

AGENDA

HOUSTON FIRST CORPORATION

Sales, Tourism, and Marketing Committee Meeting

June 1, 2020 – 10:30 A.M.

Live Video and Audio Conference Meeting

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Meeting Access Password: 378630

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 Minberg, 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

- I. Call to Order**
- II. Public Comments**
- III. Minutes – April 30, 2020**
- IV. Presentations, Reports, and Updates**
 - A. Sales Report
 - B. Market Overview Report
 - C. Marketing Report
 - D. Tourism Report
 - E. Houston Film Commission Report
- V. Adjournment**

III. Minutes – April 30, 2020

MINUTES

HOUSTON FIRST CORPORATION

SALES, TOURISM, AND MARKETING COMMITTEE

April 30, 2020 – 09:00 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 Thursday, April 30, 2020, commencing at 09:00 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), Ryan Martin, Patricia Voss, Scot Cotton, James Batt, Jacques D’Rovencourt, Eric Schmauch, Nicki Keenan, and Sofia Adroguè.

The Chairman called the meeting to order at 09:04 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 March 2, 2020 were approved as presented.
3. **Presentations and Reports.**
 - A. **Houston Film Commission Report.** Rick Ferguson, Sr. Vice President of the Houston Film Commission, provided the Committee with an update. According to Mr. Ferguson, the cumulative number of film projects shot in Houston in 2019 and those scheduled to be shot in 2020 are approximately the same, but the expenditures were considerably higher in January and February of 2020. In March, according to Mr. Ferguson, expenditures went down tremendously due to the global pandemic.

Mr. Ferguson discussed several film projects shot in the Houston area. He mentioned that the television series “Away,” with actress Hillary Swank was shot at NASA, and there may be more opportunities for additional filming later in the year. During the first quarter 2020, he added, a Kelly Clarkson series was shot at

8th Wonder Brewery, which was a great opportunity to garner support for a local brewery.

Mr. Ferguson went on to say that an entertainment lawyer, in conjunction with the Southwest Art and Media Project, hosted a web series to help industry professionals understand their legal rights during the pandemic and apply for unemployment benefits. On May 6, 2020, he said, the Houston Film Commission will participate in a retrospective of the Texas Filmmaker Showcase to highlight the best films from 1996 through 1999. He added that the Film Commission continues to participate in webinars and activities with various film associations to individually and collectively address the challenges that lay ahead for the film industry.

Mr. Ferguson informed the Committee that a number of film projects have been postponed due to COVID-19, including an A24 feature film and a Netflix series starring Mo Amer. Additionally, he noted, a number of large commercials for Ford and Gatorade set to begin production in late-March were also postponed, and hope to resume as planned at a later date. In speaking with the Governor's Office, he said, Phase I of Governor Abbot's re-opening plan does not permit film production in the State of Texas. Mr. Ferguson is hopeful that Phase 2 will address production, if filming can resume safely.

From discussions with various film commissions across the country, Mr. Ferguson explained production crews will likely be much smaller going forward. Additionally, he added, the time and costs associated with the necessary cleaning and disinfecting of film sets must be taken into consideration. Another challenge, mainly for commercials and feature films, is that completion bond insurance does not cover any liability related to COVID-19. Labor unions are formulating additional safety protocols for talent and some filmmakers will have difficulty obtaining financing. Mr. Ferguson also stated it is likely there will be significant decreases in film incentives; however, he believes this may level the playing field for states with less favorable incentives. Mr. Ferguson said that the Houston Film Commission continues to monitor the impact of COVID-19 on a daily basis and will keep the Committee informed.

Mr. Ferguson concluded his report with a promotion for "Bull", a film shot in Houston and set to premiere at the SXSW Film Festival that was cancelled in March. Since then, he said, the Houston Film Commission has been working in partnership with the Mayor's Office of Cultural Affairs and the Houston Museum of Fine Arts (HMFA) to promote the film. He mentioned that the film will be screened at the HMFA for a limited time and tickets are available for \$12, and a Q&A session with the film's director and some of its talent will also be hosted on May 7, 2020 via video stream.

- B. Marketing Report. Holly Clapham-Rosenow, Chief Marketing Officer, provided the marketing update. Ms. Clapham-Rosenow began her presentation by showing the Committee a snapshot of what happened to the Visit Houston website in early March when the disaster declaration was issued. She noted that views of the Visit Houston website immediately decreased to an eight-year low. Prior to the

pandemic, she added, the Visit Houston website was trending at a good pace, similar to 2018, for room nights booked via website visits at approximately 275,000 room nights and roughly 36,000 extended stays. Ms. Clapham-Rosenow asserted that it is critical that the website rebound and stabilizes so that Marketing can move forward with a rebound plan to help hotels recover.

Ms. Clapham-Rosenow provided a rundown of the initial response to COVID-19. She noted that the Marketing team cancelled the summer advertising plan, cut 40% of the budget, and re-engineered the departments systems and functions, like a news team, and launched a relief campaign for the hospitality industry. They also launched a new campaign called, "A New Way to Hou", including a website intended to function as a one-stop shop to assist the hospitality industry and engage with consumers. This website, she said, is one-of-a-kind, as other media outlets have not been able to focus solely on the hospitality industry. She added that the website is open to the general public and has been critical in allowing the Marketing team to engage with consumers.

Social media is the primary voice for marketing, according to Ms. Clapham-Rosenow, but they are not directing any paid advertising or media campaigns to support social media at this time. Ms. Clapham-Rosenow is confident once they are able to do so, social media numbers will rebound to pre-COVID figures. The design team, she said, has been very busy and completed 180 design projects. They have created new messaging to support local officials during the health crisis and promote staycations. Messaging was created in different languages and all materials are available for free to any and all hospitality organizations and the City of Houston.

Turning to the communications field, Ms. Clapham-Rosenow stated that crisis response and proactive PR have generated 170 media touches and activations since March 1, 2020. From the on-set of the crisis, she said, PR has been generating positive news stories about Houston. As a result, according to Ms. Clapham-Rosenow, PR has been able to generate 82 million positive national stories and impressions for Houston during the pandemic. She added that the Marketing team also continues to work with Turner PR to make sure the national Houston brand has a voice.

Holly Clapham-Rosenow informed the Committee that Marketing has partnered with KHOU and the live events team to host a virtual Party on the Plaza event to benefit the Houston Food Bank. A number of local celebrities will participate, she said, including Alex Bregman, Bun B, and Mayor Sylvester Turner. She said that live footage of Avenida Plaza will air on the hour-long concert series during primetime on May 2, 2020.

She concluded her presentation by discussing the rebound plan and noted that several members of HFC staff are reviewing and sharing national studies, but they are also creating their own custom studies. According to Ms. Clapham-Rosenow, they know that the leisure market will be the first market to assist hotels, possibly in a July time-frame, but they are cross-checking data and the Houston MSA to

ensure it's the right time for leisure travelers. Marketing will conduct a study on the Visit Houston website and Visit Houston Facebook page to ensure they maximize advertising dollars in order to assist hotels. They are also working with the hotels to create responsive packages. Ms. Clapham-Rosenow stated that they have a target date of June 1, 2020 for deploying a booking engine on the Visit Houston website via Rootrez. The booking engine will target the leisure market and the market for visiting friends and relatives. They are also developing a new digital campaign creative and promotion to support the rebound plan. The remaining marketing funds will go toward supporting the hotel industry and responsive packaging. Ms. Clapham-Rosenow informed Committee members that they all had more detailed information on the leisure plan and stated she would be happy to discuss the intricacies later.

Sofia Adroguè stated she had an opportunity to utilize the work-product of Holly and the Marketing team and thanked them for going above and beyond.

Council Member Robinson added that some of the marketing strategies discussed by Holly have been utilized by City Council.

Nicki Keenan congratulated Holly and the Marketing team on their efforts and ability to respond to the crisis quickly. She praised the Marketing team for their performance and community engagement. Ms. Keenan explained, as the focus has shifted to leisure travel, Holly has been a great steward of not only engagement, but also building consumer confidence through the use of dynamic packages and curated experiences. She also thanked Holly for her engagement with the hard-hit restaurant industry and the promotion of to-go and delivery services. Ms. Keenan stated she looks forward to working with Holly to build destination appeal. As an aside, she explained as beaches re-open in Galveston, there is a large pent up demand for staycations and she will share that data another time. The Vice Chair, Bobby Singh, echoed those sentiments.

David Mincberg asked how marketing has been able to address business re-openings in a centralized manner and communicate the information to the public. He stated he has advised several businesses to scale back their re-opening goals. Ms. Clapham-Rosenow explained they have been able to track information through a specialized channel called Visit Houston Media Partners on Facebook and HF Updates, which includes a large cross-section of GHCVB members. They created a large air-table to engage with a large group of people at one time as well as several google documents. On the hotel side, Marketing is creating a central repository of communication for hotels with the help of Cindy Decker and Maureen Haley.

- C. Tourism Report. Jorge Franz, Sr. Vice President of Tourism, informed the Committee that the tourism strategy can be broken down into three phases: Phase 1- During the Crisis, Phase 2-Transition from the Crisis, and Phase 3- Recovery from the Crisis. Mr. Franz provided an update on Phase 1. At this time, according to Mr. Franz, Tourism has paused all marketplace advertising. The Tourism department has had to re-define the role of several staff members that

are currently working with the Marketing team to provide content. Tourism is also working with Cindy Decker to generate data to better target and identify potential visitors to Houston, especially for the Mexico market in order to be more efficient. He noted that they have made a 25% cut to the programming budget, but are prepared to make up to a 55% cut.

Mr. Franz stated that the international market has been hit very hard and all efforts in international markets have been put on hold. He stated that the agencies that the Tourism department uses in other countries will not be active or receive payment from HFC until September 30, 2020.

Mr. Franz stated that the Houston Airport Systems has been hard hit, with approximately 80% of international flights cancelled and 50% of domestic flights. Tourism, he said, is working very closely with the airport to not only encourage travel, but also to promote the City of Houston as a safe destination when airlines begin to offer flights again. Mr. Franz noted that all trade shows have been cancelled and nearly all travel, although a few conferences are pending, assuming they are not also cancelled.

Mr. Franz stated communication has shifted, mainly with the Houston Insider Program, which now has over 3,500 members. The platform, he said, is now being used to communicate with consumers, provide resources such as updates and job-postings, and promote virtual events. He added that some of the virtual events will include a virtual tip-jar to help support our partners.

The Visitors Center is closed, Mr. Franz stated, and will remain closed through July or August 2020. He explained that a team working remotely is still taking phone calls and all on-line inquiries and that, when the Visitors Center re-opens, Tourism will focus on the student and group tourism market.

Mr. Franz noted that members of Around Houston held a conference call, and that he was glad to see many of the bureaus have been able to move forward with their marketing efforts and retain marketing dollars.

Mr. Franz stated that Maureen Haley has been working directly with the Texas Medical Center to assist individual healthcare workers and essential service workers to obtain valuable tourism data.

Prior to COVID-19, according to Mr. Franz, the Houston Experience Marketplace was on a good track; he hopes that the marketplace can re-gain some ground by the end of the year. They are working with the Marketing department to re-evaluate the budget. By September 1, according to Mr. Franz, they will have to make some difficult decisions regarding international marketing efforts.

- D. Sales Report. John Solis, Sr. Vice President of Sales & Client Services, provided the Committee with a sales update. Mr. Solis stated sales production and the number of room nights booked are down significantly in March and April and the number of lost opportunities has spiked. The American Association of Petroleum

Geologists, according to Mr. Solis, has cancelled their June program and is looking to re-schedule to the fall. SEG is scheduled to meet in October, he added, but they anticipate a decrease in attendance by 50%. Mr. Solis went on to say that the National Association of Professional Landmen was scheduled for August and has cancelled their event.

According to Mr. Solis, a number of groups scheduled for 2021 have also looked to re-scheduled their meetings to future years either due to economic concerns or COVID-19. In a meeting with other convention and visitors' bureaus, he added, there has been a 30% decline in leads and 70% of those leads represent short-term business.

- E. Market Overview Report. Cindy Decker, Vice President of Market Strategy, provided the Committee with a market overview. Ms. Decker prefaced her report by stating the top three sub-markets in Houston to-date for RevPar are the following markets: Downtown, the Houston Galleria, and the Medical Center. Through February 2020, she said, the Houston market was at \$64 RevPar year-to-date and the Downtown market was at \$122 RevPar year-to-date. Both those markets were up in revenues over 2019, according to Ms. Decker, but there has been a dramatic decline starting in mid-March, with the highest RevPar markets dropping the most. Compared to other cities, she added, Houston is third in RevPar decline.

Ms. Decker stated that most of the U.S. is seeing the same percentage in declines, but economy and budget stays are the most stable. She added that the Houston market – considered a mid-price, upscale, and luxury market – these hotels make up over 60% of our inventory and as a result are seeing the largest declines. Urban markets, she added, are also seeing a sharp decline in the last 28 days, which also includes Houston.

Ms. Decker stated that occupancy in the downtown market, which generally runs at 65% occupancy, has been at less than 4%. There are approximately 24 hotel closures in our memberships, she said, but this information changes on a daily basis. Ms. Decker is rooting for Galveston and optimistic that they will have a fantastic summer as hotels begin to re-open. On a positive note, she also stated the data for leisure week-over-week pick-up is now showing an upward trend starting at the end of June. She mentioned that the CBRE forecast for upper-price markets is down 90% year-over-year, but they are forecasting over 40% occupancy in the third quarter, which may be aggressive, but Ms. Decker is hopeful.

4. Adjournment. The meeting was adjourned at 10:15 a.m.