

RISK MANAGEMENT EDUCATION

RENTAL AGREEMENTS

Many distilleries have often rent their facilities for use by the public, including birthday parties, work events, reunions, etc. While these are typically good sources of revenue and are also a good public relations tool, they do present additional liability exposures to the brewery.

For distilleries that lease their facilities to others, we recommend the use of a contract which details the terms and conditions of the rental and also provides that the lessee/rental party will hold the distillery harmless in the event of injury or other damages related to the use of the premises. When reviewing Rental Agreements, many contracts are not appropriately worded with needed protection or are incorrectly completed, often with provided spaces left blank. This document offers risk management guidelines to assist your organization in reducing your liability exposure. A sample rental contract is included with a hold harmless agreement that may be used in whole or as an example for your organization. Whether you use the sample agreement or develop your own, you should have it reviewed by an attorney. If you choose to create your own form, consider including the following points:

- Make certain that you have all of the parties who are actually responsible for the event listed and obtain a signature.
- Define exactly what is being rented including any room(s), accessories, utilities, equipment, and related structures.
- Make certain you know exactly what type of event is going to take place and that it is described on the agreement in writing. For example, a party could be a children's birthday party, an adult birthday party or it could be a bachelor party. You will want to know what kind of activity they intend to have and what activities you will or will not allow. You should specify any activities that you do not wish to take place.
- Define when the event will begin and end, including set-up and clean up times.
- Require a certificate of insurance or a copy of their insurance policy showing the existence of liability insurance, even from individuals. They are free and should be easy to obtain by having the individual contact their insurance agent. (You may be surprised by the number of people and organizations that don't have liability insurance.)
- If you don't have insurance to cover events, you can purchase Event Coverage at TheEventHelper.com.
- Include any restrictions that you may have (e.g. no tape or thumb tacks on walls & ceilings; no outside alcohol, no illegal or immoral activities, etc...)
- List specifically the amount of deposit(s); when they are required; how & when they will or will not be returned.
- Define who will be responsible for any and all damages, and how they will be assessed.
- Have a hold harmless and indemnification clause included in the contract.
- List an emergency contact(s) from your organization on the contract.
- Include a statement explaining that your organization has the right to terminate the event or expel any person or persons for unruly, unsafe, illegal or dangerous behavior or who is in violation of any other clause of the contract.

Any forms/contracts should be reviewed by an attorney for compliance with local laws and suitability to the particular needs of the organization involved. Once developed, the contract should be used for all rentals, even if the brewery is being used gratis or by a member. A copy of the contract should be given to the lessee and the original kept on file.

This is a sample guideline furnished by Regnier Insurance. Your distillery should review it and make the necessary modifications to meet your organization's needs. The intent of this guideline is to assist you in reducing exposure to the risk of injury, harm, or damage to personnel, property, and the general public. For additional information, contact us at (512) 628-5186 or info@regnierinsurance.com.



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"ABC Distillery" Sample Rental Agreement

Date: _____

Person(s) or Name of Organization: _____ (Lessee)

Contact Person: _____ Address: _____

Phone Number: _____ Cell Phone: _____

Rental Date: _____ Set-up Date: _____ Rental Time In: _____ Rental Time Out: _____

Type of Event to be held _____

The Lessee(s) shall pay to the distillery the sum of \$_____.00 Dollars being hereinafter referred to as the "Deposit Amount." In the event that the reservation is cancelled by the Lessee without sixty (60) days prior written notice, the Deposit Amount shall be retained by the Organization as liquidated damages.

In addition to the Deposit Amount, a valid certificate of insurance indicating in force liability insurance shall be provided to the Organization at least ten (10) days prior to the event. (Received Date _____ Copy attached)

The total sum for the aforementioned event will be \$_____ to be paid in full by _____ (Date).

All Rental Payment will be made in full and in advance of the event with keys not being assigned until that time. Applicable deposit will be returned only if the following conditions are satisfied:

- Floors Swept
- Spills wiped up
- Lights off
- No property damage
- Garbage bags placed in hopper
- Table tops washed
- Doors locked
- Furniture repositioned
- Heat/Air conditioning thermostat set per instructions
- Key returned to proper person

Once the event is held and the remaining clauses of this agreement have been, in the reasonable opinion of the Organization, properly executed, the Deposit Amount will be applied to any outstanding portion of the rental sum OR returned as overpayment within 15 days by the Organization. The following persons should be contacted if problems arise during the event: John Smith 555-0000 or Joe Deer 555-1111.

Event Restrictions:

- No illegal activities or drugs
- No firearms
- No taping, nailing or thumb tacking of decorations or signs to any wall, door or ceiling
- All alcoholic beverages brought in must be served by the brewery staff. During the event the beverages are released to and to remain in the care, custody and control of the bartenders or distillery staff. The fee for the distillery staff for the aforementioned event is \$_____ payable in addition to and in full with the rental fee. No alcoholic beverages may be removed from the building at any time.

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- The premises leased and related services are described and limited as follows:

- The premises shall be used for the type of event described above and for no other purposes.

The Lessee shall be responsible for all persons who attend the function and shall ensure that all persons act in an orderly, responsible and safe manner. The distillery retains the right to terminate the event or expel any person or persons who are deemed to be unruly, unsafe, illegally or acting with dangerous behavior or who are in violation of any other clause of the contract.

In consideration of the leasing of the premises of ABC Distillery (otherwise referred to as The Distillery) to the undersigned, the undersigned hereby releases The Brewery, its officers, directors, members and employees (collectively the "The Distillery Parties") from any and all suits, actions, compensation, consequential and punitive damages, any and all property damage, personal injuries, illnesses, death resulting from any occurrence or accident that may occur as a result of or arise out of leasing or use of the described premises by the Lessee.

The undersigned hereby agrees to indemnify, defend and hold harmless The Distillery Parties against any such claims brought by any person or entity.

Name of Lessee (print): _____ Name of Lessee (sign): _____

Name of Lessee (print): _____ Name of Lessee (sign): _____

For the Organization (print): _____ Signature: _____

Date: _____

Addendums (Initial each):
