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RHP - Q1 2020 Ryman Hospitality Properties Inc Earnings Call

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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties First Quarter 2020 Earnings Conference Call. Hosting the call today from Ryman Hospitality Properties are Mr. Colin Reed, Chairman and Chief Executive Officer; Mr. Mark Fioravanti, President and Chief Financial Officer; and Mr. Patrick Chaffin, Chief Operating Officer. This call will be available for digital replay. The number is (800) 585-8367, and the conference ID number is 655-4839. (Operator Instructions) It is now my pleasure to turn the floor over to Mr. Mark Fioravanti. Sir, you may begin.

Mark Fioravanti - Ryman Hospitality Properties, Inc. - President & CFO

Thank you. Good morning, everyone. Thanks for joining us today. This call may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements about the company's expected financial performance. Any statements we make today that are not statements of historical fact may be deemed to be forward-looking statements. Words such as believes or expects are intended to identify these statements, which may be affected by many factors, including those listed in the company's SEC filings and in today's release. The company's actual results may differ materially from the results we discuss or project today. We will not update any forward-looking statements, whether as a result of new information, future events or any other reason.

We will also discuss non-GAAP financial measures today. We reconcile each non-GAAP measure to the most comparable GAAP measure in an exhibit to today's release.

And with that, I'll turn the call over to Colin.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Thank you, Mark, and good day, everyone. First of all, I hope this call finds all of our regular analysts and investors who are joining us well right now, during this unprecedented period. Happy to report that the team at Ryman is doing just fine. We're all healthy, secure and laser-focused on managing our company through this debacle and getting back to serving our customers again, in the safest and most secure environment possible across our wonderful hotels and entertainment venues.

Suppose I could spend time talking about our first quarter results, which were on a really strong track through the months of January and February. In fact, for the majority of the first quarter, 2020 was shaping up to be the phenomenal year which we've been expecting for a long time. Alas, that was not to be, as COVID-19, the outbreak, unfolded rapidly in the months of March, culminating in nationwide stay-at-home orders and, ultimately, our decision to close the Gaylord hotels on March 24 as well as most of our entertainment venues around that time as well. At this moment, January and February seem like ages ago, and our attention, and I'm sure yours, is focused entirely on what the rest of 2020 will look like once we reopen and what our industry and our business will look like in 2021 and beyond. Of course, our answers to these questions must come with a caveat that the situation is fluid, and our current expectations and plans are subject to change pending new data or developments.

The reality is there is so much at this time that we cannot control, but what we're doing is focusing intensely on the things that we can influence. And that is what I'd like to talk about this morning.

Before I delve into the details, let me remind you of our background. I remember the many discussions we had with the potential REIT investors back in 2013 as we were in the throes of converting from a C-corp to a REIT. The comments I often heard was that our management was not made up of REIT folks. We were operators. We were, in fact, the folks that crafted the Gaylord brand. Well, at times like these, our background comes in handy. We know what needs to be done and are in detailed discussions with our manager, directing what we want to see occur across all aspects of the reopening process.

So first, our hotel segment and our forward book of business. Prior to March, our hotel business was in the best shape it's ever been. We entered this year with 8 million net room nights on the books for all future periods, including the Gaylord Rockies, which was a record by far. In fact, the total cancellations and attrition related to COVID-19 as of Friday, the first of May, after netting out the, at the time, 167,000 room nights we've rebooked already by that date is still just under 10% of that forward book of business for all future years, which we entered 2020 with. And with 74% of those COVID-19 cancellations clustered between January -- I beg your pardon, February and June of this year, and 35% of related rebookings placed into the second half of this year, we continue to have a very decent book of group business for the latter part of 2020.

Specifically, as of May 1, we had 742,000 net room nights on the books for the second half of 2020, which compares to 902,000 at the same time last year for the second half of '19. Of course, this assumes we open our hotels in the mid-June to July time frame, which I'll talk about in a moment. But let me also give you an update on our pace for '21 as well.

Looking at next year, as of the first quarter end, March 31, we had 42.2% net occupancy room nights on the books for '21. Now while this is down compared to the extraordinary comparisons of 46.9 points we had at this time last year, for 2020, it is exactly in line with 42.2 points we had for 2019 back during the first quarter of '18. And just to remind you, 2019 was a record year for our company. And to be clear, these are all apples-to-apples comparisons, including the Gaylord Rockies. So at this point, 2021 looks like a typically good year for our -- compared to -- when you compare it to our recent history. Furthermore, we know that meeting planners remain active and not just latter, in 2020 and '21, but well into the future. While our first quarter 2020 gross bookings declined year-over-year by approximately 107,000 room nights to 288,000, our gross bookings just in the month of March were 126,000, and only 29,000 of those were COVID-19 rebookings. Likewise, as we also disclosed in our business update a couple of weeks ago, our sales team generated 3.9 million new leads in the month of March, and that excludes a 0.5 million leads related to previous COVID-19 cancellations. The sales teams at Marriott and our asset management team at Ryman have done a terrific job of juggling the inbound cancellations and rebooking activity with regular long-term booking activity. Our overarching emphasis throughout this process has been the same as always, focusing on the customer and their needs and creating, building and cementing long-term profitable relationships. That is why even early on, before government restrictions and shutdowns were put in place, our teams focus on accommodating customers' concerns around cancellations by finding alternative dates for meetings rather than aggressively pursuing cancellations and attrition fees. We are seeing the fruits of this strategy now as our rebookings continue to build. And I'm sure when we get into the Q&A, Patrick will give you an update on what has transpired since the end of April on rebookings as well, which is all good news.

When you look at all this data, and the work we are doing on the sales side of our customers, and you consider that the new supply of large group hotels was thin even before this incredible disruption, then anyone with a long-term view should understand why we have confidence that despite recent COVID-19 cancellations, our competitive position in the group's market will come out of this period stronger than before.

Now let me talk about the reopening process and what our businesses look like when we come out of all of this. This is what we've been spending a great deal of time on during the shutdown period, working closely with our partner at Marriott on the hotel side to design, implement those best practices for each phase of reopening that will ensure our customers and employees feel safe and secure upon their return.

Now let me tell you how we've been thinking about this. Last week, I conducted several media interviews as May 2 witnessed the 10-year anniversary of the great flood of Nashville, a time when most of our businesses in this city were devastated, and our 2 primary businesses were shut down for 6 months. At that time, the consequences were awful, just like now, but I remember quite vividly saying to our team at the time, let's focus on how we can bring these great assets back to a position that is stronger than they were when we went into this situation. And that is precisely how we are thinking about COVID-19. The fact is society here in the United States has been shaken to its core with this pandemic, and our responsibility is to provide a safe, clean environment when our customers return. And our goal is to be the very best at this and to develop a reputation as the best that will drive greater loyalty and higher retention.

In multiple conversations I've had with the leadership of one of the nation's best hospital systems, this is what I think will happen. There will essentially be a bridge period that we will have to deal with between reopening and such time there is a viable vaccine that comes forth and customers, employees will feel safe to go about business the way they did prior to COVID-19. During this bridge period, companies like ours will have to adopt enhanced practices to keep our customers and employees secured, and I will describe some of these in a moment.

But first, our thoughts around the opening dates. Right now, we anticipate and are planning towards the reopening of Opryland, Palms, Texan and the Rockies in mid- to late June. The Gaylord Nashville -- National, we are currently planning on reopening slightly later in mid- to late July. Our entertainment venues in Nashville such as Ole Red, we anticipate opening slightly earlier, as the state's governor has given the Nashville leaders discretion as to when they may reopen. And city officials here have indicated a number of benchmarks that, if met in May, would permit that to happen. All of these dates are, of course, subject to change but are meant to communicate our current planning posture.

Now reopening does not mean going back immediately to the way group meetings were held just before this crisis. There will be differences, which we expect to roll out in phases. Broadly, Phase 1 would be the most restrictive, employ some of the same recommended social distancing guidelines in our hotels and venues as we see across the nation today. For example, this would include reduced setups in dining and banquets to space guests further apart as well as no standing at bars, reduced staffing and requiring PPE for employees and so on. What is really the #1 focus for us, however, is the development of an entirely new set of cleaning protocols, utilizing across the board hospital-grade equipment, materials and methods, including introduction of electrostatic sprayers, for example. To help us overcome this aspect, we're in discussions with a major medical center to form a partnership whereby Gaylord hotel employees can receive training on these new methods from their experts with ongoing compliance checks and monitoring. Hand-in-hand with these cleaning protocols is an effort to redesign our processes to minimize physical guest touch points, often taking advantage of more enhanced technology.

From a sales perspective, in the first 90 days, we'll focus specifically on the leisure customer as more rigid distancing restrictions induce less friction for these customers than for the larger gatherings. We see pent-up regional travel demand in the leisure segment and an opportunity in local markets' social events and gatherings that may have been postponed by stay-at-home orders and need to find a new venue.

Phase 2 of our reopenings will involve what we describe as moderate distancing measurements. These might include increasing dining capacity but not fully to 100%, increasing staffing and so on, but of course, maintaining the new frequency and level of cleaning and disinfecting.

Phase 3 or minimal restrictions would be a return to what we could be call -- what could be called the new normal, allowing guests to go about their routines with less noticeable disruption and normal staffing levels, but with new cleaning and touchless technology investments and best practices remaining in place.

The exhaustive list of procedures and practices in each phase and the duration of each are to be determined. But this is to give you all an idea of how we're thinking about a return to normal and what our industry looks like on the other side of this. The good news is that as recently as this past weekend, doctors are saying there could be a viable vaccine by year-end, which will be good news for '21, which, as I illustrated, our book of business looks pretty good.

It's our guiding principle in all of this detailed work to be at the forefront of our industry, taking the lead in setting the standards of safe operations for both customers and employees that they have come to expect of the Gaylord brand and our entertainment brands. Now while I've painted an operational picture, we're still finalizing many of the details, and we'll have more to say later in May. This includes working on the financial specifics of what these practices mean for our margin structure. We expect to be able to give more detail on this once we get back opening and reporting on our results.

Now let me touch on our entertainment business for a minute and share with you some of my thoughts as it relates to the 3 primary brands. First, Ole Red, we expect to open each location under Phase 1 social distancing sometime mid- to late May, and providing COVID-19 is in check in each market, we expect these establishments to be operating at 100% capacity with live music by the end of July. The Ryman will be somewhat challenged this year, simply because so many artists have canceled their entire tours for the year. Given the fact that so many artists live here in Nashville, we'll probably be able to book concerts on a one-off basis, but we expect that by '21, we should have a strong concert calendar.

As regards the Grand Ole Opry, initially, we expect to open it up with an audience sometime in July, but with social distancing. Depending on how quickly Nashville tourism cranks up, we'll decide on how many weekly shows we host. So that's where we are today. And I understand that there are likely many more questions than there are answers at this point. Now what I want to emphasize is that this management team has been through many crises. We experienced the nationwide travel shutdown in the days following September 11. We endured a deep painful recession after the great financial crisis of 2008 and 2009. And we bounced back from natural disasters such as the Nashville flood, which shut down Gaylord Opryland, our largest asset for a full 6 months. And in all of these cases, this company and its management team never lost sight on the long term, and we followed the same playbook, focusing on the long-term needs of our customers, our employees and our assets and ensuring that we are prepared and ready for the inevitable recovery. Because make no mistake, our industry and our company will recover. We don't know whether that will take weeks or months or a year, but we do know that groups and individuals desire to travel, to gather in person, to make connections, to share knowledge and to bond over common interest. This is not going away. Even in a world where work-at-home emerges more prevalent, we've seen before that companies adopting these arrangements often increase the frequency of large group meetings in order to make up for lost daily interactions. This fundamental underlying demand for fellowship and for travel is simply human nature, and that is not going away. That is why we are confident that our company and our one of a kind hotels and entertainment venues will emerge on the other side of this stronger than how we entered. With our competitive moat against an even smaller supply of -- our competitive moat against an even smaller supply, pipeline will only widen.

Now with that, I'll turn over to Mark to touch base on the balance sheet and what we've been up to with the banks. Marcus?

Mark Fioravanti - Ryman Hospitality Properties, Inc. - President & CFO

Thanks, Colin. In the first quarter, the company generated total revenue of $313 million, down 15.6% from prior year. It's noteworthy that prior to the closure of our businesses from COVID-19, our company's revenue increased 17.5% in the first 2 months of the year. Net income available to common shareholders declined $75.9 million in the first quarter to a loss of $46.5 million or $0.85 per fully diluted share. Our first quarter net income included $14.1 million in payroll costs associated with COVID-19, of which approximately $10 million were accrued for the second quarter. In addition, we recognized 2 noncash charges, a $5.8 million credit loss on held to maturity securities associated with the Gaylord National bonds and a $26.7 million valuation allowance on net deferred tax assets.

Moving to our non-GAAP metrics. The company generated $66.9 million of adjusted EBITDAre, a 41.8% decrease from last year. Adjusted funds from operations available to common shareholders declined 58.3% to $32.4 million or $0.59 per diluted share. Both adjusted EBITDAre and AFFO were negatively impacted by the $14.1 million in COVID-related costs. As Colin outlined, we have a great deal of confidence in the long-term outlook for our business, and our balance sheet and liquidity are key elements of that outlook.

Let me briefly summarize our current position and our expected cash utilization rates, which will illustrate our ability to withstand this period of disruption even if prolonged. In mid-March, when we saw rapid accelerating impact of COVID-19, we took the precautionary step of drawing $400 million from our revolving credit facility to ensure we have access to as much liquidity as we might foreseeably need. Consequently, we ended the first quarter with $662 million of unrestricted cash on hand. Combined with the additional $300 million of borrowing capacity still available under the revolver and adjusted for the $52 million of dividends that had already been declared prior to the COVID-19 pandemic and was payable in April, we effectively started the second quarter with a pro forma total available liquidity of approximately $910 million.

In addition to our unrestricted liquidity, we had approximately $65 million of restricted cash available in our hotel FF&E reserve fund, which can be used for ordinary course maintenance of our properties. Consistent with our strategy to retain sales teams to focus on rebookings, we made the decision to bring 6 hotel accounting personnel back from furlough to aggressively pursue collection of our hotel accounts receivables. Over the last 30 days, we've reduced our hotel AR balance by nearly 50% or $27 million, making a positive impact on our cash flow.

Comparing our liquidity to our initial monthly cash burn rate of approximately $42 million, which will decline to approximately $32 million as ramp down costs run out, this implies nearly 18 months of liquidity based on our cash on hand and 24 months after factoring in the additional $300 million of revolver availability. These burn rates reflect the implementation of our operating expense reduction initiatives, the suspension of future dividends, the postponement of nonessential capital projects and other cost savings initiatives implemented across the company.

In terms of major growth capital projects, as we previously announced, we are proceeding with the completion of our Gaylord Palms expansion, which has approximately $79 million of spend remaining and will be completed in April of 2021. The capital for the Palms is not included in our minimum cash burn calculations, and should there be a material change in our view of the environment, we can delay completion of the Palms project and arrest the capital spend. We've delayed the start of the Gaylord Rockies expansion indefinitely.

After the end of the quarter, we reached an agreement with our long-standing bank group to amend our secured credit facility covenants to ensure that the full $300 million of revolver remain available during this period of business disruption. The amendment relieves us from the 3 financial maintenance covenants for a 12-month period through April 1, 2020 (sic) [2021]. We also have an option to exit the amendment early at our choice should the trajectory of our business warrant. The amendment carries a modest increase in pricing on our term loan A and revolver borrowings as well as certain temporary restrictions on use of capital.

In summary, when you add the balance sheet strength and liquidity of our company to our contracted book of future group business and the early meeting planner activity we're seeing, you can understand where we derive so much confidence that we will successfully navigate this situation.

And with that, I'll turn it back over to Colin for any closing remarks.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Mark, thank you. I will withhold any closing remarks maybe to the end. Maria, let's open the lines up for questions at this time, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question is coming from Smedes Rose of Citi.

Smedes Rose - Citigroup Inc, Research Division - Director & Senior Analyst

I wanted to ask you, as you move towards reopening, and you gave some time lines for that, what kind of level of occupancy do you view, I guess, surpass the kind of $32 million a month of cash burn that you think you can work down to? Like, I mean, at what level of occupancy would that become less of a burn, I guess? And then where do you see breakeven?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Yes. Pat, do you want to answer that?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Sure. Smedes, this is Patrick. Yes. So when we initially open, we're going to be more reliant on transient until the group market really starts returning in greater numbers. And so getting to open is the first hurdle. So in the first month or so, we're expecting that our occupancy will be somewhere in the 20s. And as we move through the summer, we are projecting, currently, occupancy rates of about 30% to 35%. We think that if we can get to about 35%, given the increased costs associated with cleanliness standards, social distancing and ensuring that the hotels stay clean and disinfected, which adds cost, that around 30% to 35% occupancy will get us to a breakeven status. As we move into the fall, we expect our occupancy will continue to increase. And we're working through what we think that is. Right now, we would say 50s, 60s as far as occupancy percentages.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

And one of the things that is encouraging, Smedes, we've -- let me sort of digress from your question about breakeven. But we're having quite a lot of success on this rebookings. The numbers, Patrick, today since the first have increased to almost 200,000 room night rebooks. And quite a bit of that is going into the back end of this year. And as what I said in my prepared remarks, we have north of 700,000 room nights as of the first of May into the back end of this year. So when Patrick talks about 30-ish percentage points, there's going to be spikes here week-by-week because we've still got a ton of group business on the books, particularly as we get into late August, September, October. So that's how we think about it.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

And let me add to what Colin's brought up. Because there are spikes that will occur in our business as large groups come through and occupancy rises and then drops down again as we wait for the next large group to come through, we are not managing the business in the same way that we have previously. We will not be returning to a staffing model that is normal for some time. We are being very diligent in ensuring that we have the minimal levels to ensure that there's good guest satisfaction experience, yet at the same time, we are conserving cost and managing with doing more with less, if you will.

Smedes Rose - Citigroup Inc, Research Division - Director & Senior Analyst

Can I just ask you, too, when you rebook rooms, so are the contracts the same or are clients or customers getting any sort of incentivization to rebook? Or is it just you just move the contract?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Did you understand that?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

No, I didn't understand it.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

I'll explain it. What Smedes said is that when we're rebooking business that we lost in that period, are we modifying the contracts in -- and giving folks discounts and whatever it may be to get them to rebook. And I have no answer to that question.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. I would tell you that the incentive that we've placed out there to rebook the business is that we are not aggressively pursuing collection of cancellation fees. And so if we are rebooking a piece of business that was supposed to travel in April, and let's say, it's now going to travel in

November, the cancellation language that was in the original contract now applies to the rebook date. Now we will continue to work with them because, obviously, they will expect that they may not be able to hit the room block that they originally had forecasted. So that may be another area where we work with them and provide an incentive to go ahead and book their travel. But we are not granting massive concessions or anything out of the ordinary. It's a partnership with these customers. They understand that we are doing everything we can to not pursue cancellation in this environment. And therefore, the reciprocation of that is they're working with us to put together the best piece of business they can for the future.

Operator

Our next question comes from the line of Chris Woronka of Deutsche Bank.

Chris Jon Woronka - Deutsche Bank AG, Research Division - Research Analyst

I'm glad to hear that the entire team there is staying well. My question was on -- as you look out a little bit, and I know your business has always kind of been a Tetris puzzle in terms of how you put things together, and now there's even more moving pieces. When we think the 2021 and 2022, just trying to get a very high-level idea of how much of that business you might be able to ultimately recapture, with the idea being that 2022 could hopefully be a super terrific year for you guys. Is that the way you're looking at it? Or am I missing something that some of this business doesn't rebook?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

No, no. Let me give it a little bit of a stab, and then I'm going to hand back over to Patrick to fill in the detail here. '21 and '22 are already setting up to be a good year, notwithstanding the COVID-19 loss of business that we are attempting to book this year, next year and the year after. One of the challenges that our salespeople have is so much of this lost business are for clients that already have business on the books for '21 and 22. There's a lot of these regular customers that we have a long-lasting relationship with. Our goal, and we have not said this before, but I'm going to say it now, our goal is to -- what we have talked to the Marriott sales organization about is that our goal to them and to our asset management team is to rebook 50% to potentially 60% of this business over the course of the next few months into the rest of this year, next year and the year after. So as we sit here today, we are quite happy with where we sit for '21. And '22 looks really good. So Pat, do you want to -- anything you want to add to that?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. So let me give you some data points to back up what Colin has already said. If you look at '21, comparing it to 2020 at this point is kind of difficult given what's happened in 2020. So let's go back to the last year that we actualized, which was 2019 and was a record in terms of occupancy. We did about 75.8% across the brand in terms of occupancy. '21 compared to where we stood at this time for '19 is pacing ahead about 1.2%. So despite the distractions of COVID, '21 continues to stack up very nicely against a record performance in 2019 and where it stood at a similar period in time. If you look at '22, '22 is pacing ahead of where we stood at the same time for '21. '22 is pacing about 4.3% ahead.

If you think about the rebookings that we've been talking about, and as Colin mentioned a moment ago, we're just at about 200,000 rebookings as of last night. About 20% of those rebookings have gone into 2021, and about 10% to 12% have gone into 2022. So both years are pacing ahead, and both years are benefiting from the COVID rebooks.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

And we've got a lot of lead volume as it relates to COVID cancellations that we're still working aggressively with those meeting planners and corporate clients to accommodate. And I'm sure there's going to be more business over the next few months that we will put into those years that you just referenced, Chris, as a result of these COVID-19 bookings -- cancellations, should I say.

Chris Jon Woronka - Deutsche Bank AG, Research Division - Research Analyst

Okay. Okay. I appreciate all that color. Very helpful. And then just a question kind of on the margin structure. And it's more of a longer-term question because I know that right now, things are not normal and you're having to make all kinds of adjustments. But is there anything longer-term that makes the margin structure better or worse? You mentioned incremental cleaning, which is probably going to continue for a long time, but on the labor staffing model or anything or, again, when we get back to normal revenue, do we get back to kind of normal margins?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

I would suggest that if, magically, by the end of this year, there is a vaccine and our society here in the United States in '21 becomes comfortable and we can all get back to sitting in stadiums, watching football, basketball, golf, whatever it may be, and the same with conventions, there is, I think, no reason why our business cannot be at or around the margins that we operated in 2019. And the reason I say that is, yes, there are going to be practices that we will overlay into the businesses that we didn't have in '19. But on the other hand, I know as an organization, and I know in our discussions with Marriott, we're looking for ways in which we can, in fact, improve the business with the learnings of the last few months here. So I think, yes, we'll have new protocols in place, but I believe there will be more efficiency in these businesses. Would you agree with that, Patrick?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. I mean, Colin's laid out the vision for us. It's to be stronger when we emerge on the other side. And so we are assessing the short-term changes to the cost structure, especially on the labor side, and really asking the tough questions as the occupancy builds up into the future, do we need to return to the same levels that we were at before, even when occupancy returns? So that is the challenge we've laid out, and our Marriott partners are rising to the challenge, and we're working together in a very, very positive way to answer that question and come out stronger on the other side.

Operator

Our next question comes from the line of Bill Crow of Raymond James.

William Andrew Crow - Raymond James & Associates, Inc., Research Division - Analyst

A couple of questions from me. I like the details you provided on the phasing, and it seemed like on the entertainment side of things, the -- it was pretty quick to go from Phase 1. You're talking about by the end of July, you're going to be in Phase 3, I think is what you said. What are you thinking from a phasing perspective on the hotels? How long is it going to take to get there?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

So Bill, this is Patrick. Great question. Right now, we have laid out the phases in 90-day increments. And so our 3 phases are 90 days each. So obviously, the first 2 phases essentially get us to the end of the year. If things change, we reserve the right to modify those phases, but where we stand right now based on the best available information, we felt that the first 2 phases at 90 days each will get us to the end of the year, and that was appropriate.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Yes. So much of it is going to depend, Bill, on the speed of antiviral medicine and vaccines. And if we're -- if all of these new sort of prognostications that we hear about, hourly, daily, come true, and this morning, there was a new second phase trial of a vaccine that sent the company stock up $8 and everyone is getting excited about that. If this stuff comes quicker, and let me say this, and this is probably majoring as my friends at Monty

Python used to say this is majoring in the bleeding obvious, there has not been a time in this planet's history where you've had so many countries and organizations focused on one particular issue like this. And so my personal view is, I think, and talking with my doctor friends at Vanderbilt, I think that there will be vaccines available sometime towards the end of this year, early next year, and that will, without doubt, influence how we think about the phasing. So right now, Patrick has laid it out, and that's based on having something in the first quarter of next year.

William Andrew Crow - Raymond James & Associates, Inc., Research Division - Analyst

Yes. No, I appreciate that. And we all know it's uncertain at this point. So it's good to know what you're thinking. Going back to a question, I think it was Smedes that asked about the adjustments to the contracts. I'm just, if I was a group planner, and I was going to book something for 2021, I'd probably demand that I could get out of it somehow or with lower penalties. What are you seeing because of this uncertainty? How do you book new business? I'm not talking rebooking. I'm just talking about new business. And you guys still demand the same level of penalties on cancellation and attrition.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Do you want to deal with that, Patrick?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. I mean, so we're dealing with it in real time, Bill, because as you saw in our release, in March, as all of this was really coming to a head, we still booked 85,000 room nights that were unrelated to COVID. So -- or rebookings. So meeting planners continue to book.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

And by the way, those contracts, they weren't smashed to pieces in the favor of the meeting planner. These were contracts that, by and large, looked like our contracts that we were putting in place in February and January.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

That's right. And then we booked more in April. So we're dealing with it in real time. It's always on a case-by-case basis because each group has different needs and different concerns. But I will tell you that we -- while we have seen a concern around pandemics going forward, we are sticking to our guns. If you recall back after the financial crisis, everyone told us there was no way we would ever get our cancellation and attrition language to be as strong as it was prior to 2008 and '09. And we, if anything, had strengthened our language following the financial crisis. And so we are working with meeting planners and helping them understand that once this is behind us, it will be a return to normalcy from a contract perspective. And we are not running into major obstacles with that. There is more concern around pandemics. And so we're working through those discussions with meeting planners as they arise.

William Andrew Crow - Raymond James & Associates, Inc., Research Division - Analyst

All right. And then 1 more for me. Absolutely understand turning off the capital spigot here. But how anxious are you to get started on the Rockies expansion? And do you think that could happen late this year so that you're not disrupting as much business going forward?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Look, we -- the interesting thing is the amount of cancellations at the Rockies is, of all of our hotels, it is the least canceled. And we went into this year with a huge book of business for the Rockies. So our view of the Rockies, long term, has not changed whatsoever. And so at this stage, I don't think that we will be moving ahead with the Rockies until such time as we have passed up or set aside our covenant modification that we made with the banks. So when we get to the point where we say we're out of the -- we are tearing up the modification that we have put in place for the -- through the first quarter of next year. When that goes away, then I think we can get to the point where we're back to business, and we can make judgments about blocks of capital like that. So I don't think we're going to be moving ahead with that this year. I think it may be a mid-next year type of decision for us. I think that's how we think about it. Mark?

Mark Fioravanti - Ryman Hospitality Properties, Inc. - President & CFO

Yes. And Bill, the structure, the physical structure of that expansion doesn't create a lot of customer disruption. It's a wing off the hotel. There's no additional new meeting space. And so we can undertake that, I think, without a lot of customer issues.

Operator

Our next question comes from the line of Dori Kesten of Wells Fargo.

Dori Lynn Kesten - Wells Fargo Securities, LLC, Research Division - Senior Analyst

Assuming you reach your goal of rebooking 50% to 60% of the canceled business, what occupancy do you think you'd start 2021 with?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

I'll tell you what we'll do, we'll give you that info when we get nearer to '21. We haven't done guidance for '21 yet. We're dealing in the trenches right now. Look, I'm the eternal optimist. I feel '21 is going to be a decent year, providing we can get this scourge under control, COVID-19 under control. And I think let's get through this third quarter, get through the second quarter, through the third quarter, and we can be a lot more transparent about that. But as we sit here right now, we're pretty comfortable about '21.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. And I would remind you -- Dori, I would remind you that '21 versus '19 is pacing ahead as far as where we were as far as what was on the books. And if you compare it back to '20, which, again, '20 was a phenomenal year as it was building up before this all happened, it is, I think, about 42 points of occupancy on the books for '21 versus about 46 for 2020. So down a little bit versus '20, up versus '19. So who knows what happens between now and the end of the year. But right now, it stands to be a strong year.

Dori Lynn Kesten - Wells Fargo Securities, LLC, Research Division - Senior Analyst

Okay. So should we be assuming that it's Phase 3 before you start collecting cancellation and attrition fees?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

No.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

No.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Go ahead, Colin.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

No, no. I mean, we both win. We did that in stereo. No. You -- I mean, talk to Dori about the way we're thinking about this, please.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. So I guess the first thing I would say is we are collecting cancellation even now. If you look at March and April, we collected about $4.1 million roughly in attrition and cancellation across those 2 months, even as all this was going on. We understand that there is the COVID impact, and we're kind of looking to the, I don't know, let's say, August time frame as far as sort of when that really comes to an end and folks really can't claim that there's much of an impact beyond that. So...

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

And let me just add, though, the complicating thing with COVID-19 is so many of our behaviors, the client -- customers' behavior, hotels' behavior has been influenced by dictates from local, state and federal government. And so what we -- as we think about those restrictions falling away, then there is no doubt that companies are not being told you can't travel. And when those restrictions fall away, companies like us are not being told, we prefer you to not have people meeting in your meeting rooms. So I think as we move into the August, September time frame, we feel that we're going to have a lot more leverage in the collection of this -- of cancellations if we so choose to do that rather than treating the long loyal customer the way we've been dealing with those customers over the last couple of months. So I think this will be a transitioning process for cancellation and attrition fees. Would you agree with that, Pat?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. And to further build on that, we have had groups who've called and wanted to cancel for October and November, and they have canceled. And as always, everything is a case-by-case basis, depending on each group that we're talking to, but we -- those groups that have canceled for October and November, we're having discussions around the cancellation fees that are owed.

Dori Lynn Kesten - Wells Fargo Securities, LLC, Research Division - Senior Analyst

But it's fair to say that for the second half of the year, the options are you collect the fee, I mean, potentially, they rebook again or you have some small percentage that falls out? Is that fair?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes, if they fall out, then we will be pursuing collection of the fee. And if they have a rebook clause or if there is language that allows them to move to another date with maybe a smaller fee on the front end, then, I mean, again, it depends on the contract. But if you're in the fourth quarter and you're canceling, it is difficult for us to step forward and say, we forgive any cancellation, let's just look to a rebook.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

The amount of cancels we've seen late third quarter, fourth quarter are fairly minimal.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. I mean, by far, the vast majority is in the February through June time frame, around 75% of the cancellations.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Any other questions, Maria? Well, maybe a couple more questions, if there are any. And if not, we'll move on with our business.

Operator

We have a question from the line of Shaun Kelley of Bank of America.

Shaun Clisby Kelley - BofA Merrill Lynch, Research Division - MD

So I'd love to just maybe stick with this behavioral kind of question or discussion because I think it's really interesting, right? Your business is so unique in the regard and the exposure on the group side. And what I'm kind of trying to get to is as we think about this discussion with the meeting planners and their kind of willingness or desire to rebook and work with you, what are they asking for to get the confidence to not just rebook, but actually make the trip or make the group meeting? Is it specific cleaning standards? Do they know yet what they really want? I mean, I assume they're trusting in you that you're going to put in play some of these best practices. But, I guess, kind of curious on what's the ask at the moment just because I think we're all sitting here wondering a little bit of like what's it going to take to get kind of people moving again a little bit, and it's going to be somewhat pronounced in your style of business. So some color there would be interesting.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

This is a very, very important question you've asked, and it's something that we, as an organization, have spent a lot of time with our manager, I hate to say it this way, but insisting that we don't sort of speculate on what they want, that we actually understand clearly what they want. And there's been a ton of engagement here around that question, and that's helping shape the vision of what our businesses stand for when we open them up and come out of this. So Patrick, do you want to try and answer Shaun's very important question?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Absolutely. Shaun, the #1 thing they're asking for is to understand what it looks like to be in a Gaylord hotel once they return. They want to understand what the cleaning standards are, the techniques, the equipment, the processes, the diligence, the frequency, everything around it. When we can give that to them, and we are very close to being able to hand over a packet to them that walks them through exactly how we manage the space, the cleanliness, everything, once we can do that, I think we will be meeting their need and starting to instill confidence to your point a moment ago. Arriving at what that packet needs to include and what the techniques are that we need to be following has been sort of a two-pronged, maybe even three-pronged process. The first is we've been watching very closely the research that a lot of different firms have been doing to understand where consumers', meeting planners', group attendees' minds are, what's important to them, what they want to see to start getting confidence around traveling. So that's the first prong. The second is we've actually reached out to groups, and we've been working with some very long-standing large group customers to understand what their needs are, what they want to see. And we've even given a couple of them the opportunity to look at our standards ahead of time in advance to give comment back to us as far as do they see any...

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

And help shape those, too.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Correct. And then the third is to ensure that we're not just saying it, but that we're actually delivering on it. Colin mentioned that we are working with an outside medical system to potentially get their review and endorsement of the cleaning standards and the processes that we're employing. So this is the #1 thing we've been working on right now is giving the meeting planner peace of mind in the form of a packet of what we're going to be doing, and we've used multiple sources to come -- to arrive at what that should be. Marriott came out a couple of days ago with their commitment to clean and what that program looks like, and that obviously is the foundation on which our program is built.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

And just let me say one other thing, Shaun. The importance of this outreach is critical. The importance of engaging with the meeting planner and the customer at this stage in shaping the vision of our business is critical. And by the way, we've thrown out a couple of statistics this morning. We've said that we've rebooked about 20% of the business that we lost in that March and April time line, which is -- and obviously, the cancellations in May and June, we booked 20%. And we've said our goal is somewhere in the 50% to 60%. But let me tell you why we say our goal is 50% to 60%, because in our outreach to the meeting planner, when we talk to them about are there -- do they have an interest in rebooking, the number that we sort of have stumbled across in these discussions is that potentially 80% of this business, the meeting planner has a desire to try and find a date in our forward calendar to rebook. And the reason we're able to give this level of detail is because of the outreach that the salespeople at Marriott and the leadership of Marriott with us have been able to undertake here. And we're going to follow that through in real time on all of these protocols that we will be putting in place when we open these hotels up. So we really are looking at the future here as a company and not sitting here scratching our head, feeling like victims. We're looking at this as an opportunity to build even a stronger relationship with these group customers. Any other questions, Shaun?

Shaun Clisby Kelley - BofA Merrill Lynch, Research Division - MD

Yes, yes. I appreciate it. I think it's important. And then the other thing was if you could help dimensionalize 2 things. So 1 is just sort of across the properties, I know these are going to vary dramatically, but just directional color would be helpful. One is drive to and fly to, right? So just kind of what kind of overall mix across the portfolio you're dependent on. I know it's going to vary widely, but I think some color there as we think about that mix will be important. And then the other kind of mix would be corporate versus association. Are you seeing meaningful differences in rebooking or conversations in those 2 segments?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Yes. I mean, look, I hate to patronize you, but those are also very, very critical questions. How we think about fly to and drive to, how we think about how quickly the airlines open back up, a critical, critical part of how we think about the rest of this year. Pat, do you want to tackle that? And then the corporate versus association, this is on the corporate, corporate/association. This is the first time in -- I've lived here in America 32 years, been in the hotel business 32 years. Never ever seen the amount of association cancellations that we've witnessed here over the last 8 weeks and because of this very unusual situation of shutting hotels down. So you want to tackle those 2, Patrick?

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Yes. So as I mentioned earlier, let me go back to that, the first 90 to 120 days are going to have a higher percentage mix of transient consumers. And we are working on our marketing campaign to really be top of mind for consumers with really 3 key messages. Safety is paramount for us here at the hotels. We are a great local regional staycation for you so that you don't have to drive across the country or get on a plane. We are close and much closer than you realize. And third, we have unique amenities that you find in very, very few hotels. And so we're going after those transient, those leisure transient consumers with that messaging, so that in the first 90 to 120 days, we're driving more transient, and that's where our mix will be heaviest.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

And they will be more drive in than fly in.

Patrick Chaffin - Ryman Hospitality Properties, Inc. - Executive VP & COO

Correct. Now the fly in market then, we believe, starts to recover as we get into the fall as the airline capacity, to Colin's point a moment ago, starts to increase given the fact that government has taken a stake in the airlines and wants to see them increase their capacity. On the corporate and association front, I would tell you, both have an equal desire or appetite to rebook. But remember, a lot of associations may only have 1 or 2 meetings in a year, and they're booking out for great periods into the future. So a lot of associations may have a desire to rebook, but they're not going to be able to rebook for the back half of '20 or '21 because they may already have that satisfied. And so we're going to pick them up in the next rotation in their calendar. So association, the rebooks will be further out, whereas corporate can pick up and rebook in a shorter term, a more immediate fashion. So hopefully that answers your questions.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Thanks, Shaun. One more question, and then we have got to go, and it's not because we've got a date on the golf course. We've got multiple meetings here today, telephonic meetings. So one more question, Maria, and then we'll shut it down.

Operator

Our final question comes from the line of Patrick Scholes of SunTrust.

Charles Patrick Scholes - SunTrust Robinson Humphrey, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research and Analyst

I'm wondering if you can give us an update on the [outlook] on acquisitions. Certainly, the world has changed since you first entered into that contract. Talk about why you still want to go forward with it, what the lenders are saying to you. And is there any possibility you can renegotiate that contract more favorably?

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

We're talking -- Patrick, this is Colin. You're talking Block 21, right?

Charles Patrick Scholes - SunTrust Robinson Humphrey, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research and Analyst

That's right.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Yes. Okay. So let me be very clear here. And there is no final decision at this time. But here are the facts. Clearly, the businesses like Block 21 have been impaired all across the nation. We own assets that look like Block 21, and our businesses have been impaired. Artists are not taking -- artists are not touring at this moment. So certainly for this year, this business -- and with folks not staying in hotels, this business has been impaired. The conditions of the purchase include Ryman assuming some CMBS debt, but in order for the debt to be transferred, the CMBS servicer has to approve this. Now when we agreed to purchase the Block, we put up a $[50] million deposit. But if the servicer fails to approve the transfer by the ninth of June, we can terminate the contract and get our deposit returned. So our plan is to continue to evaluate the extent of the impairment of Block 21, continue to evaluate the choices we have for the use of the capital that we've set aside for Block 21, such as the reduction of debt or stock repurchases until such time as our agreements with the banks fall away. But until the servicer approves or not approves, or when they do approve or not approve, we then have 10 business days to close the transactional walk. So that's where we are. There's no final decision. We're evaluating this. There's no really more detail that's occurred since we had our call 2 or 3 weeks back. And that's where we are on Block 21. Does that make sense?

Charles Patrick Scholes - SunTrust Robinson Humphrey, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research and Analyst

Yes, it does.

Colin V. Reed - Ryman Hospitality Properties, Inc. - Chairman & CEO

Thank you, Patrick. All right. Everyone, thank you for joining us today. And upward and onward, everyone stay fit and healthy. And Maria, thank you for doing the job you have done before for us so well. Thank you.

Operator

Thank you, everyone. This does conclude today's conference call. You may now disconnect.
