel agency digital display, and continued awareness of social content. She also shared that in June and July, Houston had 99 tourism features in major publications similar to the number of features in 2019. Ms. Clapham also shared examples of two performing ads on the Visit Houston website for the Post Oak Hotel and Woodlands Resort. She provided a graph of the digital display generated through the use of artificial intelligence. At this time, she added, Marketing is running more than 275 digital ads so they are optimizing on every level to reach out to every audience they can to procure conversions for hotels and support the hospitality industry. Marketing continues to track 40% of all digital impressions and 35%-45% of hotel booking data live. She then asked Ms. Decker to discuss how the digital retargeting display is performed.

Ms. Decker stated they were able to track 5,700 room nights booked between June 4 through July 24. According to Ms. Decker, this resulted in \$853,000 actualized revenue with an economic impact of \$1.7 million. She then explained with the data collected she was able to track more information with pixels on the hotel packages and analyzed conversion ratios. She estimated that approximately 13,000 room nights were generated with all the hotels in the market with \$1.4 million in revenues and an economic impact of \$4.4 million.

Ms. Decker stated the estimated room nights with the social media campaign was based on past campaigns and bookings with a 1.8% conversion at \$100 ADR. Based on those variables, Ms. Decker estimated \$293,000 in revenues was generated through social media campaigns with an economic impact of \$367,000.

Ms. Clapham shared information on bookings from online travel agencies such as Expedia. She further explained that Expedia has its own conversion tracking within the system. She stated that this campaign is designed to help hotels in the outer lying areas not included in the CBD market.

Ms. Decker stated that Expedia provides data on room nights booked by market for each individual hotel, and the campaign has generated 8,000 room nights with \$800,000 in revenues and an overall economic impact of \$1.8 million. She added that the data also shows that 36% of hotel bookings are in the downtown CBD market while the remaining 63% are being booked outside of the downtown market. Ms. Clapham stated that this campaign will continue through Labor Day and the Marketing team will discuss alternative paths based on budget.

Lastly, Ms. Clapham shared a number of posts made on social media to support communities, restaurants, pride and awareness, and the "Mask-Up" initiative that she said has generated a reach of 1.1 million people.

Sofia Adroguè congratulated the marketing team on the 275 digital ads. She also explained in the spirit of creating more excitement and engagement on social media she would like to discuss ways to highlight the 100-year anniversary of the women's suffrage movement.

Rick Ferguson, Sr. Vice President of the Houston Film Commission, provided a brief Film Commission report. To begin his report, Mr. Ferguson informed the Committee that 61 film projects have been shot in Houston from January 2020 through June 2020 with an overall economic impact of \$10,092,300. Mr. Ferguson discussed a recent Ford commercial that was shot in the downtown area with a crew of approximately 40 people as a great example of how to adhere to safety protocols with socially distanced pods. He also shared a list of projects in pre-production.

John Solis, Vice President of Sales and Client Services, then provided a brief sales report. Mr. Solis stated in July there were three confirmed events at just over 6,000 room nights with 108 events for the year and a total of 146,000 room nights. The Sales team, he said, picked up 28 tentative leads for the month of July, representing 55,000 room nights. For the year, according to Mr. Solis, the sales team is at 674 leads and 1.2 million room nights that they are actively pursuing. Majority of the groups are 12-18 month out programs and for short-term events with an average of 250 rooms on peak. Mr. Solis also informed the Committee of several key confirmations for events that will be held in future years.

James Batt asked how the sales team was managing COVID related cancellations in the short-term and through 2021. Mr. Solis explained that the Client Services team is working with every group on the books through 2021 in order to negotiate new license agreements and re-book their events for future years.

Jorge Franz, Sr. Vice President of Tourism, provided the tourism report. Mr. Franz began with an update on the Houston Experience Marketplace. He explained that, while there has been a decline in experiences sold, the numbers reflected are still on track with the total amount sold in 2019. Tourism, according to Mr. Franz, is looking to partner with third-party businesses that can help increase the distribution of the Houston Experience Marketplace. Mr. Franz also discussed some of the new products on the marketplaces, such as brewery tours and the creative marketing used to promote these activities. Lastly, Mr. Franz informed the Committee that the Houston Insider Program now has over 3,000 graduates and they have been partnering with companies to host corporate events and increase the number of insiders and ambassadors for the City. Mr. Franz also thanked Committee member, Reginald Martin, for hosting one such event.

- C. Task Force Destination Management Group Update. Angela Wise, Chief Destination Officer, provided an update on the Destination Management Working Group (Working Group) that has been meeting on a regular basis as part of the Recovery Task Force (Task Force). Ms. Wise began her report with a brief overview of the objectives of the Task Force and explained that she leads the Destination Management Working Group and that the Asset Management Working Group is led by Chief Financial Officer, Frank Wilson. Ms. Wise said strategic areas of focus for the Working Group include leisure travel, MICE (groups), brand, industry support, community, health & safety, diversity, and non-traditional assets. According to Ms. Wise, some of the outputs that have come out of discussions regarding revenue generation include the use of non-traditional means and expansion of experiential offerings in the marketplace, as well as the creation of a virtual studio in George R. Brown Convention Center (GRB). Ms. Wise stated that the Working Group also wants to continue to leverage new technology and discussed the Houston Clean initiative along with the new catch-and-kill HVAC filter being used at the GRB. She also discussed hosting a Houston Clean launch event at GRB in order to have a manufactured event that can safely bring people together, but also to proliferate the message to all stakeholders that facilities are safe. Lastly, Ms. Wise said the Working Group has evaluated different ways to get involved with community engagement and promote industry support. Ms. Wise also shared an update on the programs that are currently in progress. She concluded her report by stating that many ideas are being generated by the Working Group on a daily basis and she is happy to hear any new ideas.
- D. Strategic Areas of Focus for Sales, Tourism & Marketing. Ms. Wise stated it is important not only to look back at what HFC has done, but to also use the Committee as a body that looks forward to how HFC moves out of the current crisis. She explained that each team lead will provide a snapshot of future initiatives starting with Marketing.

Ms. Clapham announced that the Houston Clean initiative was launched Thursday. She explained that the premise of the initiative is to instill confidence in consumers and clients in a wide range of industries. She further explained that she does not see this initiative as being a short-term strategy, but rather a long-term initiative and shared a short promotional video. The initiative, according to Ms. Clapham, is a commitment that the Sales team has relayed to its clients and Marketing will continue to promote to both leisure visitors and Houstonians alike. Additionally, she said, the Greater Houston Convention and Visitors Bureau (GHCVB) will engage members with its own Houston Clean adjunct initiative. Ms. Clapham also announced that the Marketing team is producing a Houston hospitality newsletter that represents the voices of HFC, GHCVB, hotel associations, and restaurant associations. Lastly, Ms. Clapham shared a list of future news stories generated by Turner PR and the in-house public relations team.

Rick Ferguson shared some of the area of concentration for the Houston Film Commission going forward such as new film set protocols. He noted that a number of COVID-certified safety officers are now working to assist film crews. According to Mr. Ferguson, production insurance is still difficult to obtain because of a lack of completion bond insurance, so the Houston Film Commission is working with the Association of Film Commissions International to address this issue on a global scale. Concerns regarding film incentives will be an issue leading into 2021, Mr. Ferguson explained, not only for Texas but for many other states. Additionally, he said, independent film projects are in grave jeopardy due to lack of funding. Mr. Ferguson stated the City will resume granting permits to shoot films in Houston by the end of August so he hopes the number of film projects will increase. He also shared some information from the Association of Film Commissioners International Olsberg-SPI Report on the impact of the pandemic on film production globally. While the report presented some significant losses in production and overall economic impact, Mr. Ferguson explained, the report did conclude that the film industry should return quickly as many other industries resume normal operations.

John Solis provided a list of the groups that the Sales team and Client Services team are working with to secure future opportunities. He said the Sales team manage seven new leads a week and will look to focus on lead generation and lost opportunities of those industries that continue to meet. The Client Services team, according to Mr. Solis, is working hard to get groups that cancelled their events in 2020 to move their events to 2021 or future years. For 2021, he said, a number of groups will still host virtual events, but the Sales team has started a virtual sales campaign with the creation of the new virtual studio in GRB.

Jorge Franz discussed four areas of focus for tourism in the future that include growing the Houston Marketplace, generating new revenue streams, promoting advocacy programs, and refocusing key markets. The Houston Experience Marketplace, according to Mr. Franz, has been a great tool to get experiences into the hands of consumers, but Tourism is working hard to increase the distribution to other third parties. He said that they are working to build full leisure experiences or hotel packages that include activities, parking, etc. that can be sold directly to consumers. With regard to advocacy, the Houston Insider program has become



a great tool and Mr. Franz hopes to expand upon the program to increase the number of participants and corporate businesses involved. He explained that Tourism continues to work with the Houston Airport System to promote international travel, but believes it will be a slow process and in the interim will re-focus its Spanish language assets into the U.S market and the youth travel and reunions market.

Kim Davis asked where HFC is on diversity and stated that her suggestion is that it is something that HFC should be actively working to ensure it is a part of the organization.

Council Member Robinson stated diversity is very important and explained that the topic is often discussed at length in Board meetings regarding procurement. He suggested that it be discussed in further detail at a future meeting.

Mr. Franz stated that diversity is a clear focus and one such example is to include more diverse experiences in the Houston Experience Marketplace. Mr. Franz stated that he has been working with Roksan Okan-Vick on this area as well.

Ryan Martin stated diversity is not something that is compartmentalized at HFC and that should be included in all aspects of operations. He stated that both he and the Chair of the Procurement Committee, Gerald Womack, are working on changes to the HFC Procurement Manual to look at how HFC spends money with diverse businesses. Additionally, he explained, the Task Force is looking at how to lead on matters of diversity and discussions of equity permeate those meetings under the leadership of Frank Wilson and Angela Wise. Mr. Martin stated that there is always more work to be done, but there are a number of very specific things that are moving forward and he feels very confident in HFC's focus.

Ms. Davis thanked everyone for their remarks and stated in this climate it is imperative that diversity is a focus of the information that is presented at public meetings because community stakeholders are looking for action. She also stated that it will keep the organization on task so that it moves beyond conversations surrounding diversity.

Council Member Robinson stated that, as an at-large Council Member and non-voting member of the HFC Board, he and Council Member Dave Martin respond to all of their colleagues at City Council and he feels very strongly that it is important to ensure both demographic and geographic diversity with a focus on specific neighborhoods and districts in order to spread attention across the Houston region.

4. **Adjournment.** The meeting was adjourned at 12:01 p.m.

**IV. (A) Consideration and possible recommendation of the 2021 Sales, Tourism, Marketing, and Film Budgets.**

**Consideration and possible recommendation of the 2021 Sales, Tourism, Marketing, and Film Budgets.**

**RESOLVED**, that the Sales, Tourism, and Marketing Committee of Houston First Corporation hereby recommends the 2021 Sales, Tourism, Marketing and Film Budgets.



# Houston First Corporation

## 2021 Budget Presentation - Sales Combining

	Tourism	Sales	Marketing	Film	Total
<i>Miscellaneous</i>	\$ 300,000	\$ 20,000	\$ 25,000		\$ 345,000
<b>Operating Revenues</b>	\$ 300,000	\$ 20,000	\$ 25,000		\$ 345,000
<i>Personnel</i>	\$ 806,592	\$ 4,425,406	\$ 1,739,172	\$ 456,204	\$ 7,427,374
<i>Advertising &amp; Promotion</i>	\$ 650,000	\$ 349,300	\$ 2,540,000		\$ 3,539,300
<i>Travel, Promotion, and Events</i>	\$ 261,195	\$ 1,056,244	\$ 74,820	\$ 32,890	\$ 1,425,149
<i>Lease Expense</i>		\$ 5,000			\$ 5,000
<i>Consulting</i>	\$ 78,000	\$ 62,000	\$ 200,000	\$ 4,000	\$ 344,000
<i>Supplies</i>	\$ 2,819	\$ 2,915	\$ 4,683	\$ 1,000	\$ 11,417
<i>Other</i>	\$ 10,000	\$ 15,000	\$ 8,750	\$ 6,250	\$ 40,000
<b>Operating Expenses</b>	\$ 1,808,606	\$ 5,915,865	\$ 4,567,425	\$ 500,344	\$ 12,792,240
<b>Net Income From Operations</b>	\$ (1,508,606)	\$ (5,895,865)	\$ (4,542,425)	\$ (500,344)	\$ (12,447,240)
<i>Sponsorship Expense</i>	\$ 85,000	\$ 306,000		\$ 17,000	\$ 408,000
<b>Non Operating Expense</b>	\$ 85,000	\$ 306,000		\$ 17,000	\$ 408,000
<b>Total Revenue less Expenses</b>	\$ (1,593,606)	\$ (6,201,865)	\$ (4,542,425)	\$ (517,344)	\$ (12,855,240)
<b>Approved Positions</b>	6	37	16	3	62

# Houston First Corporation

## 2021 Budget Presentation - Summary

### 06-60001 Tourism

	2019 Actual	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget	2020 Proj. vs 2021 Budget Variance
<i>Miscellaneous</i>	\$ 56,453	\$ 55,000	\$ 31,894	\$ 81,303	\$ 300,000	\$ 218,697
<b>Operating Revenues</b>	\$ 56,453	\$ 55,000	\$ 31,894	\$ 81,303	\$ 300,000	\$ 218,697
<i>Personnel</i>	\$ 1,270,509	\$ 1,619,776	\$ 961,262	\$ 911,595	\$ 806,592	\$ 105,003
<i>Advertising &amp; Promotion</i>	\$ 1,360,333	\$ 1,295,000	\$ 186,164	\$ 294,780	\$ 650,000	\$ (355,220)
<i>Travel, Promotion, and Events</i>	\$ 677,830	\$ 839,585	\$ 239,278	\$ 203,229	\$ 261,195	\$ (57,966)
<i>Consulting</i>	\$ 908,488	\$ 818,000	\$ 312,151	\$ 276,067	\$ 78,000	\$ 198,067
<i>Supplies</i>	\$ 5,155	\$ 2,500	\$ 1,768	\$ 1,733	\$ 2,819	\$ (1,086)
<i>Fees &amp; Services</i>	\$ 13,629	\$ 15,000	\$ 11,992	\$ 9,960		\$ 9,960
<i>Other</i>	\$ 54,149	\$ 74,315	\$ 22,639	\$ 19,395	\$ 10,000	\$ 9,395
<b>Operating Expenses</b>	\$ 4,290,093	\$ 4,664,176	\$ 1,735,254	\$ 1,716,760	\$ 1,808,606	\$ (91,846)
<b>Net Income From Operations</b>	\$ (4,233,641)	\$ (4,609,176)	\$ (1,703,360)	\$ (1,635,457)	\$ (1,508,606)	\$ 126,851
<i>Sponsorship Expense</i>	\$ 291,127	\$ 290,000	\$ 16,464	\$ 16,540	\$ 85,000	\$ (68,460)
<b>Non Operating Expense</b>	\$ 291,127	\$ 290,000	\$ 16,464	\$ 16,540	\$ 85,000	\$ (68,460)
<b>Total Revenue less Expenses</b>	\$ (4,524,767)	\$ (4,899,176)	\$ (1,719,824)	\$ (1,651,997)	\$ (1,593,606)	\$ (58,391)

**Approved Positions**                      10                      13                      6                      6                      6                      0

**Houston First Corporation  
2021 Budget Presentation - Summary**

**06-60002 Sales**

	2019 Actual	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget	2020 Proj. vs 2021 Budget Variance
<i>Miscellaneous</i>	\$ 236,258	\$ 1,050,000	\$ 683,254	\$ 845,618	\$ 20,000	\$ (825,618)
<b>Operating Revenues</b>	\$ 236,258	\$ 1,050,000	\$ 683,254	\$ 845,618	\$ 20,000	\$ (825,618)
<i>Personnel</i>	\$ 5,792,827	\$ 6,371,312	\$ 3,940,429	\$ 3,718,375	\$ 4,425,406	\$ (707,031)
<i>Advertising &amp; Promotion</i>	\$ 1,147	\$ 318,880	\$ 241,060	\$ 341,362	\$ 349,300	\$ (7,938)
<i>Travel, Promotion, and Events</i>	\$ 3,796,431	\$ 1,357,578	\$ (461,032)	\$ 710,426	\$ 1,056,244	\$ (345,818)
<i>Lease Expense</i>	\$ (11)	\$ 5,000	\$ 4,639	\$ 4,406	\$ 5,000	\$ (594)
<i>Consulting</i>	\$ 558,320	\$ 237,000	\$ 49,974	\$ 49,974	\$ 62,000	\$ (12,026)
<i>Supplies</i>	\$ 8,325	\$ 8,370	\$ 5,115	\$ 4,444	\$ 2,915	\$ 1,529
<i>Fees &amp; Services</i>	\$ 13,641	\$ 5,750	\$ 6,574	\$ 5,507	\$ -	\$ 5,507
<i>Other</i>	\$ 23,306	\$ 19,300	\$ 10,425	\$ 25,364	\$ 15,000	\$ 10,364
<b>Operating Expenses</b>	\$ 10,193,987	\$ 8,323,190	\$ 3,797,184	\$ 4,859,859	\$ 5,915,865	\$ (1,056,006)
<b>Net Income From Operations</b>	\$ (9,957,729)	\$ (7,273,190)	\$ (3,113,930)	\$ (4,014,240)	\$ (5,895,865)	\$ (1,881,625)
<i>Sponsorship Expense</i>	\$ 349,910	\$ 2,255,725	\$ 1,344,419	\$ 603,429	\$ 306,000	\$ 297,429
<b>Non Operating Expense</b>	\$ 349,910	\$ 2,255,725	\$ 1,344,419	\$ 603,429	\$ 306,000	\$ 297,429
<b>Total Revenue less Expenses</b>	\$ (10,307,639)	\$ (9,528,915)	\$ (4,458,349)	\$ (4,617,669)	\$ (6,201,865)	\$ (1,584,196)
<b>Approved Positions</b>	42	47	37	37	37	0

**Houston First Corporation  
2021 Budget Presentation - Summary**

**06-60004 Marketing & Communications**

	2019 Actual	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget	2020 Proj. vs 2021 Budget Variance
<i>Miscellaneous</i>	\$ 88,501	\$ 30,000			\$ 25,000	\$ 25,000
<b>Operating Revenues</b>	\$ 88,501	\$ 30,000			\$ 25,000	\$ 25,000
<i>Personnel</i>	\$ 1,895,537	\$ 2,037,060	\$ 1,491,371	\$ 1,443,917	\$ 1,739,172	\$ (295,255)
<i>Advertising &amp; Promotion</i>	\$ 6,171,158	\$ 5,653,000	\$ 1,774,284	\$ 1,938,326	\$ 2,540,000	\$ (601,674)
<i>Travel, Promotion, and Events</i>	\$ 151,443	\$ 199,190	\$ 73,746	\$ 54,046	\$ 74,820	\$ (20,774)
<i>Consulting</i>	\$ 304,458	\$ 175,000	\$ 175,008	\$ 158,333	\$ 200,000	\$ (41,667)
<i>Supplies</i>	\$ 11,693	\$ 16,908	\$ 4,716	\$ 4,543	\$ 4,683	\$ (140)
<i>Fees &amp; Services</i>	\$ 6,527	\$ 20,750	\$ 10,717	\$ 8,171		\$ 8,171
<i>Other</i>	\$ 8,949	\$ 36,405	\$ 20,800	\$ 9,098	\$ 8,750	\$ 348
<b>Operating Expenses</b>	\$ 8,549,766	\$ 8,138,313	\$ 3,550,642	\$ 3,616,433	\$ 4,567,425	\$ (950,992)
<b>Net Income From Operations</b>	\$ (8,461,265)	\$ (8,108,313)	\$ (3,550,642)	\$ (3,616,433)	\$ (4,542,425)	\$ (925,992)
<i>Sponsorship Expense</i>	\$ 32,000					\$ -
<b>Non Operating Expense</b>	\$ 32,000					\$ -
<b>Total Revenue less Expenses</b>	\$ (8,493,265)	\$ (8,108,313)	\$ (3,550,642)	\$ (3,616,433)	\$ (4,542,425)	\$ 925,992

**Approved Positions** 16 18 16 16 16 0

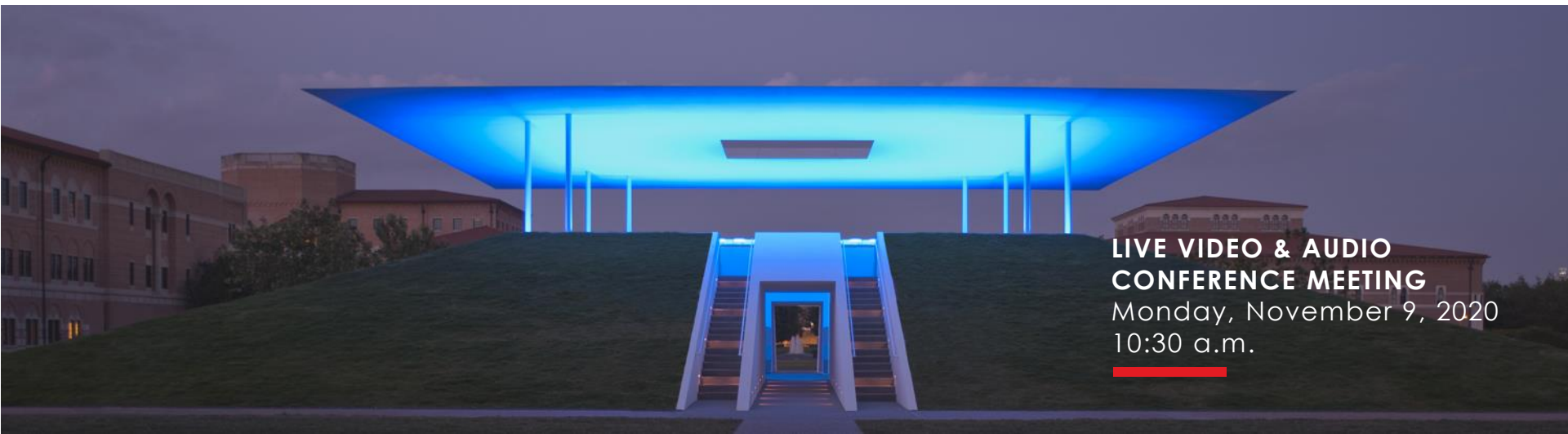




Houstonfirst™

HOUSTON FIRST CORPORATION

# SALES, TOURISM & MARKETING COMMITTEE MEETING



**LIVE VIDEO & AUDIO  
CONFERENCE MEETING**  
Monday, November 9, 2020  
10:30 a.m.

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# PUBLIC COMMENTS

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Anyone who wishes to address the committee during the Public Comment session may do so by clicking the **“Raise Hand”** icon to be acknowledged. You may also click the **Q&A** icon to type in your comments.

**HFC SALES, TOURISM & MARKETING  
COMMITTEE MEETING**

November 9, 2020



# MINUTES

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August 3, 2020

**HFC SALES, TOURISM & MARKETING  
COMMITTEE MEETING**

November 9, 2020

# COMMITTEE BUSINESS

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- A.** *Consideration and possible recommendation of the 2021 Sales, Tourism, Marketing and Film budgets.*

## **HFC SALES, TOURISM & MARKETING COMMITTEE MEETING**

November 9, 2020

Houstonfirst. \_\_\_\_\_

# CY 2021 STRATEGY & BUDGET



# COVID-19 IMPACT ON HOUSTON FIRST

- **\$251 M economic impact lost from cancelled business** resulting in lost room nights
- **Loss of 27 city-wide conventions and events**
- **48% reduction in HOT collection;** largest impact on loss of revenues
- **36% reduction in HFC workforce** through layoffs and furloughs along with salary reductions
- **143,000 Hilton Americas group room nights lost,** resulting in \$39.7 M loss of expected gross revenues
- **82% reduction (528 members) in Hilton Americas–Houston workforce** through furloughs

# COVID RESPONSE STRATEGY

Faced with historic dual health and economic crises caused by the pandemic, quarantine, travel bans and stay at home orders, leadership responded with a phased, multifaceted strategic effort.

## PHASE I REACTION

- Community support
- Expense contraction
- Marketing pivot
- Strategic Recovery task force

## PHASE II RECOVERY

- Preserve viability of HFC enterprise
  - Convention meeting retention, new sales
  - Operational efficiency and cost cutting
  - Facility modification/repurposing
- Value creation for hospitality sector
- Reimagine organization, entrepreneurial focus
- City support: \$51M

## PHASE III RESILIENCE

- Longer-term strategic planning
- Establish differentiators for Houston's brand
- Replenish cash reserves
- Reduce debt
- Create unique destination product offerings & experiences
- Forge public/private partnerships



# PHASE I REACTION

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Houston First pivoted to crisis response and increased support to local businesses and the community.



# RECOVERY CAMPAIGNS

## Houston First Corp. Rallies With Resources And Events To Support Hospitality Community

Posted on April 17, 2020

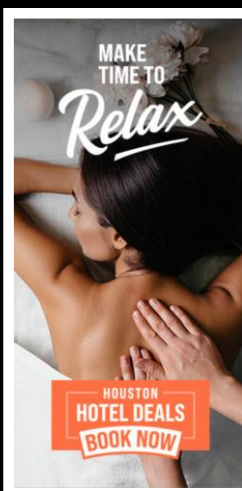
**Houston, We have A NEW WAY TO HOU**



<https://hotinhoustonnow.com/2020/04/houston-first-corp-rallies-with-resources-and-events-to-support-hospitality-community/>

# RECOVERY CAMPAIGNS

TIME FOR AN  
*Escape*



## 25 Discounts and Deals on Summer Travel



Hotel Alessandra is a luxurious hotel property in Houston. (photo via Hotel Alessandra)

### Hotel Alessandra

Houston's Hotel Alessandra is a luxury space with a special deal that so many will love. Valid on bookings until August 31, 2020. Save 25% on rates at \$165 per room per night. Talk about a Texas!



The Houston Zoo is committed to reopening with health and safety as our highest priority. As the city continues to reopen, major venues are working in a unified fashion to restore the community's confidence in safety attending and working events. Read more before planning your next Zoo visit: [bit.ly/30W6Cw](http://bit.ly/30W6Cw)



PLAN YOUR WEEKEND  
*Escape*

STARTING AT  
**\$99**



HOUSTON HOTEL DEALS  
**BOOK NOW**



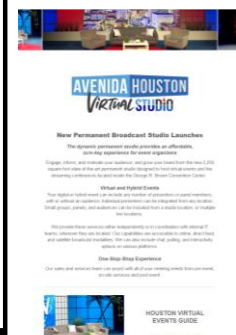
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# PHASE II RECOVERY

Beginning in May 2020, Houston First modified facilities. Its sales team rescheduled lost meetings and booked new business. It contracted expenses, looked for operational efficiencies, focused on value creation for the hospitality community and sought out new revenues and strategies.



**Hilton**  
EventReady  
with CleanStay

**Hilton**  
CleanStay



# 2021 STRATEGIC THEME: **VALUE CREATION**

**VALUE CREATION** will drive the Houston First recovery and long-term resiliency efforts, serving as the foundation for 2021 business planning.

It includes innovation in everything we do and sell, promoting Houston's brand appeal and awareness, lowering costs while improving productivity, generating revenue, and delivering unparalleled experiences. A unified commitment to Value Creation benefits our company, as well as our hospitality community and other stakeholders.

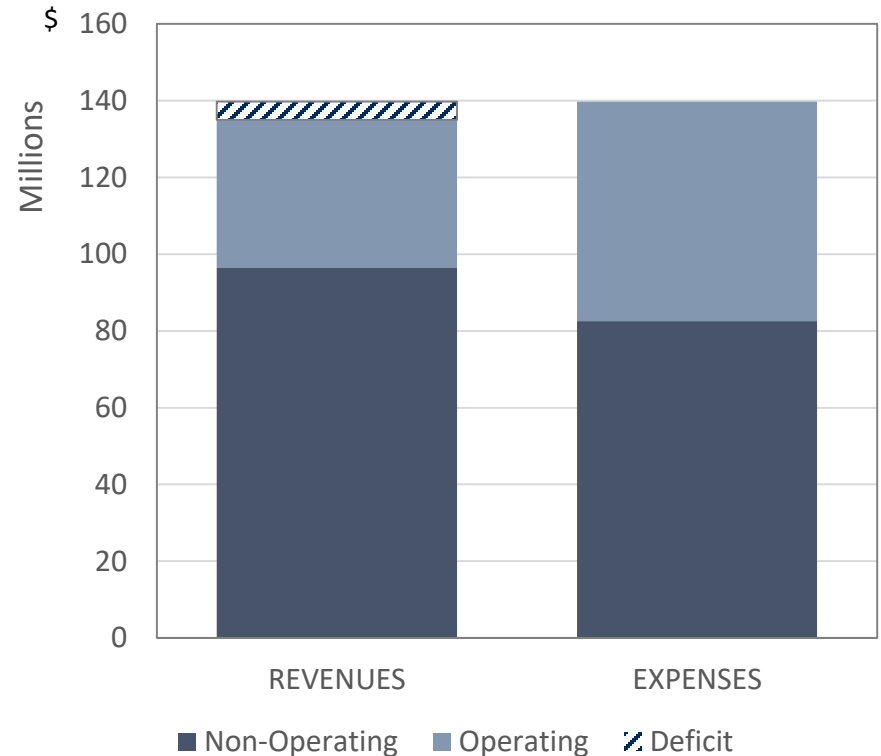


# 2021 PRIORITIES

- Forecast (quarterly), manage cash burn, closely monitor revenues.
- Deploy multifaceted sales approach to maximize hotel room nights for 2021 and future years.
- Create a unified brand for Houston.
- Position Houston as a safe place for both leisure and business travel leveraging Houston Clean.
- Expand flexible, digital strategy and focus on targeted leisure travel market.
- Focus International efforts on Mexico.

# FORECAST CY 2020 BUDGET

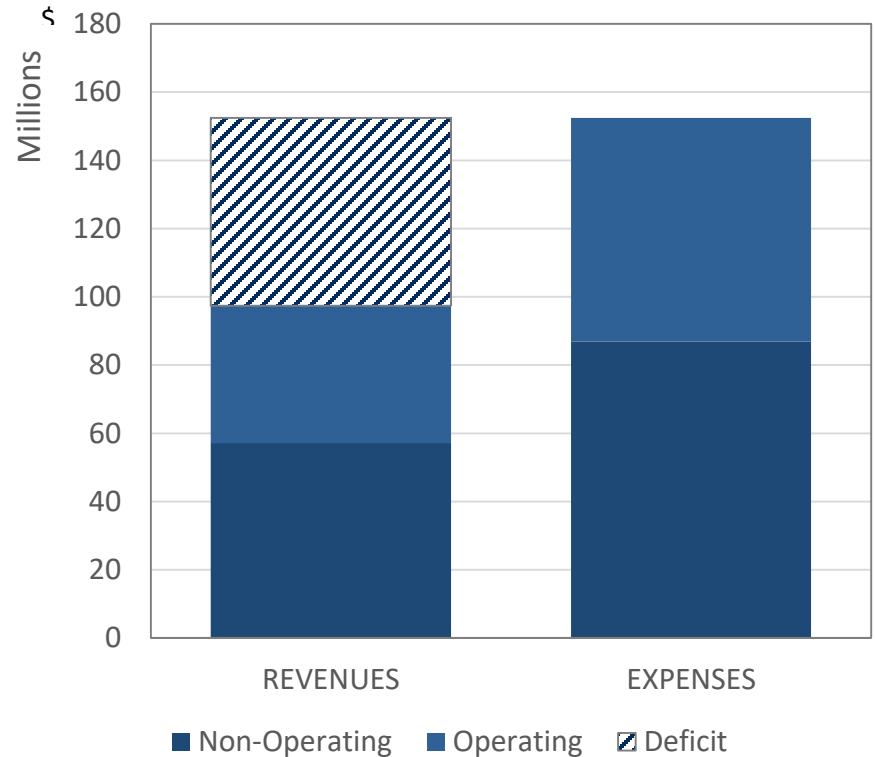
- **Total Revenues forecast to be \$135 M**, including \$40 M of FEMA and insurance reimbursements, which will not be matched in CY 2021
- Operating Expenses forecast to be \$57.2 M and Non-Operating Expenses of \$82.6 M, for **Total Expenses of \$139.8 M**
- Forecast to finish year with **-\$5 M deficit** largely due to FEMA reimbursements and significant expense reductions





# PROPOSED CY 2021 BUDGET

- Total Revenues for CY 2021 are \$97.4 M
- Total Expenses for CY 2021 are \$152.9 M
- Budget includes a **-\$55.5 M deficit** largely due to limited anticipation of FEMA reimbursements



# PROPOSED CY 2021 BUDGET HIGHLIGHTS

(\$ in millions)

	2020 Forecast Budget	2021 Proposed Budget	CHANGE
Operating Revenue	\$38.6	\$40.3	\$1.7
Non-Operating Revenue	96.4	57.1	-39.3
<b>TOTAL REVENUE</b>	<b>\$135.0</b>	<b>\$97.4</b>	<b>-\$37.6</b>
Operating Expense	\$57.2	\$66.6	\$9.4
Non-Operating Expense*	82.6	86.3	3.7
<b>TOTAL EXPENSE</b>	<b>\$139.8</b>	<b>\$152.9</b>	<b>\$13.1</b>
<b>REVENUE IN EXCESS OF EXPENSE</b>	<b>-\$4.8</b>	<b>-\$55.5</b>	
Approved Positions	165	164	-1

\*Includes \$62.3 M in debt service, \$10.8 M to HAA, \$5.1 M of capital, \$1 M Hotel Tax Refunds, \$3.4 M contributions to City and other stakeholders.

# PROPOSED CY 2021 BUDGET

## HOW WE ADDRESS BUDGET DEFICIT

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- \$11.3 M FEMA reimbursement from City (TDEM)
- \$20 M Loan from City
- \$10 M of reserves
- \$15 M subordinated note program loan
- Goal: finish 2021 with \$20 M in emergency cash reserves
- After \$15 M use of sub note program, \$89 M should be available if needed

# REVENUE & MARKET STRATEGY DEPARTMENT

# 2021 REVENUE & MARKET STRATEGIES

- Drive profitability and rental revenue to GRBCC based on operational costs.
- Strategically identify weeks covered by conventions to achieve a minimum of 27 weeks covered per year.
- Establish a strategic crossover benchmark for future years.
- Streamline market and benchmark reporting to help in recovery process.

# PROPOSED CY 2021 BUDGET

## REVENUE & MARKET STRATEGY DEPARTMENT

	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget
<i>Personnel</i>				
<i>Advertising &amp; Promotion</i>	\$274,280	\$241,060	\$341,362	\$344,300
<i>Travel, Promotion, and Events</i>	\$79,350	\$2,084	\$1,234	\$52,029
<i>Lease Expense</i>				
<i>Consulting</i>	\$15,000	\$4,579	\$4,579	\$14,000
<i>Supplies</i>	\$0	\$0	\$0	\$0
<i>Fees &amp; Services</i>	\$0	\$0	\$0	\$0
<i>Other</i>	\$0	\$0	\$0	\$0
<b>Operating Expenses</b>	<b>\$368,630</b>	<b>\$247,723</b>	<b>\$347,175</b>	<b>\$410,329</b>
<b>Net Income From Operations</b>	<b>(\$368,630)</b>	<b>(\$247,723)</b>	<b>(\$347,175)</b>	<b>(\$410,329)</b>
<i>Sponsorship Expense</i>	\$0	\$0	\$0	\$0
<b>Non Operating Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Revenue less Expenses</b>	<b>(\$368,630)</b>	<b>(\$247,723)</b>	<b>(\$347,175)</b>	<b>(\$410,329)</b>

# SALES & CLIENT SERVICES DEPARTMENT

# 2021 SALES & CLIENT SERVICES STRATEGIES

- Retain 2021 scheduled conventions through constant communication with our clients and addressing their concerns/goals, fueling the recovery of the Houston visitor economy.
- Focus on short-term, single hotel meetings and in the year/for the year bookings; through various sales methods.
- Strive to optimize PACE for large conventions with booking cycle timeframes from 2023 and beyond, delivering positive economic impact for stakeholders and the local community.
- Partner with Marketing team to design and launch a flexible advertising campaign targeting small conferences and larger programs as the industry rebounds.
- Incorporate innovative methods in how we conduct business post-COVID, while navigating the new normal to deliver a first-class Houston experience.



# PROPOSED CY 2021 BUDGET

## SALES & CLIENT SERVICES DEPARTMENT

	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget
Miscellaneous	\$1,050,000	\$683,254	\$845,618	\$20,000
<b>Operating Revenues</b>	<b>\$1,050,000</b>	<b>\$683,254</b>	<b>\$845,618</b>	<b>\$20,000</b>
Personnel	\$6,371,312	\$3,940,429	\$3,718,375	\$4,425,406
Advertising & Promotion	\$318,880	\$241,060	\$341,362	\$349,300
Travel, Promotion, and Events	\$1,357,578	(\$461,032)	\$710,426	\$1,056,244
Lease Expense	\$5,000	\$4,639	\$4,406	\$5,000
Consulting	\$237,000	\$49,974	\$49,974	\$62,000
Supplies	\$8,370	\$5,115	\$4,444	\$2,915
Fees & Services	\$5,750	\$6,574	\$5,507	\$0
Other	\$19,300	\$10,425	\$25,364	\$15,000
<b>Operating Expenses</b>	<b>\$8,323,190</b>	<b>\$3,797,184</b>	<b>\$4,859,859</b>	<b>\$5,915,865</b>
<b>Net Income From Operations</b>	<b>(\$7,273,190)</b>	<b>(\$3,113,930)</b>	<b>(\$4,014,240)</b>	<b>(\$5,895,865)</b>
Sponsorship Expense	\$2,255,725	\$1,344,419	\$603,429	\$306,000
<b>Non Operating Expense</b>	<b>\$2,255,725</b>	<b>\$1,344,419</b>	<b>\$603,429</b>	<b>\$306,000</b>
<b>Total Revenue less Expenses</b>	<b>(\$9,528,915)</b>	<b>(\$4,458,349)</b>	<b>(\$4,617,669)</b>	<b>(\$6,201,865)</b>
<b>Approved Positions</b>	<b>47</b>	<b>37</b>	<b>37</b>	<b>37</b>

# TOURISM DEPARTMENT

# 2021 TOURISM STRATEGIES

- Capitalize on the Houston Marketplace by expanding distribution channels to third party sellers, resulting in increased revenue to HFC and participating partners.
- Prioritize co-op marketing programs that expand HFC ad buys with Around Houston partners, hotels, and attractions to increase visitation to Houston.
- Focus international efforts on Mexico by working with online travel agencies to show maximum ROI and pivot to promote to U.S. Hispanic audiences with Hola Houston assets.
- Pursue grants, partnerships and other sources of alternative funding to maximize budget for leisure promotion.
- Grow and monetize the Houston Insider program to support HFC revenue goals.

# PROPOSED CY 2021 BUDGET

## TOURISM DEPARTMENT

	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget
Miscellaneous	\$55,000	\$31,894	\$81,303	\$300,000
<b>Operating Revenues</b>	<b>\$55,000</b>	<b>\$31,894</b>	<b>\$81,303</b>	<b>\$300,000</b>
Personnel	\$1,619,776	\$961,262	\$911,595	\$806,592
Advertising & Promotion	\$1,295,000	\$186,164	\$294,780	\$650,000
Travel, Promotion, and Events	\$839,585	\$239,278	\$203,229	\$261,195
Consulting	\$818,000	\$312,151	\$276,067	\$78,000
Supplies	\$2,500	\$1,768	\$1,733	\$2,819
Fees & Services	\$15,000	\$11,992	\$9,960	\$0
Other	\$74,315	\$22,639	\$19,395	\$10,000
<b>Operating Expenses</b>	<b>\$4,664,176</b>	<b>\$1,735,254</b>	<b>\$1,716,760</b>	<b>\$1,808,606</b>
<b>Net Income From Operations</b>	<b>(\$4,609,176)</b>	<b>(\$1,703,360)</b>	<b>(\$1,635,457)</b>	<b>(\$1,508,606)</b>
Sponsorship Expense	\$290,000	\$16,464	\$16,540	\$85,000
<b>Non Operating Expense</b>	<b>\$290,000</b>	<b>\$16,464</b>	<b>\$16,540</b>	<b>\$85,000</b>
<b>Total Revenue less Expenses</b>	<b>(\$4,899,176)</b>	<b>(\$1,719,824)</b>	<b>(\$1,651,997)</b>	<b>(\$1,593,606)</b>
<b>Approved Positions</b>	<b>13</b>	<b>6</b>	<b>6</b>	<b>6</b>

# HOUSTON FILM COMMISSION

# 2021 FILM COMMISSION STRATEGIES

- Advocate for 25% increase in the Texas Moving Image Industry Incentive Program (Current \$55M, Target \$68.75M).
- Endeavor to secure a multi-episode TV series for Houston generating an economic impact of \$4 Million.
- Expand project-specific production and location presentations (Target: 250).
- Increase Film/TV direct production expenditures (Direct: \$14M, Impact: \$42M).

# PROPOSED CY 2021 BUDGET

## HOUSTON FILM COMMISSION

	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget
<i>Personnel</i>	\$705,194	\$355,143	\$351,351	\$456,204
<i>Advertising &amp; Promotion</i>	\$5,000	\$500	\$500	\$0
<i>Travel, Promotion, and Events</i>	\$44,270	\$14,343	\$11,598	\$32,890
<i>Consulting</i>	\$4,000	\$6,572	\$6,072	\$4,000
<i>Supplies</i>	\$1,500	\$1,453	\$753	\$1,000
<i>Fees &amp; Services</i>	\$300	\$280	\$130	\$0
<i>Other</i>	\$6,250	\$900	\$660	\$6,250
<b>Operating Expenses</b>	<b>\$766,514</b>	<b>\$379,191</b>	<b>\$371,063</b>	<b>\$500,344</b>
<b>Net Income From Operations</b>	<b>(\$766,514)</b>	<b>(\$379,191)</b>	<b>(\$371,063)</b>	<b>(\$500,344)</b>
<i>Sponsorship Expense</i>	\$41,200	\$17,090	\$16,790	\$17,000
<b>Non Operating Expense</b>	<b>\$41,200</b>	<b>\$17,090</b>	<b>\$16,790</b>	<b>\$17,000</b>
<b>Total Revenue less Expenses</b>	<b>(\$807,714)</b>	<b>(\$396,281)</b>	<b>(\$387,853)</b>	<b>(\$517,344)</b>
<b>Approved Positions</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>

# MARKETING DEPARTMENT



# 2021 MARKETING STRATEGIES

- Provide foundational support for Houston's hospitality market through the development of revenue generating programs.  
Key pillars:
  - 1.) Creating Demand
  - 2.) Smart targeting
  - 3.) Consistent monitoring of demographic (who), psychographic (why) and geographic (where)
  - 4.) Ability to pivot
- Develop and deploy a Placemaking/ Repositioning strategy for Houston and the Avenida Houston campus within the meetings industry.  
Key Pillars:
  - 1.) Understanding our position in the market
  - 2.) Repositioning the campus
  - 3.) Smart targeting
- Create, maintain and protect Houston's reputation, enhance its prestige, and present a favorable image.  
Key Pillars:
  - 1.) Identifying and aligning with evolving local and national trends
  - 2.) Proactive pitching, responsive media assists and hosting media
  - 3.) Development of an Editorial Division

# PROPOSED CY 2021 BUDGET

## MARKETING DEPARTMENT

	2020 Budget	2020 Revised Budget	2020 Projection	2021 Budget
Miscellaneous	\$30,000	\$0	\$0	\$25,000
<b>Operating Revenues</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>
Personnel	\$2,037,060	\$1,491,371	\$1,443,917	\$1,739,172
Advertising & Promotion	\$5,653,000	\$1,774,284	\$1,938,326	\$2,540,000
Travel, Promotion, and Events	\$199,190	\$73,746	\$54,046	\$74,820
Consulting	\$175,000	\$175,008	\$158,333	\$200,000
Supplies	\$16,908	\$4,716	\$4,543	\$4,683
Fees & Services	\$20,750	\$10,717	\$8,171	\$0
Other	\$36,405	\$20,800	\$9,098	\$8,750
<b>Operating Expenses</b>	<b>\$8,138,313</b>	<b>\$3,550,642</b>	<b>\$3,616,433</b>	<b>\$4,567,425</b>
<b>Net Income From Operations</b>	<b>(\$8,108,313)</b>	<b>(\$3,550,642)</b>	<b>(\$3,616,433)</b>	<b>(\$4,542,425)</b>
<b>Approved Positions</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>16</b>



# ACTION ITEM REQUESTED

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- Recommend approval of the 2021 Sales, Tourism, Marketing and Film budgets.

**HFC SALES, TOURISM & MARKETING  
COMMITTEE MEETING**

November 9, 2020

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