



FINANCE AND AUDIT COMMITTEE MEETING

550 E. Sixth Street, Beaumont, CA

Monday, February 14, 2022 - 6:00 PM

Materials related to an item on this agenda submitted to the Finance and Audit Committee after distribution of the agenda packets are available for public inspection in the City Clerk's office at 550 E. 6th Street during normal business hours.

AGENDA

MEETING PARTICIPATION NOTICE

This meeting will be conducted utilizing teleconference communications and will be recorded for live streaming as well as open to public attendance subject to social distancing and applicable health orders. All City of Beaumont public meetings will be available via live streaming and made available on the City's official YouTube webpage. Please use the following link during the meeting for live stream access.

beaumontca.gov/livestream

Public comments will be accepted using the following options.

1. Written comments will be accepted via email and will be read aloud during the corresponding item of the meeting. Public comments shall not exceed three (3) minutes unless otherwise authorized by City Council. Comments can be submitted anytime prior to the meeting as well as during the meeting up until the end of the corresponding item. Please submit your comments to: nicolew@beaumontca.gov
2. Phone-in comments will be accepted by joining a conference line prior to the corresponding item of the meeting. Public comments shall not exceed three (3) minutes unless otherwise authorized by City Council. Please use the following phone number to join the call **(951) 922 - 4845**.
3. In person comments subject to the adherence of the applicable health orders and social distancing requirements.

In compliance with the American Disabilities Act, if you require special assistance to participate in this meeting, please contact the City Clerk's office using the above email or call **(951) 572 - 3196**. Notification 48 hours prior to a meeting will ensure the best reasonable accommodation arrangements.

REGULAR SESSION

6:00 PM

CALL TO ORDER

Committee Members: Council Member Rey Santos, Council Member David Fenn, Treasurer Baron Ginnetti, Chair Steve Cooley, Vice Chair David Vanderpool, Member Thomas LeMasters, Member Dennis Garcia, Member Christina Nuno, Alternate Member Dameon Butler, and Alternate Member - vacant

Action of any Requests for Excused Absence

Pledge of Allegiance

Adjustments to Agenda

Conflict of Interest Disclosure

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

Any one person may address the Committee on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the Committee Chair or Secretary. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Committee from discussing or taking actions brought up by your comments.

ACTION ITEMS / PUBLIC HEARINGS / REQUESTS

1. Approval of Minutes

Recommended Action:

Approve Minutes dated January 10, 2022.

2. FY2022 General Fund and Wastewater Budget to Actual through January, 2022

Recommended Action:

Receive and file the attached reports.

3. PARS Investment Policy

Recommended Action:

Review PARS investment policy and recommend to City Council for approval.

SUB-COMMITTEE UPDATES

Internal Control Committee - Members Cooley and Ginnetti

Financial Training Committee - Members Vanderpool, Cooley, Ustation

CFD Training and FAQ Committee - Members Fenn, Vanderpool, Parton

Reserve Policy Committee - Member Nuno

CalPERS Liability Committee - Members Ginnetti, Cooley, Ustation

Long-Term Financial Sustainability - Member Garcia

Bond Accountability - Members Ustation, LeMasters

FUTURE AGENDA ITEMS

MEETING REVIEW - TREASURER

FINANCE DIRECTOR'S COMMENTS

ADJOURNMENT

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, March 14, 2022, at 6:00 p.m.

Beaumont City Hall – Online www.BeaumontCa.gov

FINANCE AND AUDIT COMMITTEE MEETING

550 E. Sixth Street, Beaumont, CA

Monday, January 10, 2022 - 6:00 PM

MINUTES

REGULAR SESSION

6:00 PM

CALL TO ORDER at 6:01 p.m.

Present: Committee Members: Council Member Rey Santos, Council Member David Fenn, Treasurer Baron Ginnetti, Vice Chair Steve Cooley, Member David Vanderpool, Member Christina Sanchez, and Member Dennis Garcia

Absent: Chair Thomas LeMasters, Member Cesar Marrufo, and Alternate Member Dameon Butler

Action of any Requests for Excused Absence: Chairman LeMasters

Pledge of Allegiance

Adjustments to Agenda: **None**

Conflict of Interest Disclosure: **None**

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

Any one person may address the Committee on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the Committee Chair or Secretary. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Committee from discussing or taking actions brought up by your comments.

No comments.

ACTION ITEMS / PUBLIC HEARINGS / REQUESTS

1. Reorganization of Committee

Motion by Treasurer Ginnetti

Second by Vice Chair Cooley

To nominate Steve Cooley as Chair

Approved by a 7-0 vote.

Absent: LeMasters, Marrufo

Motion by Treasurer Ginnetti

Second by Council Member Santos

To nominate Member Vanderpool as Vice Chair

Approved by a 7-0 vote.
Absent: LeMasters, Marrufo

2. Approval of Minutes

Motion by Vice Chair Vanderpool
Second by Treasurer Ginnetti

To approve Minutes dated December 20, 2021.

Approved by a 5-0 vote.
Abstain: Santos, Cooley
Absent: LeMasters, Marrufo

3. FY2022 General Fund and Wastewater Budget to Actual through December 2021, and Second Quarter Investment Report and Certification

Motion by Treasurer Ginnetti
Second by Council Member Fenn

To receive and file the attached reports.

Approved by a 7-0 vote
Absent: LeMasters, Marrufo

4. Review of Draft FY2021 Report of Internal Control Over Financial Reporting

Motion by Council Member Fenn
Second by Vice Chair Vanderpool

To recommend the FY2021 Report on Internal Control Over Financial Reporting be forwarded to the City Council for consideration once in final form.

Approved by a 7-0 vote.
Absent: LeMasters, Marrufo

5. Pension Funding Policy and Investment Strategy for PARS 115 Trust

Motion by Council Member Fenn
Second by Treasurer Ginnetti

To recommend staff's recommended strategy to the City Council.

Approved by a 7-0 vote.
Absent: LeMasters, Marrufo

SUB-COMMITTEE UPDATES

6. Assignment of Members to Sub-Committees

Internal Control Committee -Financial Training Committee - *Working on edits to the presentation and have a goal to create a video for Youtube for people to refer to.*

CFD Training and FAQ Committee

Reserve Policy Committee - Addition of Member Sanchez

CalPERS Liability Committee

Long-Term Financial Sustainability - Addition of Member Garcia

Bond Accountability

FUTURE AGENDA ITEMS

MEETING REVIEW - TREASURER

FINANCE DIRECTOR'S COMMENTS -*Cost allocation and fee study in in process.*

ADJOURNMENT at 7:31 p.m.

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, February 14, 2022, at 6:00 p.m.



Staff Report

TO: Finance and Audit Committee Members
FROM: Jennifer Ustation, Finance Director
DATE: February 14, 2022
SUBJECT: **FY2022 General Fund and Wastewater Budget to Actual through January, 2022**

Background and Analysis:

City staff has updated the analysis of the General Fund and Wastewater Fund for FY2022 with results through January 2022.

General Fund Analysis:

- Five months of sales tax has been received and is trending higher than budget;
- Property Tax In-Lieu of Vehicle License Fees are received in February and May and is majority of the other taxes line, thus a lower actual then trended estimate but that should change in the next month's report;
- Increased building permit activity in comparison to prior years while other permitting activity is lower, mostly due to applying invoices directly to deposits;
- Franchise fees are trending lower than budget;
- Low-rate market is continuing to keep interest earnings estimated lower than budget, however, funds have been deposited with the trustee for investment with Public Trust. Will monitor results and report quarterly;
- 15 of 26 pay periods have been reported and costs are trending lower than budget;
- Utilities are trending high;
- Fleet costs are trending high mostly due to fuel costs; and
- Contractual services are trending lower than budget. The first quarter fire service invoice has been paid and was \$914,004.51.

(Attachment A) provides preliminary estimates reflecting seven months into FY2022. Estimate values can change as activity is recorded. On August 3, 2021, City Council approved a budget amendment for unspent prior year appropriations and

reappropriated \$214,799 for FY2022. This allows for \$741,845 of available funds for City Council to appropriate within the fiscal year.

Wastewater Fund Analysis:

- 3 of 6 utility billings recorded and trending lower than budget;
- 15 of 26 pay periods recorded and costs are trending lower than budget;
- Utilities are trending higher than budget;
- Fuel costs are trending higher than budget; and
- One of two debt service payments have been recorded.

(Attachment B) provides preliminary estimates reflecting seven months into FY2022. Based on year-end projections the Wastewater fund is trending to have approximately \$522,000 to be retained for utility reserves for FY2022. This is driven by a slight decrease in revenues with cost savings in personnel and operating expenses.

Recommended Action:

Receive and file the attached reports.

Attachments:

- A. General Fund Budget to Actual through January 2022
- B. Wastewater Fund Budget to Actual through January 2022



**Budget Comparison Report
City of Beaumont, CA
General Fund Budget to Actual through January 2022**

Beginning Fund Balance

17.5M

				Parent Budget		
	2019-2020 YTD Activity Through Per	2020-2021 YTD Activity Through Per	2021-2022 YTD Activity Through Per	2021-2022 V3	FY2022 Estimate	Notes
Category: 40 - TAXES						
400 - Real Property Taxes	3,112,026.34	3,609,195.90	3,685,383.72	6,516,588.00	6,665,122.00	
403 - Personal Property Taxes	254,416.12	210,630.22	207,936.32	277,822.00	221,115.00	
409 - Sales Taxes	2,393,140.89	3,153,022.95	4,424,940.51	7,402,550.00	8,935,654.00	
420 - Other Taxes	975,407.23	1,143,700.55	1,260,653.52	8,462,873.00	8,435,252.00	Sales tax continues to trend higher than budget VLF received in Feb, preliminary estimate
Total Category: 40 - TAXES:	6,734,990.58	8,116,549.62	9,578,914.07	22,659,833.00	24,257,143.00	
Category: 41 - LICENSES						
430 - Business Licenses	138,185.41	211,628.35	139,915.11	405,000.00	402,635.00	
Total Category: 41 - LICENSES:	138,185.41	211,628.35	139,915.11	405,000.00	402,635.00	
Category: 42 - PERMITS						
450 - Building Permits	1,342,516.40	968,129.02	1,993,900.35	2,857,250.00	3,218,114.00	Continued increase in Building Permit Activity
453 - Inspections	112,171.83	192,350.70	31,375.00	376,200.00	113,520.00	
456 - Other Permits	252,003.13	309,250.56	431,143.87	746,575.00	729,102.00	
515 - Public Works	-	-	6,539.98	-	6,540.00	
Total Category: 42 - PERMITS:	1,706,691.36	1,469,730.28	2,462,959.20	3,980,025.00	4,067,276.00	
Category: 43 - FRANCHISE FEES						
406 - Franchise Fees	6,790,279.95	1,747,949.47	1,694,124.31	3,111,474.00	2,922,008.00	Trending below budget
Total Category: 43 - FRANCHISE FEES:	6,790,279.95	1,747,949.47	1,694,124.31	3,111,474.00	2,922,008.00	
Category: 45 - INTERGOVERNMENTAL						
465 - State	-	-	-	-	-	
470 - Local	2,549.65	-	-	-	-	
Total Category: 45 - INTERGOVERNMENTAL:	2,549.65	-	-	-	-	

Category: 47 - CHARGES FOR SERVICE

500 - Sanitation	112,614.53	122,138.50	-	-	
505 - Animal Control	53,001.60	58,486.11	47,201.60	111,564.00	94,403.00
510 - Community Develop	2,878.00	2,358.00	2,162.00	6,135.00	4,324.00
515 - Public Works	4,387.00	43,520.06	63,913.44	15,500.00	109,565.00
525 - Abatements	31,212.33	51,116.40	44,094.18	67,399.00	68,422.00
530 - Public Safety	136,146.36	136,093.58	291,304.85	611,696.00	563,452.00
535 - Facilities	75,238.30	57,222.79	119,794.22	131,020.00	198,361.00
540 - Programs	69,457.00	500.00	5,272.00	18,750.00	9,037.00
545 - Other	28,433.42	76,204.20	90,896.17	280,050.00	231,792.00
Total Category: 47 - CHARGES FOR SERVICE:	513,368.54	547,639.64	664,638.46	1,242,114.00	1,279,356.00

Category: 50 - FINES AND FORFEITURES

555 - Vehicle	42,716.11	34,784.69	49,775.67	76,608.00	85,857.00
557 - Other	21,673.22	8,570.97	22,552.42	52,195.00	38,660.00
Total Category: 50 - FINES AND FORFEITURES:	64,389.33	43,355.66	72,328.09	128,803.00	124,517.00

Category: 53 - COST RECOVERY

465 - State	24,854.02	-	13,226.32	20,000.00	22,673.00
565 - Other Income	488,819.35	125,434.11	291,433.39	432,500.00	554,599.00
Total Category: 53 - COST RECOVERY:	513,673.37	125,434.11	304,659.71	452,500.00	577,272.00

Category: 54 - MISCELLANEOUS REVENUES

560 - Investment Earnings	76,298.71	46,972.28	18,325.47	275,000.00	41,650.00
565 - Other Income	25,175.70	36,899.50	192,038.21	34,000.00	119,449.00
Total Category: 54 - MISCELLANEOUS REVENUES:	101,474.41	83,871.78	210,363.68	309,000.00	161,099.00

Investment earnings expected to be below budget
Amount to be reclassified

Category: 58 - OTHER FINANCING SOURCES

595 - Sale of Assets	13,417.10	-	1,128.51	-	1,128.00
599 - Other	(33.77)	(26.99)	94.06	-	94.00
Total Category: 58 - OTHER FINANCING SOURCES:	13,383.33	(26.99)	1,222.57	-	1,222.00

Category: 90 - TRANSFERS

900 - Transfers	1,408,140.30	5,046,491.66	3,874,754.66	7,859,575.00	7,859,575.00
Total Category: 90 - TRANSFERS:	1,408,140.30	5,046,491.66	3,874,754.66	7,859,575.00	7,859,575.00

All transfers expected to be made

Total Revenue	17,987,126.23	17,392,623.58	19,003,879.86	40,148,324.00	41,652,103.00
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Category: 60 - PERSONNEL SERVICES

600 - SALARIES AND WAG	6,842,972.50	7,101,143.36	7,996,936.08	14,823,198.00	14,788,583.00
610 - BENEFITS	4,413,013.54	3,813,947.66	3,801,494.45	6,577,935.00	6,040,988.00

15 of 26 pay periods recorded

615 - OTHER	146,773.66	145,691.48	170,812.07	304,570.00	296,074.00
699 - OTHER	20,762.19	20,313.96	22,364.87	95,850.00	95,850.00
Total Category: 60 - PERSONNEL SERVICES:	11,423,521.89	11,081,096.46	11,991,607.47	21,801,553.00	21,221,495.00

Category: 65 - OPERATING COSTS

615 - OTHER	19,746.06	26,668.20	36,746.90	35,000.00	56,993.00	
650 - UTILITIES	1,015,274.34	988,890.34	1,152,966.78	1,624,392.00	2,055,575.00	Utilities trending high
655 - ADMINISTRATIVE	228,387.07	264,051.41	230,531.27	642,892.00	595,196.00	
660 - FLEET COSTS	224,974.68	224,686.29	274,365.02	415,389.00	581,653.00	Fleet costs trending high
665 - PROGRAM COSTS	466,292.90	464,116.15	335,192.51	750,250.00	746,515.00	
670 - REPAIRS AND MAIN	170,060.91	379,064.10	369,383.60	885,627.00	664,890.00	
675 - SUPPLIES	163,548.59	133,332.97	278,455.98	998,261.00	822,823.00	
680 - SPECIAL SERVICES	469,315.75	139,665.16	321,217.63	946,200.00	660,790.00	
690 - CONTRACTUAL SERV	2,455,184.70	1,355,855.50	1,187,313.75	7,813,297.00	7,126,901.00	1st Qtr Fire Invoice Paid
697 - ADMIN OVERHEAD	(375,000.00)	-	3,498.49	-	-	
699 - OTHER	1,159,402.16	1,545,756.45	1,817,485.82	1,915,874.00	1,873,752.00	
Total Category: 65 - OPERATING COSTS:	5,997,187.16	5,522,086.57	6,007,157.75	16,027,182.00	15,185,088.00	

Category: 70 - CAPITAL IMPROVEMENTS

700 - EQUIPMENT	32,501.39	48,755.43	247,618.22	344,751.00	344,751.00
703 - FURNITURE	6,465.81	-	-	-	-
705 - VEHICLE	207,466.23	290,754.59	405,831.42	848,626.00	848,626.00
710 - STRUCTURE	-	-	125,000.00	-	-
Total Category: 70 - CAPITAL IMPROVEMENTS:	246,433.43	339,510.02	778,449.64	1,193,377.00	1,193,377.00

Category: 77 - CONTINGENCY

770 - CONTINGENCY	-	-	-	150,000.00	150,000.00
Total Category: 77 - CONTINGENCY:	-	-	-	150,000.00	150,000.00

Category: 90 - TRANSFERS

900 - Transfers	5,527.53	8,226.53	-	449,166.00	449,166.00
Total Category: 90 - TRANSFERS:	5,527.53	8,226.53	-	449,166.00	449,166.00

Total Expenses	17,672,670.01	16,950,919.58	18,777,214.86	39,621,278.00	38,199,126.00
Total Fund - 100 General Fund	314,456.22	441,704.00	226,665.00	527,046.00	3,452,977.00
Add Back Reappropriation of Unspent Funds				214,799.00	214,799.00
Fund Over/(Under) Budget				741,845.00	3,667,776.00
Estimated Ending Fund Balance					\$21.1m



Budget Comparison Report
 City of Beaumont, CA
 through January 2022

Item 2.

Beginning Fund Balance

\$6.4m

SubCateg	2019-2020	2020-2021	2021-2022	Parent Budget	FY2022 Estimate	Notes
				2021-2022		
Category: 42 - PERMITS						
453 - Inspections	-	-	150.00	-	150.00	
Total Category: 42 - PERMITS:	-	-	150.00	-	150.00	
Category: 50 - FINES AND FORFEITURES						
557 - Other	-	1,945.93	-	5,000.00	5,000.00	
Total Category: 50 - FINES AND FORFEITURES:	-	1,945.93	-	5,000.00	5,000.00	
Category: 53 - COST RECOVERY						
565 - Other Income	6,236.10	-	283.28	5,000.00	5,000.00	
Total Category: 53 - COST RECOVERY:	6,236.10	-	283.28	5,000.00	5,000.00	
Category: 54 - MISCELLANEOUS REVENUES						
560 - Investment Earnings	26,906.66	15,155.56	5,293.33	25,000.00	25,000.00	
Total Category: 54 - MISCELLANEOUS REVENUES:	26,906.66	15,155.56	5,293.33	25,000.00	25,000.00	
Category: 56 - PROPRIETARY REVENUES						
570 - WasteWater	5,010,336.83	5,305,985.30	5,727,832.55	12,300,500.00	12,223,005.00	3 of 6 billings recorded, trending lower than budget
Total Category: 56 - PROPRIETARY REVENUES:	5,010,336.83	5,305,985.30	5,727,832.55	12,300,500.00	12,223,005.00	
Category: 58 - OTHER FINANCING SOURCES						
599 - Other	780.00	-	1,360.00	-	-	
Total Category: 58 - OTHER FINANCING SOURCES:	780.00	-	1,360.00	-	-	
Total Revenue	5,044,259.59	5,323,086.79	5,734,919.16	12,335,500.00	12,258,155.00	
Category: 60 - PERSONNEL SERVICES						
600 - SALARIES AND WAGES	653,704.50	642,057.34	836,765.94	1,743,067.00	1,595,433.00	15 out of 26 pay periods recorded
610 - BENEFITS	215,238.04	209,119.06	291,234.33	648,237.00	476,953.00	

615 - OTHER	10,957.35	9,932.43	12,573.41	24,103.00	23,973.00
699 - OTHER	695.37	1,633.84	1,860.24	12,300.00	12,300.00
Total Category: 60 - PERSONNEL SERVICES:	880,595.26	862,742.67	1,142,433.92	2,427,707.00	2,108,659.00

Category: 65 - OPERATING COSTS

615 - OTHER	-	-	-	-	-	
650 - UTILITIES	478,275.03	503,083.74	471,263.35	767,796.00	824,037.00	Utilities Trending High
655 - ADMINISTRATIVE	91,840.44	131,352.54	68,861.36	187,475.00	183,048.00	
660 - FLEET COSTS	17,102.11	21,452.90	26,840.15	34,820.00	53,312.00	Fleet Cost Trending High
670 - REPAIRS AND MAINTENANCE	38,411.75	23,539.46	50,336.45	96,200.00	90,605.00	
675 - SUPPLIES	98,446.72	208,857.80	214,543.63	553,900.00	501,347.00	
690 - CONTRACTUAL SERVICES	356,817.47	454,135.53	537,450.92	1,318,816.00	1,261,344.00	
697 - ADMIN OVERHEAD	325,000.00	-	-	-	-	
699 - OTHER	90,307.75	41,936.03	148,320.05	562,106.00	405,115.00	Trending Below Budget
Total Category: 65 - OPERATING COSTS:	1,496,201.27	1,384,358.00	1,517,615.91	3,521,113.00	3,318,808.00	

Category: 70 - CAPITAL IMPROVEMENTS

700 - EQUIPMENT	-	76,137.94	226,026.32	95,000.00	321,026.00
705 - VEHICLE	-	-	140,291.38	405,582.00	365,291.00
750 - OTHER	-	-	-	263,693.00	-
Total Category: 70 - CAPITAL IMPROVEMENTS:	-	76,137.94	366,317.70	764,275.00	686,317.00

Category: 90 - TRANSFERS

900 - Transfers	3,013,214.96	3,496,843.75	3,062,650.90	5,622,405.00	5,622,405.00	All transfers expected to be made
Total Category: 90 - TRANSFERS:	3,013,214.96	3,496,843.75	3,062,650.90	5,622,405.00	5,622,405.00	

Total Expense	5,390,011.49	5,820,082.36	6,089,018.43	12,335,500.00	11,736,189.00
----------------------	---------------------	---------------------	---------------------	----------------------	----------------------

Total Fund 700 - Wastewater Fund	(345,751.90)	(496,995.57)	(354,099.27)	-	521,966.00
---	---------------------	---------------------	---------------------	----------	-------------------

Estimated Ending Fund Balance: \$6.9m



Staff Report

TO: Finance and Audit Committee Members
FROM: Jennifer Ustation, Finance Director
DATE: February 14, 2022
SUBJECT: PARS Investment Policy

Background and Analysis:

On December 7, 2021, the City Council approved to establish a PARS 115 Trust – Post Employment Benefits Trust Program account and appoint a plan administrator. On January 18, 2022, the City Council approved a pension funding policy and investment strategy for the PARS account. The last step to the account setup process is to approve the investment policy for the account.

PARS has provided a template investment policy for the active moderate investment strategy choice the City Council approved on January 18. The policy provides for the following:

- Scope and purpose,
- Investment objectives and constraints,
- Duties and responsibilities, and
- Acknowledgement and acceptance.

Once the policy has been approved by the City Council funds will be moved into the account per the funding policy. Investment results will be reported with the quarterly investments report brought forth to the Finance and Audit Committee and City Council.

Recommended Action:

Review PARS investment policy and recommend to City Council for approval.

Attachments:

- A. PARS Investment Policy



Investment Guidelines Document

City of Beaumont

Employee Benefit Fund Pension Plan

January 2022

Investment Guidelines Document

Scope and Purpose

The purpose of this Investment Guidelines Document is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's short- and long-term needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of January 2022

Plan Sponsor:	City of Beaumont
Governance:	Beaumont City Council
Plan Name ("Plan"):	City of Beaumont Post-Employment Benefits Trust
Trustee:	US Bank Contact: Susan Hughes, 949-224-7209 Susan.Hughes@usbank.com
Type of Account:	Pension Plan
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Christiane Tsuda, 858-551-5359 Christiane.Tsuda@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should seek to earn a return in excess of its policy benchmark over the long-term.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic, long-term perspective of the capital markets.

Investment Time Horizon: Long-term

Anticipated Cash Flows: Assets in the Plan will seek to mitigate the impact of future rate increases from CalPERS. Typically increases in rates come with a one-year advance warning, however this Plan may transfer assets to CalPERS at any time.

Investment Objective: The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the Moderate Objective, which has a dual goal to seek growth of income and principal.

Risk Tolerance: *Moderate*
The account's risk tolerance has been rated moderate, which demonstrates that the account can accept price fluctuations to pursue its investment objectives.

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

<i>Strategic Asset Allocation Ranges</i>		
Cash	Fixed Income	Equity
0-20%	40%-60%	40%-60%
Policy: 5%	Policy: 45%	Policy: 50%

Market conditions may cause the account’s asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	40%-60%
<i>Equity Style</i>	<i>Range</i>
Domestic Large Cap Equity	15%-45%
Domestic Mid Cap Equity	0%-10%
Domestic Small Cap Equity	0%-15%
International Equity (incl. Emerging Markets)	0%-15%
Real Estate Investment Trust (REIT)	0%-15%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	40%-60%
<i>Fixed Income Style</i>	<i>Range</i>
Long-term bonds (maturities >7 years)	0%-25%
Intermediate-term bonds (maturities 3-7 years)	25%-60%
Short-Term bonds (maturities <3 years)	0%-25%
High Yield bonds	0%-10%

Performance Benchmarks:

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

- 26.50% S&P500 Index
- 5.00% Russell Mid Cap Index
- 7.50% Russell 2000 Index
- 3.25% MSCI Emerging Market Index
- 6.00% MSCI EAFE Index
- 1.75% Wilshire REIT Index
- 33.50% Bloomberg Barclays Capital US Aggregate Index
- 10.00% ML 1-3 Year US Corp/Gov't Index
- 1.50% US High Yield Master II Index
- 5.00% Citi 1Mth T-Bill Index

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell MidCap Index
Growth	Russell MidCap Growth
Value	Russell MidCap Value
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth
Value	Russell 2000 Value
REITs	Wilshire REIT
International Equity	MSCI EAFE
Investment Grade Bonds	Bloomberg Barclays Capital US Aggregate Index
High Yield	US High Yield Master II

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub-adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

The Plan Administrator, the City of Beaumont, is responsible for

- confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting the City with the development and maintenance of this Investment Policy Guideline document annually.
- Meeting with the City of Beaumont annually to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Voting proxies, if applicable.
- Recommending changes to any of the above.

- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once a year and being available at such other times within reason at your request.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.

_____ Date: _____
Plan Sponsor: City of Beaumont

_____ Date: _____
Investment Manager: Christiane Tsuda, Senior Portfolio Manager, (858) 551-5359