



## County Council

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**Meeting Date:** February 14, 2023  
**Submitted by:** Wayne Meagher, County Barrister & Solicitor  
**Subject:** Culinary Catering – Sublease Renewal

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### **BACKGROUND:**

Middlesex County has leased or sublet the Middlesex Room and related storage area to Culinary Catering for a number of years, allowing weddings to be performed in the County Building. Following the end of the Term of the last sublease, December 31, 2022, the Culinary Catering corporation has been sold to new owner/operators, Luis Moran and Brittany Stengel (the “New Owners”). The New Owners would like to enter into a new sublease with the County for Culinary Catering to be able to continue to provide weddings from the County Building venue.

### **ANALYSIS:**

The County has authority to sublet portions of the County Building under its Head Lease.

The proposed new sublease is under the same fundamental terms as Culinary Catering’s last sublease. Fixed annual Minimum Rent is \$77,567.28 plus HST, payable in equal monthly installments of \$6,463.94 plus HST, due in advance of the 1<sup>st</sup> day of each calendar month, the first of those months being March 1, 2023. Additional Rent, plus HST is owing under the sublease for the subtenant’s proportionate share of utilities, insurance, minor repair, maintenance expenses, and property taxes, which are payable on demand, but in monthly instalments after the County provides an estimate on Additional Rent. The Term of the new sublease is through December 31, 2024.

Two clauses of note are removed, in comparison to past sublease terms with Culinary Catering:

- a) a clause for elective early termination by the County short of default by the Subtenant; and
- b) the requirement for one of the owners of Culinary Catering to provide a personal guarantee of the obligations of the Culinary Catering corporation.

Elective early termination clauses for reasons short of breach are appropriate in long-term subleases, however, the Term of this sublease is just through the end of 2024. The general reason to have an owner of a corporation provide a personal guarantee is to have an individual pledge their personal assets to secure the obligations of the corporation, thus protecting the lessor from potential corporate bankruptcy in industries that can be uncertain. Here, the New Owners do not have the personal assets to be able to pledge such a guarantee and the sublease is for a short term. The County risk is low and acceptable in such scenario, given that the sublease contains a forfeiture, eviction, and lessor's distress rights clause in Article 19.1(a)(v)(I-III) allowing the County to re-let the space in the event of any default by the Subtenant.

#### **FINANCIAL IMPLICATIONS:**

The sublease allows for the continued rental of the Middlesex Room and related storage area from March 1, 2023 through December 31, 2024. Fixed annual Minimum Rent is \$77,567.28 plus HST, payable in equal monthly installments of \$6,463.94 plus HST, commencing March 1, 2023, plus Additional Rent plus HST for a proportionate share of utilities, insurance, minor repair, maintenance expenses, and property taxes.

#### **ALIGNMENT WITH STRATEGIC FOCUS:**

This report aligns with the following Strategic Focus, Goals, or Objectives:

<b>Strategic Focus</b>	<b>Goals</b>	<b>Objectives</b>
Connecting Through Infrastructure	Ensure communities are built on a sustainable foundation that is connected and thriving	<ul style="list-style-type: none"><li>• Commit to a sound asset management strategy to maintain and fund critical infrastructure</li><li>• Use County infrastructure in an innovative way to provide a seamless service experience for residents</li></ul>
Promoting Service Excellence	Innovate and transform municipal service delivery	<ul style="list-style-type: none"><li>• Anticipate and align municipal service delivery to emerging needs and expectations</li></ul>

#### **RECOMMENDATION:**

THAT a by-law be introduced at the February 14, 2023 meeting to:

- a. Authorize and approve the Sublease Agreement between The Corporation of the County of Middlesex and 1404448 Ontario Limited operating as Culinary Catering Services effective March 1, 2023; and
- b. Authorize the Warden and the County Clerk to execute the Agreement.

**CONCLUSION:**

The County thanks the former owners of Culinary Catering, the late George Anast and Sally Anast, for their long-term relationship with the County and years of providing private wedding venue services to the general public. The County wishes the new owners of Culinary Catering, Mr. Luis Moran and Ms. Brittany Stengel, the utmost success in the continuation of the business.

*Attachments: Culinary Catering 2023-24 Sublease*