

Corpus Christi Tourism Public Improvement District (CCTPID)
Service Plan

The proposed Corpus Christi Tourism Public Improvement District (CCTPID) would supplement the existing sales and marketing budget of the Corpus Christi Convention and Visitor’s Bureau in order to produce increased leisure, business, and large group business to Corpus Christi hotels. The Service Plan is formulated to positively impact this visitation to Corpus Christi and its hotels through strategic expenditures that must be approved and are overseen by the Board of Directors of the to-be-created Corpus Christi Tourism Public Improvement District Corporation (CCTPIDC). The voting members of this TPID Corporation Board of Directors will be solely composed of a proportionately representative group of hoteliers from within the District. The proposed Tourism Public Improvement District is designed to ensure that the Corpus Christi Convention and Visitors Bureau (“Visit Corpus Christi” or “VCC”) is able to successfully compete with Texas cities and other cities across the country for an increased market share of leisure, event, and group travel.

PROJECTED EXPENDITURES

The CCTPID budget would be allocated as shown in the table below.

| SERVICE PLAN | % | \$ |
|-----------------------------|-------------|---------------------|
| Marketing | 50% | \$23,678,881 |
| Sales | 43% | \$20,363,837 |
| Research and Administration | 5% | \$2,367,888 |
| Contingency Funds | 2% | \$947,156 |
| TOTAL | 100% | \$47,357,761 |

The estimated budget for the TPID for the ten-year term of the District (2021-2031) is shown in the table below. It should be noted that the first fiscal year will reflect receipts for less than twelve months and therefore the total receipts amount is proportionately smaller. It also is the basis for why the amount of funding for year two of the District, which will be for a full twelve months, is proportionately larger. For fiscal years three through ten of the District, the estimated budget is forecasted to increase each subsequent year by four percent (4%) per year. Expenditures of the TPID are limited to actual collections, which cannot exceed the 2% assessment on each taxable room night sale by Corpus Christi hotels with 40 or more rooms, as defined in the TPID petition. After a Corpus Christi TPID is established, it would follow established statutory procedures for the addition of newly built eligible hotels into the Corpus Christi TPID. If actual annual TPID receipts exceed service plan estimates or if actual annual TPID receipts exceed actual TPID expenditures within a service plan category, any surplus TPID revenues will

be reserved by the TPID for use in the subsequent year of the service plan according to the established Service Plan percentage allocations.

10-Year Service Plan Category Percentages and Amounts

| Year | Marketing | Sales | Research & Administration | Contingency Funds | Total |
|--------------|---------------------|---------------------|--------------------------------------|--------------------------|---------------------|
| | 50% | 43% | 5% | 2% | 100% |
| 2021-2022 | \$1,666,667 | \$1,433,333 | \$166,667 | \$66,667 | \$3,333,333 |
| 2022-2023 | \$2,080,000 | \$1,788,800 | \$208,000 | \$83,200 | \$4,160,000 |
| 2023-2024 | \$2,163,200 | \$1,860,352 | \$216,320 | \$86,528 | \$4,326,400 |
| 2024-2025 | \$2,249,728 | \$1,934,766 | \$224,973 | \$89,989 | \$4,499,456 |
| 2025-2026 | \$2,339,717 | \$2,012,157 | \$233,972 | \$93,589 | \$4,679,434 |
| 2026-2027 | \$2,433,306 | \$2,092,643 | \$243,331 | \$97,332 | \$4,866,612 |
| 2027-2028 | \$2,530,638 | \$2,176,349 | \$253,064 | \$101,226 | \$5,061,276 |
| 2028-2029 | \$2,631,864 | \$2,263,403 | \$263,186 | \$105,275 | \$5,263,727 |
| 2029-2030 | \$2,737,138 | \$2,353,939 | \$273,714 | \$109,486 | \$5,474,276 |
| 2030-2031 | \$2,846,624 | \$2,448,096 | \$284,662 | \$113,865 | \$5,693,247 |
| Total | \$23,678,881 | \$20,363,837 | \$2,367,888 | \$947,156 | \$47,357,761 |

PROJECTED CORPUS CHRISTI TOURISM PUBLIC IMPROVEMENT DISTRICT SERVICES

Marketing (Advertising and Promotion) Initiatives

Fifty percent (50 %) of the annual TPID budget will be allocated to increased marketing initiatives to drive more hotel activity to Corpus Christi. All advertising and promotion initiatives will be designed to increase awareness and travel within the leisure market for segments of the travel market that are not currently being reached by Visit Corpus Christi, including out of city and out of state and international markets. Such initiatives may include but are not limited to:

Programs to increase demand through:

Marketing & PR Campaigns

Current hotel occupancy tax fund levels do not allow Visit Corpus Christi the ability to conduct the level of campaigns noted below. Existing VCC brand campaigns would utilize TPID funds to better reach the below noted and other essential markets. VCC would have the ability to expand the reach of these campaigns to areas there were not within VCC’s prior budget capacity, but for which data suggests a strong ROI for such marketing initiatives.

Central North Texas Campaign

Historically VCC has focused on marketing in the San Antonio, Houston and Rio Grande Valley (RGV) areas. To date, VCC has not had sufficient funding to effectively promote Corpus Christi in the other key potential target markets of Austin and the DFW Metroplex. Competing cities such as Galveston and many Florida beach destinations are heavily promoting their areas in these markets. Through supplemental TPID funds, existing creative on Corpus Christi can be used to expand VCC's reach into these additional and other areas to promote enhanced Corpus Christi hotel activity.

Border States/Central U.S. Campaign

Substantial research by the VCC marketing team and its ad agency also shows considerable opportunities for VCC to market to key border state cities and to select other locales that would be especially interested in Corpus Christi due its status of having the closest beach to their area. For example, this promotion could be realized through a targeted campaign focused on the Cities of New Orleans, Lake Charles, Little Rock, Kansas City, Oklahoma City, Tulsa, Wichita, Denver, Albuquerque, and Santa Fe.

Mexico/International Campaign

Corpus Christi's proximity to Mexico warrants advertising along the Mexican side of the RGV as well as within Sister City Monterrey. Data proves San Antonio and South Padre are currently capitalizing on the growing population in Mexico which has the income to travel. The TPID provides an opportunity for VCC to also effectively compete for this segment.

Air Service Promotion Campaigns

VCC and Corpus Christi International Airport (CCIA) leadership continue to follow local travel volume data and using it to push for potential expansion of air access from and to Corpus Christi for key new and existing target markets. The ability to promote visitation by those markets and the ease in reaching such markets through our airports is crucial to securing retention and expansions of our air access and to the long-term success of those routes.

Creative Operations

Experience Development/Visitor Servicing

A key strategy for VCC to further separate Corpus Christi from its competition is through experience development and servicing. With the TPID, a heightened focus can be put on developing enhanced programs and experiences that yield heightened visitor perceptions of Corpus Christi as a destination. Current hotel occupancy tax fund levels have allowed VCC to develop a new visitor center, but the funding has only enabled basic beach service operations, and limited promotions of all the area beaches, the airport and convention services. To ensure a strong ROI on these expenditures and to generate additional needed feedback, additional

visitor surveying can be used to assess the extent to which Corpus Christi, its tourism entities, and VCC are giving visitors what they desire.

Creative Staffing and Operations

The expansion of VCC campaigns will likely require additional staff or contract services, or a combination of both. Current hotel occupancy tax fund levels have allowed VCC to have a marketing team of four individuals. The combination of hotel tax and TPID funds would allow a \$4 million total annual marketing budget that will likely require limited additional staffing. Any supplemental staffing request will be presented to the TPID Board for their consideration and approval.

Sales (Conventions, Meetings, Sports) Initiatives

Forty-three percent (43%) of the annual TPID budget will be allocated to increased sales initiatives. All sales initiatives are designed to increase state, regional, and national awareness of Corpus Christi as a meetings, conventions, and sports destination and foster subsequent bookings in district hotels. Such efforts will include but would not be limited to:

Programs to increase demand through:

Group Sales

Corpus Christi Sports Commission

Corpus Christi has a competitive advantage in that it offers something many other cities cannot – ocean and bay areas. The opportunity for Corpus Christi to leverage our natural assets to secure competitive water and land based sporting events will drive a new segment of visitors and visitor spending. Youth Sports is a \$1 billion industry that Corpus Christi is also not currently involved in to its maximum potential. An organized Youth Sports initiative would drive substantial additional rooms nights within this important market segment. Current hotel occupancy tax fund levels have not allowed VCC to initiate this much needed program.

Sales Staffing

Current hotel occupancy tax fund levels have allowed VCC to create a sales team of two sales staff members plus a coordinator. To grow our group sales operations, VCC cannot continue to have a sales team of only two staff members. The additional funds from the TPID would allow VCC to propose to the TPID Board an expansion of VCC's sales focus serving key segments with a diverse strategy of prospecting and selling.

Corpus Christi Film & Music Commission

A growing responsibility of Destination Marketing Organizations is the ability to sell their community as a potential film location. In addition, cities like Austin, Nashville and Tulsa have each proven that a rich and unique music vibe is just what a growing trend of travelers are seeking who want authentic cultural experiences. The Corpus Christi Film & Music Commission, in

partnership with VCC, will actively seek out opportunities in the film and music industries to bring business, room nights, and exposure to Corpus Christi. Current hotel occupancy tax fund levels have not allowed VCC to access sufficient funding for this much needed program.

Sales Servicing

With an additional influx of prospective clients and actualized business from different group segments such as the sports, film and music sectors, additional staff servicing by VCC will likely also be required. As noted above, current hotel occupancy tax fund levels have allowed VCC to service the existing framework for serving VCC clients, but VCC will need to expand those services with a focus on additional anticipated sports business, national sales, and leisure sales. The TPID Board will work closely with VCC on what augmented VCC staffing pattern would produce the greatest ROI.

Group Sales Promotion

Texas-wide Meetings Marketing Campaign

As VCC continues to work with the American Bank Center and the City of Corpus Christi on development of the Sports Entertainment and Arts (SEA) District Complex, as well as an increased VCC sales staff presence, it will be essential that there be an enhanced statewide marketing campaign targeting both corporate and association group business. For example, the unique downtown district coupled with the natural environment that is part of Corpus Christi's special appeal, allows VCC to market to the meetings industry that Corpus Christi is a location at which they can host and enjoy at the same time. Current hotel occupancy tax fund levels have not been sufficient to initiate this enhancement of VCC's marketing program.

Tradeshows/Sales Missions

A focus on new market segments means involvement in new tradeshows and site visits. To ensure success, VCC must increase its involvement with key associations and organizations. Current hotel occupancy tax fund levels have focused on trade and government association business, but VCC has not been able to attend other events in a cost-effective basis that would get the Corpus Christi market in front of multiple industry segments through entities such as CVENT, HelmsBriscoe, NorthStar, and others.

National Industry Organizations

The ability to develop partnerships with the largest meeting planner groups within organizations such as CVENT, HelmsBriscoe, NorthStar and US Travel Association is critical to the future success of Corpus Christi growing its group room nights. Current hotel occupancy tax fund levels have been expended on state association outreach, but VCC has not been able to afford the marketing that was needed to significantly expand that reach. The supplemental TPID funding will help bridge this gap.

Additional Events Bid Fund

The limited ability to use Corpus Christi's Conference Events Fund (CEF) for incentives for large groups critically limits VCC's ability to incentivize groups that are not being housed at the American Bank Center. Creating a supplemental TPID bid incentive fund will allow VCC to incentivize additional groups that show a strong potential ROI, including groups that are housed in individual hotels, as well as sporting groups and film crews that would increasingly choose Corpus Christi if VCC could more effectively compete for their business through reasonable sales incentives.

Research and Administration Initiatives

Five percent (5%) of the annual TPID budget would be allocated to administration of the TPID and for increased visitor research initiatives that analyze the impact of TPID marketing and sales initiatives in driving more hotel activity, tourism and positive visitor impressions for Corpus Christi. Research costs may include, but would not be limited to the following:

Research

Growing local tourism and hotel activity reach will require a continued dedication to research and prospecting programs to ensure a strong ROI from the sales and marketing initiatives undertaken by the TPID. Current hotel occupancy tax fund levels have allowed VCC to conduct research with minimal GPS data as well as basic prospecting programs. With the TPID funding, VCC will be able to utilize higher level and more accurate and strategic ROI research programs as well as additional industry leading sales prospecting tools.

Administrative Costs

The collection of TPID fees will produce certain costs to the City and to the TPID that the TPID will have to reimburse. The City's cost will be determined annually based on actual costs and included in the annual Service Plan approved by City Council. The TPID will need to cover limited additional costs to VCC for legal counsel, administration of the district, and supplemental finance and accounting help that will be needed to administer the TPID funds. Current hotel occupancy tax fund levels have allowed VCC to have one individual in its VCC finance department, but VCC anticipates needing to contract for certain additional services and to increase that staffing oversight upon consideration and approval by the TPID Board.

Contingency Funds

Two Percent (2%) of the annual TPID budget will be allocated to TPID contingency funds to allow consistent operation of the TPID Service Plan during unexpected economic challenges and to be ready to address unanticipated new opportunities within each budget category.