

2009 HOSPITALITY LAW CONFERENCE

# Meeting Contracts



Solutions for Finding Common Ground



# Presenters

- James M. Goldberg
- Principal, Goldberg & Associates, Washington, DC
- Represents associations and other hotel user groups
- Author of “The Meeting Planner’s Legal Handbook”



- Russell C. Savrann
- Shareholder, Graham & Dunn, PC, Connecticut & Seattle
- [www.rsavrann@grahamdunn.com](mailto:www.rsavrann@grahamdunn.com)
- Counselor to the Hotel Industry
- Former Vice President & Associate General Counsel Starwood Hotels



# Who Are the Stakeholders?

- Groups
  - Associations
  - Corporations
  - SMERF organizations
- Third-party meeting planners
  - ConferenceDirect, Experient, HelmsBriscoe
  - Independents and smaller businesses
- Hotels
  - National sales offices
  - On-property sales managers



# Where Do We Begin?

- Our Contract or Yours?
  - Most chain properties have “standard” contract templates
  - Some larger groups and third-party entities use their own templates

Issues with templates:

Corporate Agendas - Privacy, Green, Diversity



# What Are the Issues?

- Standard business issues
  - Meeting date(s)
  - Space needs (rooms and functions)
  - Corporate policy considerations
- Rate(s)
  - Concessions
    - Complimentary rooms (1:40-50)
    - Sleeping room upgrades
    - Staff rate rooms
    - Others



# Major Sticking Points

- Attrition
- Cancellation
- Termination/Force Majeure
- Indemnification



# Attrition

- Failure to utilize room block
  - Measured by rooms or expected revenue?
  - Cumulative or nightly?
  - How much “slippage” allowed?
  - Pay on revenue or profit?
- Failure to meet f&b minimum
  - What are the consequences?



# Cancellation

- Are the issues the same if a Group cancels or if a Hotel cancels?
  - No amount stated if hotel cancels  
Usually a sliding scale
    - Dollars or % of “anticipated revenue”?
- To calculate Liquidated damages you need to factor what are the reasonable estimate of damages.
  - Elements include: Lost opportunity – ancillary spending
  - Damages are hard to determine
  - Will the hotel be able to resell the space if they do resell are they just moving business that would have booked any way.





# Termination/Force Majeure

- Reading Force Majeure language
- What does the Law mean by the concept “beyond the control of the parties to perform”
  - “emergencies”
  - “illegal or impossible”
  - “laundry list” or catch-all phrase?
  - Insurable risks
- Are there other reasons for termination?
  - Change of management/flag
  - State law issues
  - Economic change



# Other Legal Issues

- Indemnification/insurance
  - How extensive?
  - Added insured requirement
- Proper names of parties
  - “Flag,” management, owner?
- Dispute resolution
  - Arbitration v. litigation
  - Venue