Call to Order at 3:00 p.m.  
Roll Call

Committee Members: Pete McCracken, Chair  
Charles Webber, Member  
Maria Bemis, Member  
Julia Lew, Member  
John Longley, Member

Staff Members: John Lollis, Deputy City Manager  
Patrice Hildreth, Acting Secretary

ORAL COMMUNICATIONS
None

SCHEDULED MATTERS

1. APPROVAL OF MINUTES OF OCTOBER 1, 2007

The Minutes of October 1, 2007 were approved, as amended, to correct the ranking of responding banks by Committee Members, as follows:

<table>
<thead>
<tr>
<th>Committee Member</th>
<th>Bank of the Sierra</th>
<th>Union Bank</th>
<th>Citizens Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>McCracken</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Bemis</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Lew</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Longley</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Webber</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

It was stated that Mr. McDonald of Citizen’s Business Bank had voiced displeasure with the banking services RFP process, in that he believed the City allowed the proposal submitted by Bank of the Sierra to continue in the process, despite the fact that it was “non-responsive.” It was noted that the Audit Committee’s initial recommendation to the Council had been to award the contract to Union Bank, and that its subsequent recommendation was to consider the banks, as ranked by the Committee, which placed Union Bank in first position. Chairman McCracken noted that there was a perception that Bank of the Sierra got preferential treatment in the process, despite the fact that Bank of the Sierra was not awarded the banking services contract.
2. STATUS REPORT ON RFP FOR MERCHANT SERVICES/STATE BOARD OF EQUALIZATION & ABC

Mr. Lollis updated the Committee on the status of the Merchant Services RFP, indicating that staff had obtained several sample RFPs. He stated that staff was currently working on a draft, and that same would be brought before the Committee at its next meeting.

3. STATUS REPORT ON SWAP MEET AUDIT

Committee Member Bemis reported on the status of the Swap Meet Audit, stating that she had requested proposals from two local CPA firms, Duncan & Duncan and DEH & Associates, as well as from the City’s Auditor, Steve Pressley. She indicated that because an audit of the Swap Meet did not fall under the City’s annual audit, Mr. Pressley had requested that the Committee define the swap meet audit parameters. After some discussion, the Committee agreed that the audit should be consistent with the provisions set forth in Porterville Municipal Code Section 15-24(A)(16), which require the operator to remit weekly payment to the City, along with receipts containing the name and address of the vendor; the make and license number of the vendor’s vehicle, and the vendor’s California seller’s permit number. It was decided that the parameters should also include an audit of sales tax remittances.

Chairman McCracken pointed out that Code Section 15-24(A)(16) requires that records from the last three years be maintained by the operator.

Committee Member Longley suggested that the audit findings should establish the exact parameters.

Committee Member Bemis indicated that she would provide a status report at the next meeting.

4. ADMINISTRATIVE POLICY ON SUPPLANTING MEASURE H FUNDS

It was clarified that the item actually pertained to the drafting of an Administrative Policy against the supplanting of Measure H funds. The Committee agreed that the title of the Administrative Policy should be, “Preventing the Supplanting of General Fund and Measure H Monies.”

A discussion ensued as to the importance of keeping Measure H and General Fund monies separate, and ways in which to track same. Committee Member Longley suggested that those positions funded by Measure H should remain Measure H positions, and likewise, those positions funded by the General Fund should remain General Fund positions. He spoke of the importance of keeping the two separate. A discussion ensued as to ways in which the positions could be tracked, during which it was suggested that a ledger with employee names could be kept. It was decided that the public record could include only the employee’s identification number rather than name, which would allow for oversight, while at the same time maintain the required personnel confidentiality. Committee Member Longley proposed the following language be included in the Administrative Policy: “A ledger shall be maintained defining the
status of all employees retained using Measure H monies, and this record shall be made available to the public to the extent allowed by law.” John emphasized the importance of withstanding public scrutiny.

A brief discussion ensued as to the powers of the Transaction and Use Tax Oversight Committee (“TUTOC”), during which it was stated that TUTOC had no administrative powers, yet it could require that the City Council call a public hearing.

The Committee Members then agreed that the draft Administrative Policy should be sent to the Council, indicating that it had been “reviewed” by the Audit Committee.

COMMITTEE ACTION: Moved by Committee Member Lew, SECONDED by Committee Member Webber that the Committee accept the draft Administrative Policy as revised. The motion carried unanimously.

Chairman McCracken inquired whether the policy should be expanded to also include equipment, etc., purchased with Measure H funds. A brief discussion ensued, during which the Committee Members discussed the benefits of exhibiting to the public how their Measure H tax dollars were being spent. Committee Member Longley indicated that Parks & Leisure Services Director Jim Perrine had designed a logo for use to identify Measure H purchases, and requested a brief recess so that he could get a sample to show the Committee.

The Committee recessed for five minutes.

Committee Member Longley returned with a sample logo which stated, “Provided by Measure H Sales Tax Funds.” He indicated that the Parks & Leisure Services Department uses the logo on books, etc. funded by Measure H.

The Committee Members then reviewed their calendars and scheduled the next meeting for November 26, 2007 at 3:00 p.m.

ADJOURNMENT
The Committee adjourned at 3:42 p.m.

Patrice Hildreth, Committee Secretary

SEAL

Pete McCracken, Chairman