



**STAFF REPORT  
ACTION REQUIRED  
with Confidential Attachment**

**Response to Divisional Court Decision on Payment of  
Legal Expenses for Compliance Audits**

<b>Date:</b>	August 23, 2010
<b>To:</b>	City Council
<b>From:</b>	City Solicitor
<b>Wards:</b>	All
<b>Reason for Confidential Information:</b>	This report is about litigation or potential litigation that affects the City or one of its agencies, boards, and commissions.  This report contains advice or communications that are subject to solicitor-client privilege.
<b>Reference Number:</b>	

**SUMMARY**

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At its meeting of August 16, 2010, the Executive Committee considered a report entitled Divisional Court Decision on Payment of Legal Expenses for Compliance Audits and Defamation Actions and requested a report on several issues to Council for its meeting of August 25 and 26, 2010. This report addresses those issues.

**RECOMMENDATIONS**

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The City Solicitor recommends that:

1. City Council may wish to request amendments to Provincial legislation set out in Appendix 1; and
2. City Council consider the confidential attachments and provide instructions to the City Solicitor.

## **Financial Impact**

Financial impacts are set out in the confidential attachment.

## **DECISION HISTORY**

This matter came before the Executive Committee at its meeting of August 16, 2010 to follow up on a Divisional Court Decision addressing the legality of municipalities paying council member legal expenses for compliance audit and defamation proceedings.

## **ISSUE BACKGROUND**

On July 19, 2010 the Divisional Court released its decision in respect of various resolutions of City Council for the payment of legal expenses for compliance audit and defamation proceedings. It quashed a City by-law to the extent that the by-law permitted the payment of councillor legal expense for compliance audits and upheld a Council decision to pay a council member's legal expenses in relation to a defamation action. The City's external counsel reported to the Executive Committee at its meeting of August 16, 2010 on the decision and the merits of an appeal. The Executive Committee requested this report and its attachments for consideration by Council at its meeting of August 25 and 26, 2010.

## **COMMENTS**

Attached is a summary of proposed amendments to provincial legislation which Council may wish to request to address findings of the Divisional Court together with confidential attachments requested by the Executive Committee.

## **CONTACT**

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## **SIGNATURE**

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Anna Kinastowski, City Solicitor

## **ATTACHMENTS**

Attachment 1 – Confidential Information  
Appendix 1 – Proposed Amendments to Provincial Legislation