

Memorandum to the Council of Corporation of the Municipality of Temagami

Subject: Lease Agreement Compliance – Temagami Train Station

Memo No: 2025-M-157

Date: June 26, 2025

Attachment: None

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Recommendation

BE IT RESOLVED THAT Council receives Memo 2025-M-157 as presented;

AND FURTHER THAT Council provide direction to staff on how to proceed in securing execution of the lease agreement and submission of valid commercial general liability insurance by Living Temagami Arts & Culture Corporation.

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1. Executive Summary

Since April 2025, staff have made consistent efforts - including meetings, document delivery, written reminders, and extended deadlines - to finalize lease execution with Living Temagami Arts & Culture Corporation for occupancy at the Temagami Train Station. Despite these efforts, no signed lease or valid commercial insurance has been submitted.

Staff are now seeking Council's direction, as the Municipality must ensure all occupancy agreements are formalized and compliant. In light of the associated legal and risk exposure, Council input is required to determine the appropriate course of action.

Council direction is required to determine the next steps given the Municipality's obligation to ensure compliance and risk mitigation.

2. Background & Lease Terms

Through Resolutions #24-290 and #24-292, Council approved lease terms for tenants at the Temagami Train Station, which include a rent of \$550 per month for the first year and a lease term running from March 1, 2025, to February 28, 2026.

Resolution #25-061 further confirmed that the base rent includes property taxes and area-rated charges, hydro, gas, and general building repairs, excluding any damage caused by the lessee or their patrons. Additionally, tenants are required to provide valid commercial general liability insurance naming the Municipality as an additional insured.

3. Lease Execution Status

3.1. Temagami Chamber of Commerce

- **Lease Issued:** April 2, 2025
- **Lease Signed:** April 9, 2025
- **Insurance Provided:** April 16, 2025
- **Status:** Fully compliant and occupying the south side of the premises.

3.2. Living Temagami Arts & Culture Corporation

- **Lease Issued:** April 3, 2025
- **Initial Response** (April 3, 2025):
 - Requested meeting with Mayor and CAO before signing
 - Requested copy of original lease for comparison
- **CAO Meeting Held** (Mid-April 2025):
 - Staff provided original lease, revised lease, and rent breakdown (per Resolution #25-061)
- **Tenant Commitment** (April 29, 2025):
 - Indicated that insurance was in place to June 2025
 - Committed to submit signed lease and updated insurance by May 9
- **Further Clarification** (May 6, 2025):
 - CAO confirmed insurance must span the full lease term (March 1, 2025 – February 28, 2026)
 - Tenant was encouraged to submit documents promptly
- **Final Notice Issued** (June 4, 2025):
 - Final deadline of June 13 was set
 - Tenant responded indicating intent to follow up, but no documents have been received as of June 18
- **Status:**
 - Lease unsigned
 - Insurance not received
 - Occupying the north side of the premises.

4. Municipal Efforts to Date

To support lease finalization, staff have:

- Delivered original and revised lease documents
- Responded to all clarification requests
- Held an in-person meeting with tenant representatives
- Provided rent and insurance requirement documentation (per Resolution #25-061)
- Issued three written reminders and one formal final deadline

Despite 11 weeks of communication, the lease remains unsigned and the insurance unverified.

5. Risk Assessment

Occupancy of municipal property without valid commercial general liability insurance significantly increases the Municipality's exposure to legal and financial liability in the event of property damage, injury, or other claims related to tenant activities. Without insurance naming the Municipality as an additional insured, the risk of financial loss and legal consequences is heightened. Furthermore, allowing occupancy without full compliance—specifically lacking a signed lease and required insurance—creates inconsistencies in policy enforcement across tenants, potentially undermining the Municipality's governance framework and setting a problematic precedent for future lease agreements and enforcement actions.

6. Staff Request for Council Direction

Staff are seeking Council's direction on how to proceed with the ongoing lease compliance issue. Council may choose to continue along a clear continuum of actions—ranging from supportive to firm—with staff implementing accordingly. Staff will not proceed with any enforcement or escalation without Council's clear direction.

7. Conclusion

Staff respectfully submit that the Municipality has acted in good faith and provided all necessary support to formalize the lease agreement with Living Temagami Arts & Culture Corporation. However, the lack of documentation - despite repeated assurances - has prevented execution of the agreement. In light of the resulting legal, financial, and operational uncertainty, staff now respectfully request formal Council direction to bring resolution to this matter.