

**Hotel  
Contracts  
101**

*Experience*  
**BRYAN**   
**COLLEGE**  
**STATION**

# Overview

- General Contract Definitions
- Room Blocks
  - Courtesy Contract
  - Full Contract
- Meeting Space
  - Rental
  - Food & Beverage
- Questions?



# Disclaimer

- I am not a lawyer.
- I represent both hotels and organizations bringing their events to Bryan College Station.
- The following are common scenarios and examples. Contracts vary hotel to hotel, brand to brand, destination to destination, etc.
- This presentation is not meant as legal advice... see first bullet point.

# General Definitions

- Concessions:
  - Contractual agreement where one party provides something of value to the other party in exchange for something else, pending certain conditions.
- F&B:
  - Food and Beverage
- Force Majeure:
  - An event (e.g. war, labor strike, extreme weather, or other disruptive circumstances) or effect that cannot be reasonably anticipated or controlled.
  - “Act of God” may also be used to refer to an extraordinary natural event.

# General Contract Definitions

- Indemnification Clause:
  - One party agrees to pay damages or claims that the other party may be required to pay for another.
  - “Hold Harmless” is a type of indemnity clause that requires one party to fully protect the other from a claim asserted.
- Master Account:
  - A record of transactions during an event where the resulting balance is paid directly by the group (rather than the individual guest). May include room tax, incidentals, F&B, A/V equipment, décor, etc. AKA “Master Bill”
- Relocation (“Walk”):
  - Moving guests to a nearby hotel when overbooking occurs. This clause does not prevent the hotel from walking a part or whole group, but outlines the “rights” and expectations should it occur.

# Room Blocks

- Room Block:
  - Group of rooms held by the hotel for a specific organization and dates.

Day	Monday	Tuesday	Wednesday
# Rooms Blocked	25	50	25

- Block Code:
  - A code attached only to group rooms that are a part of a block.
- Cutoff Date:
  - Last date room reservations may be made by a guest within the block.

# Room Blocks

- Peak Night(s):
  - Referring to the night during an event when most rooms are occupied by those in attendance.

Day	Monday	Tuesday	Wednesday
# Rooms Blocked	25	<u>50</u>	25

- Shoulder Night(s):
  - Nights of less occupancy on either side of peak nights.

Day	Monday	Tuesday	Wednesday
# of Rooms	<u>25</u>	50	<u>25</u>

# Room Blocks

- Room Nights:
  - Rooms blocked or occupied multiplied by the number of nights each room is reserved or occupied.

Monday		Tuesday		Wednesday		Room Nights
25	+	50	+	25	=	<u>100</u>

- Pickup:
  - Number of rooms consumed within the group block. Referred to either as a total or per night.

Day	Monday	Tuesday	Wednesday
# Rooms Blocked	25	50	25
# Rooms Picked Up	20	45	20



# Full vs Courtesy Contract

<b>Full Contract</b>	<b>vs</b>	<b>Courtesy Contract</b>
✓	<b>Attrition</b>	
✓	<b>Cancellation</b>	
✓	<b>Comp Ratio</b>	
↓	<b>Room Rate</b>	↑
✓	<b>Cutoff Date</b>	
✓	<b>Block Size</b>	
✓	<b>Rooms Guaranteed</b>	
✓	<b>Negotiability</b>	
	<b>No Accountability</b>	✓

# Full Contract

- **Clauses:**
  - Attrition
  - Cancellation
  - Concessions

# Attrition

- A clause included in a hotel contract to ensure an organization fulfills their contracted obligations.
- Percentage Based
  - “20% Attrition” = Group is responsible for 80% of blocked rooms
  - Percentage may vary based on specific hotel, typically 10% - 25%
- May be calculated by each day of contracted block or by cumulative room block. Varies by hotel.

# Concessions

- The more concessions required, the less likely a hotel is willing to offer a courtesy contract.
- Common Concessions:
  - Complimentary Ratio (“Comp Ratio”):
    - The number of rooms provided at no cost based on the number of occupied rooms. (e.g. 1:40)
  - Guaranteed comp room
  - Complimentary room upgrades
  - Closer cutoff dates
  - Free internet access
  - Free parking

# Attrition Example

Room Block	Rate	Revenue	80% Attrition	Picked Up	Rooms Not Picked Up	Liquidated Damages
100	\$139	\$13,900	80	50	30	<b><u>\$4,170*</u></b>
50	\$139	\$13,900	40	30	10	<b><u>\$1,390*</u></b>

\* (Rooms Not Picked Up) X (Rate) = Liquidated Damages

# Cancellation

- A cancellation clause details exactly what will occur should a group no longer need the contracted block or meeting space.
- Cancellation payments are usually on a sliding scale based on how far out from the event a cancellation occurs.

<b>Cancellation Date</b>	<b>Total Hotel Damages</b>	<b>% of Total Hotel Damages</b>	<b>Cancellation Payment</b>
< 12 months from arrival	\$13,900	25%	\$3,475
< 9 months from arrival	\$13,900	50%	\$6,950
< 6 months from arrival	\$13,900	75%	\$10,425
< 3 months from arrival	\$13,900	100%	\$13,900

- Cancellation may result in a credit to group if an event is hosted within a specified amount of time (e.g. 12 months).

# Courtesy Contract

- Non-binding agreement between the hotel and an organization to hold rooms as a courtesy to the organization
  - Pros:
    - No guarantee required by organization for any unused rooms in block
    - Typically provides a specified room rate on a set number of rooms
  - Cons:
    - No guarantee by hotel to hold rooms (may be released at any point, but hotels will typically inform organization)
    - Reduced likelihood of any concessions
    - Farther cutoff date
    - Smaller block size
    - Higher rates than a full contract

# Meeting Space

- Meeting Space Rental Scenarios:
  - Full rental rate of meeting space
  - Partial rental rate and partial F&B minimum
  - No rental and full F&B minimum
- Guest room blocks may be taken into consideration for rental of meeting space. For example:

<b>Total Room Nights Utilized</b>	<b>Meeting Room Rental Charges</b>
90% - 100%	\$0
80% - 89%	\$2,500
70% - 79%	\$5,000
Below 69%	\$7,500



# F&B Minimum

- F&B Minimum (“Expected Banquet Revenue”):
  - The minimum amount of food and beverage revenue a group is obligated to purchase in lieu of rental fees for a meeting space.
  - Subject to attrition similar to guest rooms and outlined in contract.

# Tips

- Be conservative with the number of rooms needed. It is more favorable to expand a block than to pay attrition.
- Inform attendees of the importance of staying in the block and how it benefits the organization.
- Offer special incentives for staying within the block.
- Utilize previous years' history to determine needs.
- Do not over block at multiple hotels. Better to fill one block than partially fill multiple blocks.

# Tips Ctd.

- Include hotels early in the planning process.
- Hotel contracts should not be one sided. Make sure reciprocal clauses are in the contract to protect the organization as well.
- Be as flexible as possible with event dates. Hotels will offer much better rates and are likely to offer more concessions on favorable dates.
- Advertise the room block and ensure attendees know how to book their room within the block.
- Utilize Experience Bryan College Station as a resource!

# Questions?

**John Friebele, CSEE, TDM**  
Director of Sports + Events  
[John@bcssportsandevents.com](mailto:John@bcssportsandevents.com)  
(979) 260-9898