

## Hotel Room Block Agreements - Guidelines for Brown Departments

**PURPOSE:** These guidelines are meant to assist Brown departments in their review of the business terms in hotel agreements for room blocks and/or conferences that they are directly arranging with hotels. Please note that it is the responsibility of the department that has made the arrangements with the hotel (and is signing the agreement) to be fully aware of the business terms that they are agreeing to and signing for. Hotel agreements that contain terms and conditions must be reviewed in the [Brown Contracts Management system](#) (BCM) prior to being signed or enacted.

### Contract Review

Prior to submitting your hotel agreement through BCM for review, be sure to review and understand the business terms of the agreement. Although the contract will be reviewed by contract experts in BCM, the department really is the subject matter expert and best resource for confirming the specific details of their hotel arrangement needs and wants. Take a look at the minor things to ensure that there are no missing pages, that event dates are correct, etc. Please also note the deposit due date (if applicable), confirm who the authorized signer in your area is, and be aware of any business terms and tasks stated in the agreement that you are responsible for completing. Refrain from accepting verbal agreements or acknowledgements, as the University requires that agreements be written agreements.

### Signature

Please make sure that the appropriate individual in your area is identified as the person who will sign the agreement when it is submitted to BCM. You can determine who is authorized to sign contracts by reviewing the University's [delegation of signature authority](#).

### Room Block and Rate

These are the number of rooms needed and the set rate. Confirm that the rates and hotel rooms are consistent with what was agreed upon. **Do not ask the hotel to hold more rooms than you think you actually need and will be able to have booked so that the hotel does not end up losing business and so that your department does not end up being responsible for paying the difference.** See section on "Attrition Clauses" below.

### Cutoff Date

The cutoff date refers to the period the hotel will hold the room block and group rate for, as the hotel reserves the right to release the rooms and sell them if deposits are not made or rooms are not booked by a certain date. Ongoing communications with the hotel will be important to ensure that rooms are booked as expected.

### Attrition Clauses

**Pay attention to attrition clauses and what you are agreeing to.** Some hotel room block agreements include attrition clauses to protect the hotel against lost business if the majority of rooms they are holding for you do not get booked. The hotel is agreeing to hold rooms and to turn away other business, and the department is agreeing to book (or to drive conference attendees to book) a certain number of rooms under the group block by a certain date. **If a department does not meet its responsibility in this regard, it may end up paying for a percentage of the per night un-booked room commitment.** An attrition room clause or performance damages clause may carry taxable payments as a penalty/damages due to the hotel for instances where:

- commitments to pay for a specific number of rooms by a set date and rate are not met / meeting sponsor's attendees fail to reserve all of the rooms the hotel has blocked (i.e. guest room attrition);
- the number of rooms needed decreases or the event gets canceled (for reasons other than an act of God or other force majeure occurrence); this reduction may require a taxable payment as a penalty/damages to the hotel;
- the actual food functions fail to generate all of the revenue agreed to in the contract (i.e. catering food and beverage attrition);

**Room Attrition Rate** refers to the percentage of rooms that must be filled - typically by a set date - in order to avoid paying a penalty. Avoid agreeing to any attrition that begins immediately at contract signing.

- Do not ask the hotel to hold more rooms than you think you actually need and will be able to have booked so that the hotel does not end up losing business and so that your department does not end up being responsible for attrition. Smaller room block contracts (under \$20K) often do not include attrition clauses. If they do, you should try to negotiate with the hotel to remove the attrition clause. Larger room block contracts may include attrition clauses (because it is a greater risk for the hotel). If the attrition rate is above 80%, you should further negotiate with the hotel to reduce it to no more than 80%.

*Example: The department has negotiated a room block of 20 room nights. Attrition is 80% (16 room nights), only 12 room nights were used and now the department is responsible to pay for the four unused room nights.*

#### Food & Beverage Attrition

A Food and Beverage (F&B) attrition clause requires that a group generates a minimum amount of F&B revenue throughout the course of the meeting or event.

- If F&B minimum is not met, the contract should state that you are responsible only for the difference, not the entire amount. Another option would be for the hotel to advise on alternatives for food and beverage to bring up to the minimum F&B charge.
- Food and Beverage cancellation should not be charged until two months prior to the event, since food is ordered or purchased approximately 30 days prior to the event.

#### Cancellation Schedule

**Negotiating this upfront is essential to more favorable terms**, this allows the department to cancel the event without paying for the entire contracted amount. See chart below as an example of a suggested guideline.

Dates	Damages
121 days to start	No Penalty Applies
120 days up to 91 days	25% of guest room revenue only
90 days up to 61 days	50% of guest room revenue only
60 days up to 31 days	75% of guest room, 40% of Food & Beverage and Rental

30 days prior to start date of event	80% of guest room revenue and if applicable, food & beverage
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### Loyalty and Reward Programs

Per Brown's [Conflict of Interest and Commitment Policy](#), members of the Brown community should not agree to receive anything external for personal gain in the course of performing one's University responsibilities.

### Room Block Type and Rates (*Net Rates vs Commissionable Rates*)

- If this is a "courtesy" room block for which external guests are booking and paying for rooms on their own, the rates should be commissionable. Please provide the hotel with the information below, which should be added to the courtesy room block agreement:
  - Travel Agency: Campus Travel Management
  - Address: 110 Annapolis Street - Suite C
  - City/State/Zip: Annapolis, MD 21401
  - IATA / ARC Number: # 21 708304
  - GDS System: Amadeus
  - CTM Pseudo City / Office ID: **ANP1S2101** (Alpha-November-Papa-one-Sierra-two-one-zero-one)
  
- If this is a Brown-paid room block for which payment for the rooms is to be made by the University, the rates should be on a net, non-commissionable basis.

### Payment Procedure: ex. Credit card/Purchase Order

If payment is required to be made by the University, a purchase order must be issued through Workday.

- Refrain from taking guests' credit card information by having them reserve their own room booking with the hotel.

### Deposit

If a deposit is required, use the page from the agreement that lists the deposit requirement as supporting documentation when processing payment against the purchase order. You are responsible for creating a receipt in the Purchase Order to release the deposit.

### Method of Reservation

There are mainly two types of reservation methods:

- Rooming list - used when department will provide the hotel with a list of guests
- Individual- guests will make their own reservations either online or by calling the hotel directly.

**Note:** *Individual visitors to Brown who need to book local hotel accommodations (not under a room block and when Brown is not paying) can be directed to the [Visitor Accommodations](#) page (also located on Brown's website under Visit Brown).*

Once you have finalized the business terms of the hotel agreement, please submit it into BCM for a thorough review of the legal terms of the contract. Once submitted into BCM, a contract reviewer will review the terms and conditions of the agreement and process it through execution. The finalized version of the agreement will then be retained in BCM for recordkeeping purposes.