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AAHOA

WEBINAR

**HOTEL OWNERS & COVID-19: ALTERNATIVE USES FOR
YOUR HOTEL**

Presenter: Robert W. Lannan, Principal, Lannan Legal PLLC

Lannan Legal
PLLC

Check out other AAHOA COVID-19 Resources: <https://www.aahoa.com/advocacy/disaster-preparedness>

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Contracting with Government Agencies for Use of Hotels during the COVID-19 Crisis

A Webinar Presentation to the
Asian-American Hotel Owners Association (AAHOA)

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Robert W. Lannan

Lannan Legal
PLLC

1717 K Street, N.W., Suite 900
Washington, D.C. 20006
(202) 223-8901

robert.lannan@lannanlegal.com
www.lannanlegal.com

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Governments are using hotels to aid in the crisis.

- Federal, state and municipal agencies.
- Hotels being used as:
 - Hospital rooms (usually not for critical care)
 - Housing for medical personnel
 - Housing for people with mild cases of COVID-19 to quarantine from family members at home
- Largest Deal Announced to Date:
 - Aimbridge Hospitality deal with Trestle Health and Housing
 - Over 700 hotels with 103,000 rooms
 - Rates ranging from \$69 to \$106 per night

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First Challenge: Letting the government know your hotel is available.

- AAHOA has a resource: <https://www.aahoa.com/advocacy/disaster-preparedness>
- So does AHLA: <https://www.ahla.com/ahlas-hospitality-hope-initiative>
- Potential **federal** contractors should register in the **System Award Management system** (“SAM”): <https://sam.gov/SAM/>
 - If you already do federal business, you are probably already registered.
 - Your company needs to appoint an Entity Administrator
 - You need a FEIN, a DUNS number and bank account information.
 - Opt to include your company in a **Disaster Response Registry**.
- You can also send info. to the **U.S. Army Corps of Engineers**: <https://www.usace.army.mil/business-with-us/contracting/>
- Don't forget your state, county and city governments.

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Don't do this without a well-considered contract.

- How many guestrooms? The whole hotel or just part of it?
- Be clear about permissible use of guestrooms:
 - Only for healthcare providers?
 - For hospital patients?
 - For self-isolating individuals with COVID-19?
 - For homeless people?
- Address use or storage of FF&E in guestrooms.
- Address any adjustment of HVAC system or retrofitting of guestrooms.
- Address services other than room occupancy
 - Foodservice
 - Laundry service
 - Housekeeping
 - Parking

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A few legal issues to consider

- Use a **license agreement**—not a lease.
- The government agency should accept the rooms “as-is” and be responsible for any retrofitting, and restoration when they are finished.
- Term issues:
 - Initial term—not more than 3 months
 - Renewal periods—not more than 30 days each
 - Right to terminate without cause upon 60 days’ notice
- Make the government solely responsible for all aspects of use that go beyond conventional hotel management.
- Seek **indemnification** from the government agency from liability extending from its use of the guestrooms, including after they have left.
 - Some government agencies won’t agree to conventional indemnity language.
 - Nevertheless, ask for it and push for as much as you can get.
- Seek insurance, additional insured status and a certificate proving it.
 - Less likely with government agencies.
- Require the government to comply with laws on use of hazardous substances.

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Other Considerations

- Require **guests** to sign forms releasing your company from liability arising from their stays, and disclaiming tenancy.
- Talk to your own **insurance provider**.
- Talk to your **lender**.
 - Make sure this does not breach any covenant in your loan agreement, or document any exception the lender will allow.
- Coordinate with any independent **hotel operator**.
 - This may require some amendment to the HMA.
- Talk to your **franchisor**.
 - Ensure this does not breach your franchise agreement, or document the franchisor making an exception.

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Hotel Owners & COVID-19: Alternative Uses for Your Hotel



Robert W. Lannan

Principal, Lannan Legal PLLC

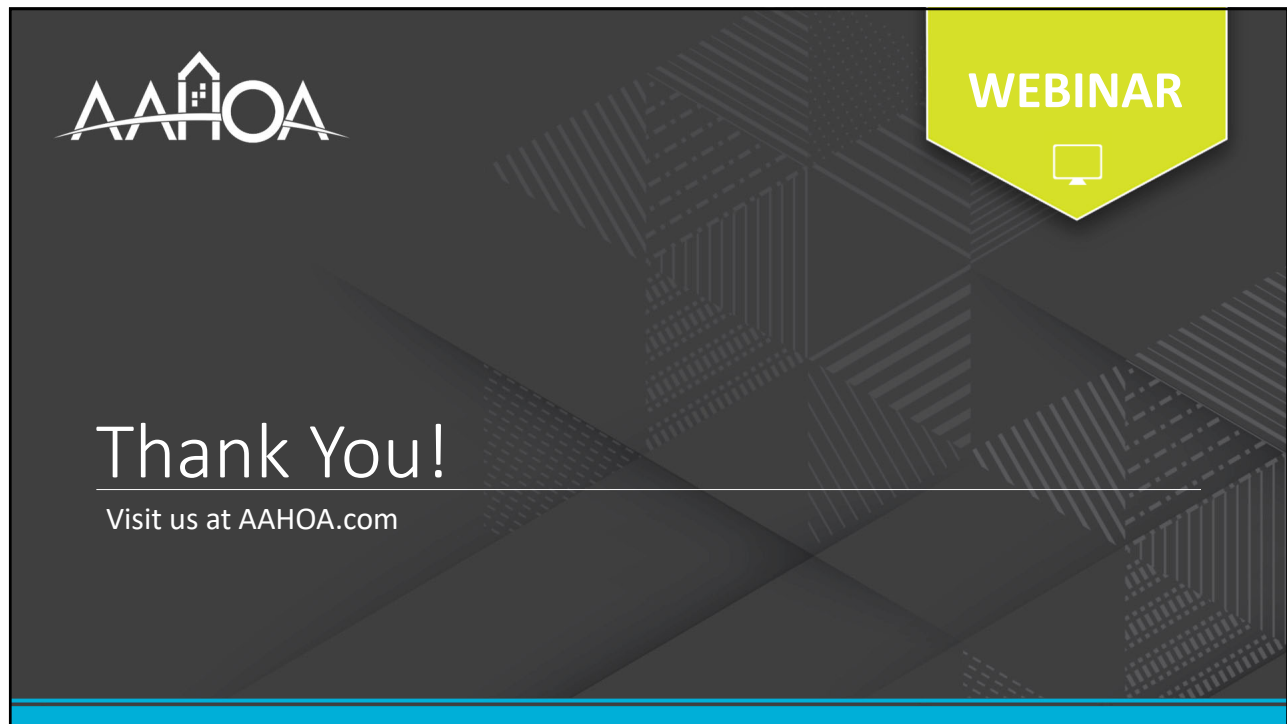
(202)-223-8901

robert.lannan@lannanlegal.com

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The slide features a dark gray background with a subtle geometric pattern of overlapping squares and lines. In the top left corner is the AAHOA logo, which consists of the letters 'AAHOA' in a white, sans-serif font, with a stylized house icon integrated into the 'H'. In the top right corner, there is a bright yellow banner with the word 'WEBINAR' in white, uppercase letters, and a small white icon of a computer monitor below it. Centered on the slide is the text 'Thank You!' in a large, white, sans-serif font. Below this, a thin white horizontal line separates the text from the website address 'Visit us at AAHOA.com', which is also in white, sans-serif font. A solid blue horizontal bar runs across the bottom of the slide.

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Thank You!

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