

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

BY-LAW NO. 25-1848

Being a by-law to authorize the execution of an agreement with Canadian Shield Beverage Corporation for the production and sale of Temagami Dry products.

WHEREAS

1. the Municipality of Temagami is the registered owner of the Temagami Dry® trademark and related intellectual property acquired from Fortier Beverages through private donations; and
2. Council has determined that entering into an agreement with a qualified beverage producer is the most effective means to reintroduce Temagami Dry products to market while protecting the Municipality's long-term interests in the brand; and
3. The Municipality has negotiated an agreement with Canadian Shield Beverage Corporation for the production, bottling, and sale of Temagami Dry products, which provides for ongoing municipal benefits while preserving certain municipal rights and protections; and
4. Section 8 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipality has the capacity, rights, powers, and privileges of a natural person for the purpose of exercising its authority, and Sections 9 and 11 authorize municipalities to enter into agreements to provide services and to promote the economic, social, and environmental well-being of the municipality;

NOW THEREFORE

1. Authorization to Execute Agreement

That the Mayor and CAO/Treasurer or Clerk are hereby authorized to execute, under corporate seal, an agreement between The Corporation of the Municipality of Temagami

and Canadian Shield Beverage Corporation for the production, bottling, and sale of Temagami Dry products (the "Agreement"), substantially in the form presented to Council and satisfactory to the Municipality's legal counsel.

2. Financial Consideration and Reporting

- 2.1. That the Agreement shall provide for a one-time consideration and ongoing per-unit royalties payable to the Municipality, together with quarterly reporting sufficient to verify sales volumes and royalties due.
- 2.2. For transparency, the non-confidential commercial terms summarized in Schedule "A" to this By-law may be published with the By-law and the Full Agreement circulated separately to Council.

3. Municipal Rights and Protections

That the Agreement shall include, without limitation:

- 3.1. Retained municipal rights to use the Temagami Dry brand for municipal tourism, cultural, and heritage-promotion purposes (excluding beverage/food product use);
- 3.2. A right of reversion of the Temagami Dry mark to the Municipality upon defined events of default, including sustained cessation of commercial production or material royalty arrears;
- 3.3. Audit rights enabling the Municipality, no more than once per calendar year and on notice, to examine relevant records to confirm royalty calculations and compliance; and
- 3.4. Conditions requiring any change of control or transfer affecting the Temagami Dry business to honour the Agreement's protective provisions for the period set out in the Agreement.

4. Assignment and Amendments

That the Agreement shall not be amended, assigned, or transferred by the company without the prior written consent of the Municipality, except as expressly permitted in the Agreement.

5. Non-Disclosure of Proprietary Information

That nothing in this By-law or any public schedule shall require disclosure of confidential or proprietary information (including product recipes, formulations, trade secrets, or commercially sensitive terms customarily withheld), which shall remain protected in accordance with law and the Agreement.

6. Circulation of Agreement

That the Clerk is authorized to circulate the executed Agreement to Members of Council under separate cover and to publish a public version or summary as appropriate.

7. Conflict

That, in the event of conflict between this By-law (or its schedules) and the Agreement, the Agreement shall prevail to the extent of the conflict.

CLERICAL AMENDMENTS

The Clerk of the Municipality of Temagami is authorized to make minor corrections to this By-law after its passage. These corrections are limited to grammatical or typographical errors and must not alter the intent, substance, roles, responsibilities, or procedural requirements outlined in this By-law.

EFFECTIVE DATE

This By-law shall come into force and take effect on the date of final passing.

FINAL PASSING

Taken as read a first, second, and third time, and finally passed this 14th day of August, 2025.

Mayor: _____

Clerk: _____

SCHEDULE "A" - BY-LAW 1848

SUMMARY OF NON-CONFIDENTIAL COMMERCIAL TERMS

1. One-Time Consideration: A one-time payment to the Municipality upon execution.
2. Royalties:
 - 2.1. Per-unit royalty on beverage sales calculated on a per-litre basis.
 - 2.2. Per-unit royalty on branded merchandise.
3. Royalty Deferral Threshold: Royalties commence upon the earlier of reaching a defined gross-revenue threshold from product sales or a defined time period from the first invoiced sale.
4. Reporting & Payment:
 - 4.1. Quarterly royalty statements and payments, with interest on overdue amounts.
 - 4.2. Statements to include sufficient detail to verify royalty calculations.
5. Audit: Annual audit right (no more than once per calendar year on notice) of relevant sales/royalty records.
6. Right of Reversion: The Municipality may repurchase/revert the mark for nominal consideration if commercial production ceases for an extended period or royalty arrears persist beyond the grace period, with confirmatory filings to effect reversion.
7. Change of Control: For a defined period following the Effective Date, any buyer must accept the Agreement unchanged; thereafter, royalty obligations continue with any successor selling under the mark.
8. First Right / Alternate Buyer: The Municipality has a first right to purchase in a proposed sale of the Temagami Dry business or may introduce an alternate buyer on equivalent terms within a defined timeframe.
9. Sale Proceeds Participation: If the Temagami Dry business (or entire corporation) is sold in the future, a one-time participation payment to the Municipality equal to a defined percentage

of net proceeds attributable to the Temagami Dry portion, payable after completion of the transaction (including any deferred/earn-out components).

10. Municipal Licence-Back: A non-exclusive, royalty-free, perpetual licence to the Municipality to use the mark for municipal tourism, cultural, and heritage-promotion purposes (excluding beverage/food product use).

11. Governance Liaison: A non-voting advisory board seat for a municipal representative related solely to the Temagami Dry business, renewable annually and terminable on notice, with access to relevant information for that business line.