Audit and Administration Committee
MINUTES
9:30 a.m.
Wednesday, September 19, 2007
Committee Room 207
Hamilton Convention Centre
Hamilton, Ontario

Present: Chair C. Collins
         Vice-Chair M. Pearson
         Councillors B. Bratina, B. Clark, B. Morelli, R. Powers and
         T. Whitehead

Also Present:  G. Peace, City Manager
               J. Rinaldo, General Manager, Finance & Corporate Services
               J. Priel, General Manager, Community Services
               A. Pekaruk, Director of Audit Services
               R. Male, Finance and Corporate Services
               D. Fisher, Legal Services
               K. Christenson, City Clerk
               S. Hayden, Deputy Clerk
               S. Paparella, City Clerk’s

THE FOLLOWING ITEMS WERE REPORTED TO CITY COUNCIL FOR
CONSIDERATION:

1. Point of Sale Software and Hardware for Counter Clerks (CL07008) (City
Wide) (Item 5.1)
   (Clark/Pearson)
   That Report CLO7008, respecting Point of Sale Software and Hardware for
Counter Clerks, be received.
   CARRIED
2. Follow Up of Audit Report 2005-08 – Social Housing Funding Streams (CM07022) (City Wide) (Item 5.2)

(Clark/Pearson)
That Report CM07022, respecting the follow up of Audit Report 2005-08, Social Housing Funding Streams, be received.

CARRIED

3. Follow Up of Audit Report 2005-07 – Downtown Renewal Division – Financial Assistance Programs (CM07023) (City Wide) (Item 5.3)

(Clark/Pearson)
That Report CM07023, respecting the follow up of Audit Report 2005-07, Downtown Renewal Division – Financial Assistance Programs, be received

CARRIED

4. Follow Up of Audit Report 2005-10 – Culture and Recreation – CLASS System (CM07024) (City Wide) (Item 5.4)

(Clark/Pearson)
That Report CM07024 respecting the follow up of Audit Report 2005-10, Culture and Recreation – CLASS System, be received.

CARRIED

5. Audit of Management of Long-Term Contracts (City Wide) (CM07026) (Item 5.5)

(Clark/Pearson)
(a) That Report CM07026, respecting Audit of Management of Long-Term Contracts, be received.

(b) That Outstanding Business Item G be deemed complete and be removed from the Outstanding Business List.

CARRIED

6. Audit Report 2007-03 – Public Works – Pavement Cuts (CM07020) (City Wide) (Item 8.1)

(Pearson/Powers)
(a) That Report CM07020 respecting Audit Report 2007-03, Public Works – Pavement Cuts, be received; and

(b) That the management actions plans as detailed in Appendix “A” of Report CM07020 be approved and the General Manager of Public Works and the General Manager of Finance and Corporate Services direct the appropriate staff to have the plans implemented.

CARRIED
7. **Audit Report 2007-06 – Corporate Services - Investments (CM07025) (City Wide) (Item 8.2)**

(Pearson/Whitehead)

(a) That Report CM07025 respecting Audit Report 2007-06, Corporate Services – Investments, be received; and

(b) That the management actions plans as detailed in Appendix “A” of Report CM07025 be approved and the General Manager of Finance and Corporate Services direct the appropriate staff to have the plans implemented.

CARRIED

8. **2006 Statement of Reserves (FCS07079) (City Wide) (Item 8.3)**

(Powers/Whitehead)

(a) That the 2006 Statement of Reserves Report and the 2006 Reserve Report attached as Appendix “A” to FCS07079 be received; and

(b) That a Capital Reserve be established to fund life cycle replacement of building and grounds components of the former Stoney Creek City Hall which is now leased to the RCMP and be funded from a portion of the annual lease revenues.

CARRIED

9. **Consent to Assignment of Ground Lease of the Sheraton Hamilton Hotel, 116 King Street West, by GGS Hotel Holdings Canada Inc. to Clocktower Hotel Limited Partnership, and Related Transactions. Approval of Various Agreements related to the Assignment of the Ground Lease (LS07013) (City Wide) (Item 8.4)**

(Powers/Pearson)

(a) That the City, as landlord of the Sheraton Hotel, 116 King Street West, (pursuant to a ground lease dated May 3, 1983, as amended, the “Ground Lease”) grant consent to each of the following transactions subject to the conditions set out in clause 2 below:

(i) The amalgamation of GGS Hotel Holdings Canada Inc. (“GGS”) with Starwood Canada Corp. (the amalgamated corporation is hereinafter referred to as “Starwood”);

(ii) The assignment of the Ground Lease by Starwood to Clocktower Hotel Limited Partnership (“Clocktower”);

(iii) The assignment or transfer of other related rights and obligations in connection with the Sheraton Hotel by Starwood to Clocktower, such as the assignment of the rights and obligations of Starwood
under an interface agreement between GGS Hotel Holdings Canada Inc., the City, Second Phase Civic Square Limited and Fourth Phase Civic Square Limited and the transfer of GGS Hotel Holdings Canada Inc.’s leasehold parcel.

(b) The City’s consent and approval of the said transactions is subject to the following conditions:

(i) The terms and conditions of the existing agreements;

(ii) The assumption by Clocktower of all obligations of GGS under those agreements;

(iii) The completion of the requisite due diligence to the satisfaction of the City Solicitor and City Treasurer;

(iv) The receipt by the City prior to each transaction of certified resolutions of the shareholders, partners or directors of the counterparties regarding the proposed transactions, solicitor’s opinions, third party consents and other documents, all as the City Solicitor;

(v) The registration on closing of all documents as may be required by the City Solicitor in a form satisfactory to the City Solicitor;

(vi) The payment on closing by Clocktower or Starwood of the costs of the City’s external legal counsel retained to advise the City on the proposed transactions; and

(vii) The carrying out of each of the transactions listed in clause 1 as one approved transaction.

(c) That the Mayor and the City Clerk, or other staff as appropriate, be authorized to execute all documents required to implement the foregoing in a form satisfactory to the City Solicitor, including the following:

(i) An assignment of the Ground Lease;

(ii) An assumption agreement for the Ground Lease; and,

(iii) Such other agreements regarding the Sheraton Hotel as the City Solicitor may determine.

CARRIED
10. **Companion Review (Item 9.1)**

(Powers/Morelli)

That City staff prepare a companion review to accompany the 2008 Fees and Charges report. This review will outline any additional fees, surcharges and/or penalties, wherever relevant, and provide the actual dollars and percentage difference from the original amount and when imposed.

CARRIED

FOR THE INFORMATION OF COUNCIL:

(a) **CHANGES TO THE AGENDA (Item 1)**

There were no changes to the agenda.

(b) **DECLARATIONS OF INTEREST (Item 2)**

There were no declarations of interest.

(c) **APPROVAL OF MINUTES (Item 3)**

(Pearson/Clark)

That the Minutes of the September 5, 2007 meeting of the Audit and Administration Committee be approved, as presented.

CARRIED

(d) **Audit of Management of Long-Term Contracts (CM07026) (City Wide) (Item 5.5)**

Jim Harnum, Senior Director of Water and Waste Water, and Ann Pekaruk, Director of Audit Services were directed to attend the next Audit & Administration Committee to provide Committee with a draft Terms of Reference for the audit of overstrength agreements.

(e) **Audit Report 2007-03 – Public Works – Pavement Cuts (CM07020) (City Wide) (Item 8.1)**

(Clark/Powers)

Staff was directed to report back to the Audit & Administration Committee with respect to policy and guidelines regarding the collection of delinquent payments to the City of Hamilton. The report should also outline the amount of lost revenue, between 2001 to current, and the names of the companies who have
become delinquent (uncollectible) or have fallen behind the normal acceptable time period for payment.

CARRIED

Staff was directed to investigate the signatures used in Item 5 – Excavation Permits, of Appendix A to Report CM07020.

That the General Manager of Public Works be directed to report back to the Public Works Committee on the following:

The review of options to add a clause to excavation permits issued to private contractors, who require permits in order to cut into existing roads, stating that the contractor must remediate the road back to City Standards

(f) DELEGATIONS (Item 6)

6.1 Mr. Doug Selby, SBF Business Forms (Item 6.1)

Mr. Selby appeared before Committee to request that his company be added to the Preferred Vendor List for printing.

(Powers/Pearson)
That the presentation, made by Mr. Doug Selby, SBF Business Forms, respecting the Preferred Vendors List, be received and no further action be taken at this time.

CARRIED

(g) Audit & Administration Committee Outstanding Business List Items Update

Joe Rinaldo, General Manager of Finance and Corporate Services, provided an update to Committee with respect to the following Outstanding Business List Items:

(i) Item “E” – Development Charges and Driveway Improvements at 863 Upper Paradise Road

The matter has been dealt with in the Courts and Legal Services has received a copy of the Court Order dismissing the action. Therefore, this matter may now be considered complete and removed from the Audit & Administration Committee Outstanding Business List.

(Powers/Pearson)
That Item “E” – Development Charges and Driveway Improvements at 863 Upper Paradise Road be considered complete and removed from the Audit & Administration Committee Outstanding Business List.

CARRIED
(ii) Item “H” – Improvements within the City of Hamilton Procurement Process

Committee was advised that a change is required to the Audit & Administration Committee’s Outstanding Business List to reflect that this is a matter is to be reported back as part of Purchasing Sub-Committee report.

(Powers/Pearson)
That Item “H” – Improvements within the City of Hamilton Procurement Process, be amended on the Audit & Administration Committee’s Outstanding Business list to reflect that this matter is to be reported back as part of the Purchasing Sub-committee report.

CARRIED

(h) Purchasing Sub-Committee Voting Membership

Staff advised Committee that Legal Services had confirmed that the citizen members of the Purchasing Sub-committee, who were provided with voting rights at the September 12, 2007 meeting of Council, could be considered a potential conflict of interest, as they are on a prequalified vendors list.

Members of the Audit & Administration Committee discussed the matter and determined that a reconsideration of the motion should be brought forward to next Council meeting. All members of Committee were in agreement.

(i) ADJOURNMENT (Item 13)

(Pearson/Whitehead)
That the Audit and Administration Committee adjourned at 11:12 a.m.

CARRIED

Respectfully submitted,

Councillor C. Collins, Chair
Audit and Administration Committee

Stephanie Paparella
Legislative Assistant
September 19, 2007