



# San Gabriel Valley Council of Governments\*

## AGENDA AND NOTICE OF THE **SPECIAL MEETING** OF THE SGVCOG EXECUTIVE COMMITTEE

**Monday, August 31, 2020 – 10:00 AM**

Teleconference Meeting

Livestream is Available at: <https://youtu.be/pf07sMZVMfs>

President  
Cynthia Sternquist

1<sup>st</sup> Vice President  
Margaret Clark

2<sup>nd</sup> Vice President  
Becky Shevlin

3<sup>rd</sup> Vice President  
Tim Hepburn

Past President  
Vacant

Transportation Chair  
John Fasana

Homelessness Chair  
Becky Shevlin

EENR Chair  
Denis Bertone

Water Policy Chair  
Diana Mahmud

ACE Chair  
Tim Sandoval

Thank you for participating in today's meeting. The Executive Committee encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** *Regular Meetings of the Executive Committee are held the first Monday of every month at 10:00 a.m. at the SGVCOG Office (1000 S. Fremont Ave., Building 10, Suite 10210, Alhambra, California 91803).* The Executive Committee agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, [www.sgvkog.org](http://www.sgvkog.org). Copies are available via email upon request ([sgv@sgvcog.org](mailto:sgv@sgvcog.org)). Documents distributed to a majority of the Board after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

**PUBLIC PARTICIPATION:** Your participation is welcomed and invited at all Executive Committee meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVCOG requests that persons addressing the Executive Committee refrain from making personal, slanderous, profane or disruptive remarks.

**TO ADDRESS THE EXECUTIVE COMMITTEE:** At a regular meeting, the public may comment on any matter within the jurisdiction of the Board during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. If several persons wish to address the Board on a single item, the Chair may impose a time limit on individual remarks at the beginning of discussion. **The Executive Committee may not discuss or vote on items not on the agenda.**

**AGENDA ITEMS:** The Agenda contains the regular order of business of the Executive Committee. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Executive Committee can be fully informed about a matter before making its decision.

**CONSENT CALENDAR:** Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Executive Committee.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



**\*MEETING MODIFICATIONS DUE TO THE STATE AND LOCAL STATE OF EMERGENCY RESULTING FROM THE THREAT OF COVID-19:** On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically to promote social distancing due to the state and local State of Emergency resulting from the threat of the Novel Coronavirus (COVID-19).

To follow the new Order issued by the Governor and ensure the safety of Committee Members and staff for the purpose of limiting the risk of COVID-19, in-person public participation at the Executive Committee meeting scheduled for August 31, 2020 at 10:00 a.m. will not be allowed. Members of the public may view the meeting live on the SGVCOG's website. To access the meeting video, please see the link on the front page of the agenda.

Submission of Public Comments: For those wishing to make public comments on agenda and non-agenda items you may submit comments via email or by phone.

- **Email:** Please submit via email your public comment to Katie Ward (kward@sgvcog.org) at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." Emailed public comments will be part of the recorded meeting minutes but will not be read aloud. A copy of all public comments will be forwarded to the Board.
- **Phone:** Please email your name and phone number to Katie Ward (kward@sgvcog.org) at least 1 hour prior to the scheduled meeting time for the specific agenda item you wish to provide public comment on. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." You will be called on the phone number provided at the appropriate time, either during general public comment or specific agenda item. Wait to be called upon by staff, and then you may provide verbal comments for up to 3 minutes.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact Katie Ward at least 48 hours prior to the meeting at (626) 457-1800 or at [kward@sgvcog.org](mailto:kward@sgvcog.org).

## **PRELIMINARY BUSINESS**

1. Call to Order
2. Roll Call
3. Public Comment *(If necessary, the President may place reasonable time limits on all comments)*
4. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting *(It is anticipated that the Executive Committee may take action on these matters)*

## **CONSENT CALENDAR** *(It is anticipated that the Executive Committee may take action on the following matters)*

5. Executive Committee Meeting Minutes – Page 1  
*Recommended Action: Approve Executive Committee minutes.*

## **UPDATE ITEMS**

- SGVCOG Officer Nominations
- Approval of Section 115 Trust Account with the California Public Employees' Retirement System – Page 5

## **PRESIDENT'S REPORT**

## **EXECUTIVE DIRECTOR'S REPORT**

## **GENERAL COUNSEL'S REPORT**

## **ACTION ITEMS** *(It is anticipated that the Executive Committee may take action on the following matters)*

6. Draft Governing Board Agenda – Page 53  
*Recommended Action: Approve draft SGVCOG Governing Board agenda.*
7. Legislative Update: SB 1120 – Page 57  
*Recommended Action: Discuss and provide direction to staff.*

## **ANNOUNCEMENTS**

## **ADJOURN**





**SGVCOG**  
**Executive Committee Meeting Minutes**  
**August 3, 2020**  
**10:00 AM**  
**Teleconference Meeting via Zoom**

**PRELIMINARY BUSINESS**

1. Call to Order  
 The meeting was called to order at 10:05 AM.

2. Roll Call

**Members Present**

**Members Absent**

- C. Sternquist, President
- M. Clark, 1st Vice President
- B. Shevlin, 2nd Vice President/Homelessness Chair
- T. Hepburn, 3rd Vice President
- D. Bertone, EENR Chair
- J. Fasana, Transportation Chair
- D. Mahmud, Water Policy Chair
- T. Sandoval, ACE Chair

**Staff/Guests:**

- M. Creter, SGVCOG Executive Director
- K. Ward; C. Sims; R. Alimoren; A. Fung, SGVCOG Staff
- C. Trapesonian, Woodruff, Spradlin & Smart
- M. Gardner; D. McDonald, Citizens Business Bank

3. Public Comment  
 There were no comments from the public.
4. Changes to Agenda Order:  
 There were no changes to the agenda order.

**CONSENT CALENDAR**

5. Executive Committee Meeting Minutes  
*Recommended Action: Approve Executive Committee minutes.*

**There was a motion to approve the consent calendar (M/S: T. Hepburn/D. Mahmud).**

**[MOTION PASSES]**

<b>AYES:</b>	C. Sternquist, B. Shevlin, T. Hepburn, J. Fasana, D. Mahmud, T. Sandoval, D. Bertone, M. Clark
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

**PRESENTATION**

6. SGVCOG Investment Account Updates: Michael Gardner, Senior Portfolio Manager, Citizens Business Bank; Dick McDonald, Manager Fixed Income, Citizens Business Bank  
 M. Gardner and D. McDonald from Citizens Business Bank presented on this item.

**UPDATE ITEMS**

- Audit Status Report  
R. Alimoren provided an update on this item.
- SGVCOG Officer Election Update  
K. Ward presented on this item. The Committee was presented with four alternate methods to conducting the FY 20-21 officer elections: Mail in ballots, election via Zoom, DocuSign ballots, and electronic survey. The staff recommendation was to proceed with using the electronic survey to conduct the elections using a staggered schedule to allow for Board Members to run for multiple officer positions.

**There was a motion to present the election alternate options for conducting the FY 20-21 officer elections to the Governing Board and recommend the Governing Board only allow Board Members to run for one Officer position. (M/S: M. Clark / D. Bertone).**

**There was a substitute motion to approve staff recommendation on the electronic survey method procedure to the Governing Board and make no recommendation on single/multiple officer election schedule presented by staff (M/S: D. Mahmud/ B. Shevlin).**

[MOTION PASSES]

<b>AYES:</b>	C. Sternquist, B. Shevlin, T. Hepburn, J. Fasana, D. Mahmud, T. Sandoval
<b>NOES:</b>	D. Bertone, M. Clark
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

- Updated Salary Resolution  
K. Ward presented on this item.

**PRESIDENT’S REPORT**

- C. Sternquist reported on this item.

**EXECUTIVE DIRECTOR’S REPORT**

- M. Creter reported on this item. She provided an update on the Regional Housing Trust.

**GENERAL COUNSEL’S REPORT**

- No report was given.

**ACTION ITEMS**

7. Los Angeles County Eviction Moratorium Letter

C. Sims reported on this item. There was discussion to include in the letter to state that in the event that the County moves forward and implements the Countywide Baseline Eviction Moratorium, request the County commits to meeting with the cities and hearing the cities’ concerns with regards to discussing and evaluating the impacts of the ordinance and entertaining improvements of the ordinance.

**There was a motion to submit a letter, as amended, to the Los Angeles County Board of Supervisors opposing the County's motion that its eviction moratorium automatically be applied as the baseline in all incorporated cities within Los Angeles County and ask that the**

**Board of Supervisors work with cities that have adopted their own eviction moratoriums.  
(M/S: B. Shevlin/ T. Hepburn).**

**[MOTION PASSES]**

<b>AYES:</b>	C. Sternquist, B. Shevlin, T. Hepburn, D. Mahmud, D. Bertone, M. Clark
<b>NOES:</b>	
<b>ABSTAIN:</b>	J. Fasana, T. Sandoval
<b>ABSENT:</b>	

8. Draft Governing Board Agenda

M. Creter presented on this item. She reported there would an additional item on the assignment of housing funds for the Regional Housing Trust. There was also a request to delay the letter to the CPUC regarding SCE rate increases to a future Governing Board meeting.

**There was a motion to approve the draft SGVCOG Governing Board agenda as amended.  
(M/S: B. Shevlin/ T. Hepburn).**

**[MOTION PASSES]**

<b>AYES:</b>	C. Sternquist, B. Shevlin, T. Hepburn, J. Fasana, D. Mahmud, T. Sandoval, D. Bertone, M. Clark
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

**ANNOUNCEMENTS**

D. Mahmud thanked staff for working on submitting a letter to the Los Angeles County Board of Supervisors on the County Charter Amendment. T. Sandoval thanked the members of the Executive Committee for their leadership.

**ADJOURN**

The meeting adjourned at 12:15 PM.



# REPORT

DATE: August 31, 2020

TO: Executive Committee  
Governing Board

FROM: Marisa Creter, Executive Director

RE: **APPROVAL OF SECTION 115 TRUST ACCOUNT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

## **RECOMMENDED ACTIONS**

Approve the following:

- (1) An Agreement with the California Public Employment Retirement System (CalPERS) to participate in the California Employers' Pension Prefunding Trust (CEPPT) Fund;
- (2) The Delegation of Authority to Request Disbursements to the Executive Director; the Director of Finance and the Administrative Services Manager; and
- (3) Authorize the Executive Director to sign the agreement and all associated documents; and
- (4) To deposit \$1,442,635 million into the Trust account; and
- (5) To select CEPPT Asset Allocation Strategy 2.

## **BACKGROUND**

In March 2019, the Governing Board approved several recommendations as a result of a comprehensive retirement benefits study. The key recommendation approved by the Governing Board was direction to authorize the Executive Director to establish a Section 115 trust with CalPERS and place in the trust an amount of funding, from grants and other project funding sources (e.g. railroad contributions), to cover potential future costs associated with employees that have worked on the ACE Project. Additionally, as a result of the Board's direction, a payment to CalPERS of \$30,105 was made in November 2019 to cover the UAL for the SGVCOG's PEPRA plan. The UAL is the market value of assets minus the discounted value of future liability. Table 1 provides a summary of the SGVCOG's current funded status and UAL. See Attachment A for the complete Classic and PEPRA CalPERS Annual Valuation Report as of June 30, 2019.

	<b>Classic (Miscellaneous)<sup>1</sup></b>	<b>PEPRA</b>
Discount Rate	7%	7%
Funded Status	101.3%	92.6%
UAL	\$ (150,517)	\$31,209 <sup>2</sup>

**Table 1.**  
**SGVCOG Funded Status and UAL (2019).**

<sup>1</sup> The SGVCOG currently offers two CalPERS retirement benefits, 2% @ 55 for Classic CalPERS members and 2% @ 62 (PEPRA) for employees hired after January 1, 2013 that did not already have Classic status.

<sup>2</sup> As the PEPRA UAL payment was made in November 2019, it was not reflected in the most recent CalPERS valuation report, as it includes data through June 30, 2019.

It is important to note that the SGVCOG is unique in being one of the few CalPERS members that does not currently have a significant UAL. This is because of the SGVCOG making additional discretionary payments to reduce the UAL several years ago, specifically for the Classic plan. Since the Classic Plan makeup is entirely ACE Project assigned staff, the additional payments were recovered by its funding sources.

While the UAL is not an issue at this time, there is potential for the UAL to increase, either due to reduction in staff size due to the completion of the ACE project, which would reduce normal payments, or potential economic issues, such as a recession or depression, which would reduce the value of the portfolio. Due to these issues and the Board's prior direction, staff is currently working with CALPERS to establish a Section 115 trust to secure funding for potential future costs. A Section 115 trust is a special irrevocable trust fund and has the advantage that funds deposited may be invested in higher-yielding instruments than the SGVCOG Investment Policy allows. Once funds are deposited into the irrevocable trust account, they may not be withdrawn for any purpose other than funding the costs of employer's retiree benefits. Funds can be used to prefund normal cost contributions, make additional discretionary payments or as a contingency fund for future volatility.

CalPERS offers two diversified strategic asset allocation options with low and moderate risk levels as follows:

- **Strategy 1:** has a 10-year expected rate of return of 5% with an expected volatility of 8.2%
- **Strategy 2:** has a 10-year expected rate of return of 4% and expected volatility rate of 5.2%.

Staff recommends Strategy 2, which is the more conservative approach. The SGVCOG would need to enter into an agreement and adopt a resolution in order to participate in the Section 115 trust, see Attachment B and Attachment C respectively. Additionally, a certificate of funding policy will need to be submitted to CalPERS to memorialize the selected investment strategy, see Attachment D. The program will be managed by CalPERS and plan balances will be included in quarterly reporting to the Governing Board.

## **FISCAL IMPACT**

The current employer contributions (as a percent of salaries) for the SGVCOG's two plans are as follows:

- Classic: 10.484%
- PEPR: 7.732%.

Staff is recommending establishing a financial goal of having funds invested into the Section 115 trust equal to five years of employer contributions. Based on current staffing levels and salaries, staff has calculated that amount to be \$1,442,635. Of the total, \$1,227,257 (85%) of these costs are associated with staff working on the ACE project. The remaining \$215,378 (15%) reflects costs associated with staff working on the overall operations of the SGVCOG and other non-capital projects and programs.

Staff is recommending two different strategies for investing funds into the Section 115 trust to reflect both the operating and capital functions of the SGVCOG, as follows:

- **Capital Projects and Construction:** Staff is recommending making an initial deposit of \$1,227,257 million from unrestricted Union Pacific Railroad contributions from the ACE Project. When the ACE Project is closed out, which is anticipated to occur in 3-5 years, the SGVCOG can request an actuarial analysis to determine the financial obligation for all ACE Project assigned employees through that date, and this amount will be invoiced to funding agencies as part of project close out costs and deposited into the Section 115 Trust. This amount is currently estimated at \$7.3 - \$9.6 million.
- **Operations:** For staff working on the SGVCOG operations and non-capital projects and programs, staff is recommending spreading the 5-year pre-payment of employer contributions over the next five years. This anticipated cost of \$43,076 would be made annually from the SGVCOG's general fund and other non-capital program funds incorporated into the annual budget. The amount paid by each source will be calculated based on labor allocation and in compliance with funding guidelines.

Prepared by: Deanna Stanley  
Deanna R. Stanley  
Administrative Services Manager

Prepared by: Reynaldo Alimoren  
Reynaldo Alimoren  
Director of Finance

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

**ATTACHMENTS:**

- Attachment A - Classic and PEPRA CalPERS Annual Valuation Report as of June 30, 2019
- Attachment B - Agreement and Election to Prefund Employer Contributions to Defined Benefit Pension Plan
- Attachment C - Delegation of Authority to Request Disbursements
- Attachment D - Certification of Funding Policy

Attachment A**California Public Employees' Retirement System****Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

**888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)**

July 2020

Miscellaneous Plan of the San Gabriel Valley Council of Governments  
 (CalPERS ID: 1385958960)  
 Annual Valuation Report as of June 30, 2019

Dear Employer,

Attached to this letter, you will find the June 30, 2019 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2021-22. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2019.

Section 2 can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2019 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 1, 2020.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

**Required Contribution**

The exhibit below displays the minimum employer contributions, before any cost sharing, for fiscal year 2021-22 along with estimates of the required contributions for fiscal year 2022-23. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2021-22	10.34%	\$0
<i>Projected Results</i>		
2022-23	10.3%	\$0

Miscellaneous Plan of the San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)  
Annual Valuation Report as of June 30, 2019  
Page 2

The actual investment return for fiscal year 2019-20 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2019-20 differs from 7.00%, the actual contribution requirements for fiscal year 2022-23 will differ from those shown above.* For additional details regarding the assumptions and **methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section.** This section also contains projected required contributions through fiscal year 2026-27.

#### Changes from Previous **Year's Valuation**

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effects of the changes on the required contributions are included in the "Reconciliation of Required Employer Contributions" section.

#### Questions

We understand that you might have some questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 1, 2020 to contact us with actuarial questions. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,



SCOTT TERANDO  
Chief Actuary



Actuarial Valuation  
as of June 30, 2019

for the  
Miscellaneous Plan  
of the  
San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)

Required Contributions  
for Fiscal Year  
July 1, 2021 - June 30, 2022

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

# Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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Plan Specific Information  
for the  
Miscellaneous Plan  
of the  
San Gabriel Valley Council of  
Governments

(CalPERS ID: 1385958960)  
(Valuation Rate Plan ID: 3634)

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## Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2019 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2019 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public **Employees' Retirement Law**.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2019 and employer contribution as of July 1, 2021 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



ALEX GRUNDER, ASA, MAAA  
Associate Pension Actuary, CalPERS

## Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded Status**
- Projected Employer Contributions
- Cost
- Changes Since the Prior Year's **V**aluation
- Subsequent Events

## Introduction

This report presents the results of the June 30, 2019 actuarial valuation of the Miscellaneous Plan of the San Gabriel Valley Council of Governments **of the California Public Employees' Retirement System (CalPERS)**. This actuarial valuation sets the required employer contributions for fiscal year 2021-22.

## Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the San Gabriel Valley Council of Governments of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2019;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2021 through June 30, 2022; and
- Provide actuarial information as of June 30, 2019 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

### Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A **"Scenario Test,"** projecting future results under different investment income returns.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

## Required Employer Contributions

	Fiscal Year
Required Employer Contributions	2021-22
Employer Normal Cost Rate	10.34%
<i>Plus, Either</i>	
1) Monthly Employer Dollar UAL Payment	\$0.00
<i>Or</i>	
2) Annual UAL Prepayment Option*	\$0
<i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).</i>	
<i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Any prepayment totaling over \$5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.</i>	
<i>In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.</i>	

	Fiscal Year	Fiscal Year
	2020-21	2021-22
Development of Normal Cost as a Percentage of Payroll <sup>1</sup>		
Base Total Normal Cost for Formula	17.392%	17.25%
Surcharge for Class 1 Benefits <sup>2</sup>		
None	0.000%	0.00%
Phase out of Normal Cost Difference <sup>3</sup>	0.000%	0.00%
<b>Plan's Total Normal Cost</b>	<u>17.392%</u>	<u>17.25%</u>
Formula's Expected Employee Contribution Rate	<u>6.908%</u>	<u>6.91%</u>
Employer Normal Cost Rate	10.484%	10.34%
Projected Payroll for the Contribution Fiscal Year	\$2,869,675	\$2,082,760
Estimated Employer Contributions Based on Projected Payroll		
<b>Plan's Estimated Employer Normal Cost</b>	\$300,857	\$215,357
<b>Plan's Payment on Amortization Bases<sup>4</sup></b>	0	0
% of Projected Payroll (illustrative only)	0.000%	0.00%
Estimated Total Employer Contribution	\$300,857	\$215,357
% of Projected Payroll (illustrative only)	10.484%	10.34%

<sup>1</sup> The results shown for fiscal year 2020-21 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2019.

<sup>2</sup> Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

<sup>3</sup> The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100% for the first year of pooling and is incrementally reduced by 20% of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

<sup>4</sup> See Schedule of Plan's Amortization Bases.

## Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2021-22 fiscal year is \$0. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2021-22 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the **"Amortization Schedule and Alternatives"** section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

### Minimum Required Employer Contribution for Fiscal Year 2021-22

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$215,357	\$0	\$0	\$0	\$215,357

### Alternative Fiscal Year 2021-22 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP <sup>1</sup>	Total UAL Contribution	Estimated Total Contribution
5 years	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2021 as determined in the June 30, 2019 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

## Plan's Funded Status

	June 30, 2018	June 30, 2019
1. Present Value of Projected Benefits (PVB)	\$14,390,743	\$14,005,434
2. Entry Age Normal Accrued Liability (AL)	10,819,030	11,430,968
3. <b>Plan's Market Value of Assets (MVA)</b>	11,081,365	11,581,485
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	(262,335)	(150,517)
5. Funded Ratio [(3) / (2)]	102.4%	101.3%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover **estimated termination liabilities**, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

## Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As of the preparation date of this report, the year to date return for the 2019-20 fiscal year was well below the 7% assumed return. Actual contribution rates during this projection period could be significantly higher than the projection shown below.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2019-20)				
		2021-22	2022-23	2023-24	2024-25	2025-26
Normal Cost %	10.34%	10.3%	10.3%	10.3%	10.3%	10.3%
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

## Cost

### Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- The Normal Cost, expressed as a percentage of total active payroll
- The Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to FY 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component will continue to be expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

**These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature.**

We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.8% over the 20 years ending June 30, 2019, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

## Changes Since the Prior **Year's** Valuation

### Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to **the "Plan's Major Benefit Options" and Appendix B** for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown **in the "(Gain)/Loss Analysis" and the effect on the employer contribution is shown in the "Reconciliation of Required Employer Contributions."** **It should be noted that no change in liability or contribution is shown for any plan changes which were already included in the prior year's valuation.**

### Actuarial Methods and Assumptions

The CalPERS Board of Administration adopted a new amortization policy effective with this actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on UAL bases attributable to assumption and method changes and non-investment gains/losses. The new policy also does not utilize a 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers, the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2017. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the life expectancy of plan members and projected cash flow needs to the plan.

## Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2019. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2019-20 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2020. Any subsequent changes or actions are not reflected.

## Assets and Liabilities

- Breakdown of Entry Age Normal Accrued Liability
- **Allocation of Plan's Share of Pool's** Experience/Assumption Change
- **Development of Plan's Share of Pool's** Market Value of Assets
- **Schedule of Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

## Breakdown of Entry Age Normal Accrued Liability

Active Members	\$4,801,985
Transferred Members	389,768
Terminated Members	905,466
Members and Beneficiaries Receiving Payments	<u>5,333,749</u>
Total	\$11,430,968

## Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$11,430,968
2. Projected UAL balance at 6/30/2019	(251,456)
3. Pool's Accrued Liability <sup>1</sup>	18,394,114,919
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2019 <sup>1</sup>	4,268,374,183
5. Pool's 2018/19 Investment (Gain)/Loss <sup>1</sup>	68,711,010
6. Pool's 2018/19 Non-Investment (Gain)/Loss <sup>1</sup>	70,985,020
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	56,826
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	44,113
9. Plan's New (Gain)/Loss as of 6/30/2019: $(7) + (8)$	100,940
10. Other Changes in the UAL <sup>2</sup>	0

<sup>1</sup> Does not include plans that transferred to Pool on the valuation date.

<sup>2</sup> May include Golden Handshakes, Service Purchases, etc. See Schedule of Plan's Amortization Bases for details.

## Development of the Plan's Share of Pool's Market Value of Assets

11. Plan's UAL: $(2) + (9) + (10)$	(\$150,517)
12. Plan's Share of Pool's MVA: $(1) - (11)$	\$11,581,485

CALPERS ACTUARIAL VALUATION - June 30, 2019  
 Miscellaneous Plan of the San Gabriel Valley Council of Governments  
 CalPERS ID: 1385958960

## Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2019.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2021-22.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2021-22	Ramp Shape	Escala- tion Rate	Amort. Period	Balance 6/30/19	Expected Payment 2019-20	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Minimum Required Payment 2021-22
Fresh Start	6/30/19	No Ramp		0.00%	N/A	(150,517)	(20,451)	(139,899)	0	(149,691)	0
Total						(150,517)	(20,451)	(139,899)	0	(149,691)	0

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

## Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative **"fresh start"** amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing **the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.**

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

## Amortization Schedule and Alternatives

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	N/A Year Amortization		N/A Year Amortization	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2021	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2022						
6/30/2023						
6/30/2024						
6/30/2025						
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6/30/2027						
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6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
Total		N/A		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

## Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)
2016 - 17	8.377%	\$29,857
2017 - 18	8.418%	28,959
2018 - 19	8.892%	13,568
2019 - 20	9.680%	0
2020 - 21	10.484%	0
2021 - 22	10.34%	0

## Funding History

The funding history below shows the **plan's actuarial accrued liability**, **share of the pool's market value of assets**, **share of the pool's unfunded liability**, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	\$4,081,296	\$3,339,706	\$741,590	81.8%	\$2,294,319
06/30/2012	4,639,428	3,580,566	1,058,862	77.2%	2,414,903
06/30/2013	5,532,529	4,496,264	1,036,265	81.3%	2,684,185
06/30/2014	6,493,620	5,640,185	853,435	86.9%	2,755,091
06/30/2015	7,199,658	6,252,569	947,089	86.8%	2,668,019
06/30/2016	8,092,320	6,841,382	1,250,938	84.5%	2,759,465
06/30/2017	9,305,151	8,987,356	317,795	96.6%	2,860,788
06/30/2018	10,819,030	11,081,365	(262,335)	102.4%	2,645,375
06/30/2019	11,430,968	11,581,485	(150,517)	101.3%	1,919,967

## Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

## Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2019-20, 2020-21, 2021-22 and 2022-23). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2019-20, 2020-21, 2021-22, and 2022-23, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2023. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup>, and 95<sup>th</sup> percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2019-20 through 2022-23	Projected Employer Contributions			
	2022-23	2023-24	2024-25	2025-26
1.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	\$14,000	\$45,000	\$94,000	\$161,000
4.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	\$5,200	\$19,000	\$43,000	\$76,000
7.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	\$0	\$0	\$0	\$0
9.0%				
Normal Cost	10.6%	10.8%	11.0%	11.2%
UAL Contribution	\$0	\$0	\$0	\$0
12.0%				
Normal Cost	10.6%	10.8%	11.0%	11.2%
UAL Contribution	\$0	\$0	\$0	\$0

These projections reflect the impact of the CalPERS risk mitigation policy, which reduces the discount rate when investment returns exceed specified trigger points.

## Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2019 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

### Sensitivity to the Real Rate of Return Assumption

As of June 30, 2019	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	21.50%	17.25%	14.00%
b) Accrued Liability	\$12,989,818	\$11,430,968	\$10,138,673
c) Market Value of Assets	\$11,581,485	\$11,581,485	\$11,581,485
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,408,333	(\$150,517)	(\$1,442,812)
e) Funded Status	89.2%	101.3%	114.2%

### Sensitivity to the Price Inflation Assumption

As of June 30, 2019	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	18.39%	17.25%	15.89%
b) Accrued Liability	\$12,130,069	\$11,430,968	\$10,529,722
c) Market Value of Assets	\$11,581,485	\$11,581,485	\$11,581,485
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$548,584	(\$150,517)	(\$1,051,763)
e) Funded Status	95.5%	101.3%	110.0%

## Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2019 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2019	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	17.55%	17.25%	16.97%
b) Accrued Liability	\$11,664,870	\$11,430,968	\$11,214,988
c) Market Value of Assets	\$11,581,485	\$11,581,485	\$11,581,485
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$83,385	(\$150,517)	(\$366,497)
e) Funded Status	99.3%	101.3%	103.3%

## Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way **to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability**. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2018	June 30, 2019
1. Retired Accrued Liability	3,876,636	5,333,749
2. Total Accrued Liability	10,819,030	11,430,968
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.36	0.47

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2018	June 30, 2019
1. Number of Actives	21	16
2. Number of Retirees	8	11
3. Support Ratio [(1) / (2)]	2.63	1.45

## Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

### Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

### Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2018	June 30, 2019
1. Market Value of Assets	\$11,081,365	\$11,581,485
2. Payroll	2,645,375	1,919,967
3. Asset Volatility Ratio (AVR) [(1) / (2)]	4.2	6.0
4. Accrued Liability	\$10,819,030	\$11,430,968
5. Liability Volatility Ratio (LVR) [(4) / (2)]	4.1	6.0

## Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.31	3.67	3.1	3.3
06/30/2018	0.36	2.63	4.2	4.1
06/30/2019	0.47	1.45	6.0	6.0

## Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2019. The plan liability on a termination basis is calculated differently **compared to the plan's ongoing funding liability**. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability <sup>1,2</sup> @ 1.75%	Funded Status	Unfunded Termination Liability @ 1.75%	Hypothetical Termination Liability <sup>1,2</sup> @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
\$11,581,485	\$23,095,041	50.2%	\$11,513,556	\$18,489,825	62.6%	\$6,908,340

<sup>1</sup> The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

<sup>2</sup> The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.31% on June 30, 2019, and was 1.83% on January 31, 2020.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

## Participant Data

The table below shows a summary of **your plan's** member data upon which this valuation is based:

	June 30, 2018	June 30, 2019
Reported Payroll	\$2,645,375	\$1,919,967
Projected Payroll for Contribution Purposes	\$2,869,675	\$2,082,760
Number of Members		
Active	21	16
Transferred	3	3
Separated	4	6
Retired	8	11

## List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

CALPERS ACTUARIAL VALUATION - June 30, 2019  
 Miscellaneous Plan of the San Gabriel Valley Council of Governments  
 CalPERS ID: 1385958960

## Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

## Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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### Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website  
([www.calpers.ca.gov](http://www.calpers.ca.gov)) in the Forms and  
Publications section**

Attachment B

**CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST PROGRAM**

**AGREEMENT AND ELECTION  
OF**

---

(NAME OF EMPLOYER)

**to Prefund Employer Contributions to a Defined Benefit  
Pension Plan**

WHEREAS (1) Government Code (GC) Section 21711(a) establishes in the State Treasury the California Employers' Pension Prefunding Trust Fund (CEPPT), a special trust fund for the purpose of allowing eligible employers to prefund their required pension contributions to a defined benefit pension plan (each an Employer Pension Plan) by receiving and holding in the CEPPT amounts that are intended to be contributed to an Employer Pension Plan at a later date; and

WHEREAS (2) GC Section 21711(b) provides that the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control of the administration and investment of the CEPPT, the purposes of which include, but are not limited to (i) receiving contributions from participating employers; (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds; and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the CEPPT and to deposit employer contributions into Employer Pension Plans in accordance with their terms; and

WHEREAS (3) \_\_\_\_\_  
(NAME OF EMPLOYER)

(Employer) desires to participate in the CEPPT upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the CEPPT upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The CEPPT is a trust fund that is intended to perform an essential governmental function (that is, the investment of funds by a State, political subdivision or 115 entity) within the meaning of Internal Revenue Code (Code) Section 115 and Internal Revenue Service Revenue Ruling 77-261, and as an Investment Trust Fund, as defined in Governmental Accounting Standards Board (GASB) Statement No. 84, Paragraph 16, for accounting and financial reporting of fiduciary activities from the

external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in Paragraph 11c(1).

WHEREAS (6) The CEPPT is not a Code Section 401(a) qualified trust and the assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a).

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Employer Representation and Warranty

Employer hereby represents and warrants that it is the State of California or a political subdivision thereof, or an entity whose income is excluded from gross income under Code Section 115(1).

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the CEPPT by adopting this Agreement and filing with the Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to: CalPERS  
CEPPT  
P.O. Box 1494  
Sacramento, CA 95812-1494

Filing in person, deliver to: CalPERS Mailroom  
CEPPT  
400 Q Street  
Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement. Employer shall provide the Board such other documents as the Board may request, including, but not limited to a certified copy of the resolution(s) of the governing body of Employer authorizing the adoption of the Agreement and documentation naming Employer's successor entity in the event that Employer ceases to exist prior to termination of this Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both the Board and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the CEPPT, to carry out the purposes of this Agreement, and to maintain the tax-exempt status of the CEPPT. Employer agrees to follow such procedures and processes.

### C. Employer Reports Provided for the Board's Use in Trust Administration and Financial Reporting and Employer Contributions

(1) Employer shall provide to the Board a defined benefit pension plan cost report on the basis of the actuarial assumptions and methods prescribed by Actuarial Standards of Practice (ASOP) or prescribed by GASB. Such report shall be for the Board's use in trust administration and financial reporting and shall be prepared at least as often as the minimum frequency required by applicable GASB Standards. This defined benefit pension plan cost report may be prepared as an actuarial valuation report or as a GASB compliant financial report. Such report shall be:

- 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
- 2) prepared in accordance with ASOP or with GASB; and
- 3) provided to the Board prior to the Board's acceptance of contributions for the reporting period or as otherwise required by the Board.

(2) In the event that the Board determines, in its sole discretion, that Employer's cost report is not suitable for the Board's purposes and use or if Employer fails to provide a required report, the Board may obtain, at Employer's expense, a report that meets the Board's trust administration and financial reporting needs. At the Board's option, the Board may recover the costs of obtaining the report either by billing and collecting such amount from Employer or through a deduction from Employer's Prefunding Account (as defined in Paragraph D(2) below).

(3) Employer shall notify the Board in writing of the amount and timing of contributions to the CEPPT, which contributions shall be made in the manner established by the Board and in accordance with the terms of this Agreement and any procedures adopted by the Board.

(4) The Board may limit Employer's contributions to the CEPPT to the amount necessary to fully fund the actuarial present value of total projected benefit payments not otherwise prefunded through the applicable Employer Pension Plan (Unfunded PVFB), as set forth in Employer's cost report for the applicable period. If Employer's contribution would cause the assets in Employer's Prefunding Account to exceed the Unfunded PVFB, the Board may refuse to accept the contribution. If Employer's cost report for the applicable period does not set forth the Unfunded PVFB, the Board may

refuse to accept a contribution from Employer if the contribution would cause the assets in Employer's Prefunding Account to exceed Employer's total pension liability, as set forth in Employer's cost report.

(5) No contributions are required. Contributions can be made at any time following the effective date of this Agreement if Employer has first complied with the requirements of this Agreement, including Paragraph C.

(6) Employer acknowledges and agrees that assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a), and will not become assets of such a plan unless and until such time as they are distributed from the CEPPT and deposited into an Employer Pension Plan.

#### D. Administration of Accounts; Investments; Allocation of Income

(1) The Board has established the CEPPT as a trust fund consisting of an aggregation of separate single-employer accounts, with pooled administrative and investment functions.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the CEPPT (Employer's Prefunding Account). Assets in Employer's Prefunding Account will be held for the exclusive purpose of funding Employer's contributions to its Employer Pension Plan(s) and defraying the administrative expenses of the CEPPT.

(3) The assets in Employer's Prefunding Account may be aggregated with the assets of other participating employers and may be co-invested by the Board in any asset classes appropriate for a Code Section 115 trust, subject to any additional requirements set forth in applicable law, including, but not limited to, subdivision (d) of GC Section 21711. Employer shall select between available investment strategies in accordance with applicable Board procedures.

(4) The Board may deduct the costs of administration of the CEPPT from the investment income of the CEPPT or from Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income earned shall be allocated among participating employers and posted to Employer's Prefunding Account daily Monday through Friday, except on holidays, when the allocation will be posted the following business day.

(6) If, at the Board's sole discretion and in compliance with accounting and legal requirements applicable to an Investment Trust Fund and to a Code Section 115 compliant trust, the Board determines to its satisfaction that all obligations to pay defined benefit pension plan benefits in accordance with the applicable Employer Pension Plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the

CEPPT, then the residual Employer assets held in Employer's Prefunding Account may be returned to Employer.

#### E. Reports and Statements

- (1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.
- (2) The Board, at its discretion but at least annually, shall prepare and provide a statement of Employer's Prefunding Account reflecting the balance in Employer's Prefunding Account, contributions made during the period covered by the statement, investment income allocated during such period, and such other information as the Board may determine.

#### F. Disbursements

- (1) Employer may receive disbursements from the CEPPT not to exceed, on an annual basis, the amount of the total annual Employer contributions to Employer's Pension Plan for such year.
- (2) Employer shall notify the Board in writing in the manner specified by the Board of the persons authorized to request disbursements from the CEPPT on behalf of Employer.
- (3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board, and the Board may rely conclusively upon such writing. The Board may, but is not required to, require that Employer certify or otherwise demonstrate that amounts disbursed from Employer's Prefunding Account will be used solely for the purposes of the CEPPT. However, in no event shall the Board have any responsibility regarding the application of distributions from Employer's Prefunding Account.
- (4) No disbursement shall be made from the CEPPT which exceeds the balance in Employer's Prefunding Account.
- (5) Requests for disbursements that satisfy the above requirements will be processed on at least a monthly basis.
- (6) The Board shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements, and is under no duty to make any investigation or inquiry about the correctness of such instruction. In the event of any other erroneous disbursement, the extent of the Board's liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

## G. Costs of Administration

Employer shall pay its share of the costs of administration of the CEPPT, as determined by the Board and in accordance with Paragraph D.

## H. Termination of Employer's Participation in the CEPPT

(1) The Board may terminate Employer's participation in the CEPPT if:

- (a) Employer's governing body gives written notice to the Board of its election to terminate; or
- (b) The Board determines, in its sole discretion, that Employer has failed to satisfy the terms and conditions of applicable law, this Agreement or the Board's rules, regulations or procedures.

(2) If Employer's participation in the CEPPT terminates for either of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the CEPPT, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D, and Employer shall remain subject to the terms of this Agreement with respect to such assets.

(3) After Employer's participation in the CEPPT terminates, Employer may not make further contributions to the CEPPT.

(4) After Employer's participation in the CEPPT terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After Employer's participation in the CEPPT terminates, the governing body of Employer may request either:

- (a) A trustee to trustee transfer of the assets in Employer's Prefunding Account to a trust dedicated to prefunding Employer's required pension contributions; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.

- (b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of defined benefit pension plan benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the CEPPT terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate. To the extent that assets remain in Employer's Prefunding Account, this Agreement shall remain in full force and effect.

(7) If, for any reason, the Board terminates the CEPPT, the assets in Employer's Prefunding Account shall be paid to Employer to the extent permitted by law and Code Section 115 after retention of (i) an amount sufficient to pay the Unfunded PVFB as set forth in a current defined benefit pension plan(s) cost report prepared in compliance with ASOP and the requirements of Paragraph C(1), and (ii) amounts sufficient to pay reasonable administrative costs of the Board. Amounts retained by the Board to pay the Unfunded PVFB shall be transferred to (i) another Code Section 115 trust dedicated to prefunding Employer's required pension contributions, subject to the Board's determination that such transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties or (ii) Employer's Pension Plan, subject to acceptance by Employer's Pension Plan.

(8) If Employer ceases to exist but Employer's Prefunding Account continues to exist, and if no provision has been made to the Board's satisfaction by Employer with respect to Employer's Prefunding Account, the Board shall be permitted to identify and appoint a successor to Employer under this Agreement, provided that the Board first determines, in its sole discretion, that there is a reasonable basis upon which to identify and appoint such a successor and provided further that such successor agrees in writing to be bound by the terms of this Agreement. If the Board is unable to identify or appoint a successor as provided in the preceding sentence, then the Board is authorized to appoint a third-party administrator or other successor to act on behalf of Employer under this Agreement and to otherwise carry out the intent of this Agreement with respect to Employer's Prefunding Account. Any and all costs associated with such appointment shall be paid from the assets attributable to Employer's Prefunding Account. At the Board's option, and subject to acceptance by Employer's Pension Plan,

the Board may instead transfer the assets in Employer's Prefunding Account to Employer's Pension Plan and terminate this Agreement.

(9) If the Board determines, in its sole discretion, that Employer has breached the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the CEPPT.

I. Indemnification

Employer shall indemnify, defend, and hold harmless CalPERS, the Board, the CEPPT, and all of the officers, trustees, agents and employees of the foregoing from and against any loss, liability, claims, causes of action, suits, or expense (including reasonable attorneys' fees and defense costs, lien fees, judgments, fines, penalties, expert witness fees, appeals, and claims for damages of any nature whatsoever) not charged to the CEPPT and imposed as a result of, arising out of, related to or in connection with (1) the performance of the Board's duties or responsibilities under this Agreement, except to the extent that such loss, liability, suit or expense results or arises from the Board's own gross negligence, willful misconduct or material breach of this Agreement, or (2) without limiting the scope of Paragraph F(6) of this Agreement, any acts taken or transactions effected in accordance with written directions from Employer or any of its authorized representatives or any failure of the Board to act in the absence of such written directions to the extent the Board is authorized to act only at the direction of Employer.

J. General Provisions

(1) Books and Records

Employer shall keep accurate books and records connected with the performance of this Agreement. Such books and records shall be kept in a secure location at Employer's office(s) and shall be available for inspection and copying by the Board and its representatives.

(2) Notice

(a) Any notice or other written communication pursuant to this Agreement will be deemed effective immediately upon personal delivery, or if mailed, three (3) days after the date of mailing, or if delivered by express mail or e-mail, immediately upon the date of confirmed delivery, to the following:

For the Board:

Filing by mail, send to:  
CalPERS  
CEPPT  
P.O. Box 1494  
Sacramento, CA 95812-1494

Filing in person, deliver to:  
CalPERS Mailroom  
CEPPT  
400 Q Street  
Sacramento, CA 95811

For Employer:

(b) Either party to this Agreement may, from time to time by notice in writing served upon the other, designate a different mailing address to which, or a different person to whom, all such notices thereafter are to be addressed.

(3) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of this Agreement shall survive the termination of this Agreement.

(4) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(5) Necessary Acts; Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

(6) Incorporation of Amendments to Applicable Laws and Accounting Standards

Any references to sections of federal or state statutes or regulations or accounting standards shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

(7) Days

Wherever in this Agreement a set number of days is stated or allowed for a particular event to occur, the days are understood to include all calendar days, including weekends and holidays, unless otherwise stated.

(8) No Third Party Beneficiaries

Except as expressly provided herein, this Agreement is for the sole benefit of the parties hereto and their permitted successors and assignees, and nothing herein, expressed or implied, will give or be construed to give any other person any legal or equitable rights hereunder. Notwithstanding the foregoing, CalPERS, the CEPPT, and all of the officers, trustees, agents and employees of CalPERS, the CEPPT and the Board shall be considered third party beneficiaries of this Agreement with respect to Paragraph I above.

(9) Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

A majority vote of Employer's Governing Body at a public meeting held on the \_\_\_\_\_ day of the month of \_\_\_\_\_ in the year \_\_\_\_\_, authorized entering into this Agreement.

Signature of the Presiding Officer: \_\_\_\_\_

Printed Name of the Presiding Officer: \_\_\_\_\_

Name of Governing Body: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Date: \_\_\_\_\_

BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_

ARNITA PAIGE

DIVISION CHIEF, PENSION CONTRACT AND PREFUNDING PROGRAMS  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS

The effective date of this Agreement is: \_\_\_\_\_



California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust (CEPPT)  
400 Q Street, Sacramento, CA 95811  
www.calpers.ca.gov

Attachment C

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Delegation of Authority to Request Disbursements  
California Employers' Pension Prefunding Trust  
(CEPPT)

**RESOLUTION  
OF THE**

\_\_\_\_\_  
(GOVERNING BODY)

**OF THE**

\_\_\_\_\_  
(NAME OF EMPLOYER)

The \_\_\_\_\_ delegates to the incumbents  
(GOVERNING BODY)

in the positions of \_\_\_\_\_ and  
(TITLE)

\_\_\_\_\_, and/or  
(TITLE)

\_\_\_\_\_  
(TITLE) authority to request on behalf of the

Employer disbursements from the Pension Prefunding Trust and to certify as to the purpose  
for which the disbursed funds will be used.

By \_\_\_\_\_

Title \_\_\_\_\_

Witness \_\_\_\_\_

Date \_\_\_\_\_



California Public Employees' Retirement System  
 California Employers' Pension Prefunding Trust (CEPPT)  
 400 Q Street, Sacramento, CA 95811  
 www.calpers.ca.gov

**California Employers' Pension Prefunding Trust (CEPPT)  
 CERTIFICATION OF FUNDING POLICY**

**EMPLOYER NAME:** \_\_\_\_\_

**SECTION I: CEPPT Asset Allocation Strategy Selection**

As the employer, I certify that my agency chooses the following CEPPT asset allocation strategy (select one):

CEPPT Asset Allocation Strategy	10 Year Expected Rate of Return	Expected Volatility (Standard Deviation)
<input type="checkbox"/> Strategy 1	5.0%	8.2%
<input type="checkbox"/> Strategy 2	4.0%	5.2%
<input type="checkbox"/> Concurrent Enrollment	-	-

**SECTION II: Contributions and Reimbursements**

As the employer, I certify that we intend to make CEPPT contributions and request eligible reimbursements in the following manner:

**Contributions:**

We intend to make an initial contribution of \$ \_\_\_\_\_ on or around \_\_\_\_\_.  
 (MM/YYYY)

For fiscal year ending June 30, \_\_\_\_\_ we intend to contribute the estimated following amount(s) in:  
 (YYYY)

Strategy 1: \$ \_\_\_\_\_ and/or

Strategy 2: \$ \_\_\_\_\_

For fiscal year ending June 30, \_\_\_\_\_ we intend to contribute the estimated following amount(s) in:  
 (YYYY)

Strategy 1: \$ \_\_\_\_\_ and/or

Strategy 2: \$ \_\_\_\_\_



California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust (CEPPT)  
400 Q Street, Sacramento, CA 95811  
www.calpers.ca.gov

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## California Employers' Pension Prefunding Trust (CEPPT) CERTIFICATION OF FUNDING POLICY

### Reimbursements:

During the two years period identified above, do you intend to seek a reimbursement?

Yes

No

If you answered yes:

For fiscal year ending June 30, \_\_\_\_\_ we intend to seek an approximate reimbursement of \$ \_\_\_\_\_.  
(YYYY)

For fiscal year ending June 30, \_\_\_\_\_ we intend to seek an approximate reimbursement of \$ \_\_\_\_\_.  
(YYYY)

### COMMENTS:

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California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust  
(CEPPT)  
400 Q Street, Sacramento, CA 95811  
www.calpers.ca.gov

## California Employers' Pension Prefunding Trust (CEPPT) CERTIFICATION OF FUNDING POLICY

We understand we will be asked to provide information to CalPERS as required to facilitate compliance with Governmental Accounting Standards Board (GASB) reporting requirements and we agree to provide this information to CalPERS on a timely basis.

We understand that CEPPT will be reported in aggregate as a fiduciary fund for CalPERS reporting. CEPPT assets will not be reported under GASB 67/68.

We understand that the cash flow information provided in Section II are estimated amounts and is being used for CEPPT asset management purposes. There is no implied commitment to contribute or reimburse.

\_\_\_\_\_  
Employer Name

\_\_\_\_\_  
Printed Name of Person Signing the Form

\_\_\_\_\_  
Title of Person Signing the Form

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designated Employer Contact Name

\_\_\_\_\_  
Title of Designated Employer Contact

\_\_\_\_\_  
Phone #

\_\_\_\_\_  
Email Address



California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust  
(CEPPT)  
400 Q Street, Sacramento, CA 95811  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

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## California Employers' Pension Prefunding Trust (CEPPT) CERTIFICATION OF FUNDING POLICY

**This page provides instructions to complete each section of the Certification of Pension Funding Policy.**

### **SECTION I: CEPPT Asset Allocation Strategy Selection**

Your CEPPT assets will be invested using the asset allocation strategy checked here. Each strategy has a different assumed 10 year expected rate of return and risk profile.

### **SECTION II: Contributions and Reimbursements**

Here we ask you to indicate how you expect to make contributions to, and seek reimbursement from, the trust. All contributions are voluntary and never required. This section is for informational purpose. There is no implied commitment to contribute or reimburse. Information provided is intended for investment forecast and asset management purposes.



AGENDA AND NOTICE OF THE MEETING OF THE  
 SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS GOVERNING BOARD  
**THURSDAY, SEPTEMBER 17, 2020 - 4:00 P.M.\***  
**Teleconference Meeting**  
**Livestream Available at:**

**SGVCOG Officers**

- President  
Cynthia Sternquist
- 1<sup>st</sup> Vice President  
Margaret Clark
- 2<sup>nd</sup> Vice President  
Becky Shevlin
- 3<sup>rd</sup> Vice President  
Tim Hephburn

**Members**

- Alhambra
- Arcadia
- Azusa
- Baldwin Park
- Bradbury
- Claremont
- Covina
- Diamond Bar
- Duarte
- El Monte
- Glendora
- Industry
- Irwindale
- La Cañada Flintridge
- La Puente
- La Verne
- Monrovia
- Montebello
- Monterey Park
- Pomona
- Rosemead
- San Dimas
- San Gabriel
- San Marino
- Sierra Madre
- South El Monte
- South Pasadena
- Temple City
- Walnut
- West Covina
- First District, LA County  
Unincorporated Communities
- Fourth District, LA County  
Unincorporated Communities
- Fifth District, LA County  
Unincorporated Communities
- SGV Water Districts

Thank you for participating in tonight’s meeting. The Governing Board encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** *Regular Meetings of the Governing Board are held on the third Thursday of each month at 4:00 PM at the Foothill Transit Office (100 South Vincent Avenue, West Covina, CA 91790).* The Governing Board agenda packet is available at the San Gabriel Valley Council of Government’s (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, [www.sgvkog.org](http://www.sgvkog.org). Copies are available via email upon request ([sgv@sgvkog.org](mailto:sgv@sgvkog.org)). Documents distributed to a majority of the Board after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

**PUBLIC PARTICIPATION:** Your participation is welcomed and invited at all Governing Board meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVCOG requests that persons addressing the meeting refrain from making personal, slanderous, profane or disruptive remarks.

**TO ADDRESS THE GOVERNING BOARD:** At a regular meeting, the public may comment on any matter within the jurisdiction of the Board during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. There is a three-minute limit on all public comments. Proxies are not permitted, and individuals may not cede their comment time to other members of the public. **The Governing Board may not discuss or vote on items not on the agenda.**

**AGENDA ITEMS:** The Agenda contains the regular order of business of the Governing Board. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Governing Board can be fully informed about a matter before making its decision.

**CONSENT CALENDAR:** Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Governing Board.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



**\*MEETING MODIFICATIONS DUE TO THE STATE AND LOCAL STATE OF EMERGENCY RESULTING FROM THE THREAT OF COVID-19:** On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically to promote social distancing due to the state and local State of Emergency resulting from the threat of the Novel Coronavirus (COVID-19).

To follow the new Order issued by the Governor and ensure the safety of Board Members and staff for the purpose of limiting the risk of COVID-19, in-person public participation at the Governing Board meeting scheduled for September 17, 2020 at 4:00 p.m. will not be allowed. Members of the public may view the meeting live on the SGVCOG's website. To access the meeting video, please see the link on the front page of the agenda.

Submission of Public Comments: For those wishing to make public comments on agenda and non-agenda items you may submit comments via email or by phone.

- Email: Please submit via email your public comment to Katie Ward ([kward@sgvcog.org](mailto:kward@sgvcog.org)) at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." Emailed public comments will be part of the recorded meeting minutes but will not be read aloud. A copy of all public comments will be forwarded to the Board.
- Phone: Please email your name and phone number to Katie Ward ([kward@sgvcog.org](mailto:kward@sgvcog.org)) at least 1 hour prior to the scheduled meeting time for the specific agenda item you wish to provide public comment on. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." You will be called on the phone number provided at the appropriate time, either during general public comment or specific agenda item. Wait to be called upon by staff, and then you may provide verbal comments for up to 3 minutes.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact Katie Ward at least 48 hours prior to the meeting at (626) 457-1800 or at [kward@sgvcog.org](mailto:kward@sgvcog.org).

**PRELIMINARY BUSINESS**

**5 MINUTES**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting

**LIAISON REPORTS**

6. Gold Line Foothill Extension Construction Authority
7. Foothill Transit
8. Los Angeles County Metropolitan Transportation Authority
9. San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy
10. San Gabriel Valley Mosquito & Vector Control District
11. Southern California Association of Governments
12. League of California Cities
13. San Gabriel Valley Economic Partnership
14. South Coast Air Quality Management District

**PRESIDENT'S REPORT**

**5 MINUTES**

**EXECUTIVE DIRECTOR'S REPORT**

**5 MINUTES**

**GENERAL COUNSEL'S REPORT**

**5 MINUTES**

**COMMITTEE/BOARD REPORTS**

**10 MINUTES**

15. Transportation Committee
16. Homelessness Committee
17. San Gabriel Valley Regional Housing Trust Board
18. Energy, Environment and Natural Resources Committee
19. Water Committee
20. Capital Projects and Construction Committee

**CONSENT CALENDAR**

**5 MINUTES**

*(It is anticipated that the SGVCOG Governing Board may take action on the following matters)*

21. Governing Board Meeting Minutes  
*Recommended Action: Adopt Governing Board minutes.*
22. Monthly Cash Disbursements/Balances/Transfers  
*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*
23. Committee/TAC/Governing Board Attendance  
*Recommended Action: Receive and file.*
24. Approve an Advance/Loan for MSP Funding for the I-605/Valley Boulevard Interchange Improvement Project and Assignment of the Project to the Capital Projects and Construction Committee  
*Recommended Action: Approve an advance/loan of future Measure M Subregional Programs (MSP) funding for the I-605/Valley Boulevard Interchange Project and assign this project to the Capital Projects and Construction Committee*
25. Regional Early Action Planning (REAP) Application  
*Recommended Action: Authorize the Executive Director to submit an application to SCAG for the REAP program.*

**ACTION ITEM**

**15 MINUTES**

26. Approval of Section 115 Trust Account with the California Public Employees' Retirement System

*Recommended Actions: Approve the following:*

- (1) An Agreement with the California Public Employment Retirement System (CalPERS) to participate in the California Employers' Pension Prefunding Trust (CEPPT) Fund;*
- (2) The Delegation of Authority to Request Disbursements to the Executive Director; the Director of Finance and the Administrative Services Manager; and*
- (3) Authorize the Executive Director to sign the agreement and all associated documents; and*
- (4) To deposit \$1,442,635 million into the Trust account; and*
- (5) To select CEPPT Asset Allocation Strategy 2.*

**PRESENTATIONS**

**30 MINUTES**

27. State and Federal Legislative Update Presentation: Tim Egan, SGVCOG Legislative Consultant, Capital Representation Group; Paul Hubler, Director of Government and Community Relations, SGVCOG

*Recommended Action: Provide direction to staff regarding the formation of a Legislative Policy Committee.*

28. FY 20-21 Board Officer Nominees

*Recommended Action: For information only.*

**ACTIVITY**

**15 MINUTES**

29. FY 20-21 Board Officer Election Kick-off

*Recommended Action: For information only.*

**ADJOURN**

DATE: August 31, 2020

TO: Executive Committee

FROM: Marisa Creter, Executive Director

RE: **LEGISLATIVE UPDATE: SB 1120**

## **RECOMMENDED ACTION**

Discuss and provide direction to staff.

## **BACKGROUND**

On February 19, 2020, Senators Atkins, Caballero, Rubio, and Wiener collectively introduced SB 1120 to address California's housing shortage. If passed, SB 1120 would require ministerial approval of housing developments with two units, known as duplexes, and subdivision maps that meet certain conditions.

Specifically, the bill would require cities and counties to ministerially approve a proposed housing development project containing two residential units on parcels zoned for single-family residential development if certain conditions related to the parcel and the development are met. Additionally, cities and counties must ministerially approve a parcel map on a parcel that meets specified conditions. The bill also allows cities and counties to adopt an ordinance to implement the provisions of this bill providing that such an ordinance is not a project under the California Environmental Quality Act (CEQA). Furthermore, SB 1120 allows local jurisdictions to extend the life of subdivision maps by 12 additional months.

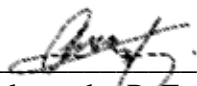
SGVCOG staff has been supporting the League of California Cities in working with the author of SB 1120 on amendments to improve the legislative intent while preserving local control. The requested amendments include the following provisions:


- Clarify that a property owner using SB 1120 is limited to constructing a duplex and not a duplex and additional ADUs on the same parcel.
- Prohibit the recordation of a lot split until construction of the housing unit on the new lot is complete, so that speculators do not sell lots and never build homes.
- Allow local governments to require adequate access for police, fire, and other public safety vehicles and equipment.
- Allow local governments to continue to determine parking standards.
- Prohibit developers from using SB 1120 in very high fire severity zones.

SB 1120 passed the Senate floor by 39-0-1 earlier in June and is expected to pass the Assembly floor in late August. SGVCOG Management Analyst, Alexander Fung, will provide a brief presentation on SB 1120 at this meeting.

# REPORT

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Prepared by:   
Alexander P. Fung  
Management Analyst

Approved by:   
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – SB 1120 Bill Language (As Amended on May 20, 2020)

Attachment B – SB 1120 Bill Analysis

Attachment A

AMENDED IN ASSEMBLY AUGUST 12, 2020

AMENDED IN ASSEMBLY JULY 27, 2020

AMENDED IN SENATE JUNE 18, 2020

AMENDED IN SENATE MAY 20, 2020

**SENATE BILL**

**No. 1120**

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**Introduced by Senators Atkins, Caballero, Rubio, and Wiener  
(Principal coauthor: Senator McGuire)  
(Coauthors: Senators Lena Gonzalez, Hill, and Roth)**

February 19, 2020

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An act to amend Section 66452.6 of, and to add Sections 65852.21 and 66411.7 to, the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 1120, as amended, Atkins. Subdivisions: tentative maps.

The Planning and Zoning Law provides for the creation of accessory dwelling units by local ordinance, or, if a local agency has not adopted an ordinance, by ministerial approval, in accordance with specified standards and conditions.

This bill, among other things, would require a proposed housing development containing 2 residential units *within a single-family residential zone* to be considered ministerially, without discretionary review or hearing, ~~within a single-family residential zone~~, if the proposed housing development meets certain requirements, including, but not limited to, that the proposed housing development would not require demolition or alteration of housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income, that the proposed housing development does not allow for the demolition of

more than 25% of the existing exterior structural walls, except as provided, and that the development is not located within a historic district, is not included on the State Historic Resources Inventory, or is not within a site that is legally designated or listed as a city or county landmark or historic property or district.

The bill would set forth what a local agency can and cannot require in approving the construction of 2 residential units, including, but not limited to, authorizing a city or county to impose objective zoning standards, objective subdivision standards, and objective design standards, as defined, unless those standards would have the effect of physically precluding the construction of up to 2 units, prohibiting the imposition of setback requirements under certain circumstances, and setting maximum setback requirements under all other circumstances.

The Subdivision Map Act vests the authority to regulate and control the design and improvement of subdivisions in the legislative body of a local agency and sets forth procedures governing the local agency's processing, approval, conditional approval or disapproval, and filing of tentative, final, and parcel maps, and the modification of those maps. Under the Subdivision Map Act, an approved or conditionally approved tentative map expires 24 months after its approval or conditional approval or after any additional period of time as prescribed by local ordinance, not to exceed an additional 12 months, except as provided.

This bill, among other things, would require a city or county to ministerially approve a parcel map or tentative and final map for an urban lot split that meets certain requirements, including, but not limited to, that the urban lot split would not require the demolition or alteration of housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income, that the parcel is located within a residential zone, and that the parcel is not located within a historic district, is not included on the State Historic Resources Inventory, or is not within a site that is legally designated or listed as a city or county landmark or historic property or district.

The bill would set forth what a local agency can and cannot require in approving an urban lot split, including, but not limited to, authorizing a city or county to impose objective zoning standards, objective subdivision standards, and objective design standards, as defined, unless those standards would have the effect of physically precluding the construction of 2 units on either of the resulting parcels, prohibiting the

imposition of setback requirements under certain circumstances, and setting maximum setback requirements under all other circumstances.

The bill would also extend the limit on the additional period that may be provided by ordinance, as described above, from 12 months to 24 months and would make other conforming or nonsubstantive changes.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment. CEQA does not apply to the approval of ministerial projects.

This bill, by establishing the ministerial review processes described above, would thereby exempt the approval of projects subject to those processes from CEQA.

By increasing the duties of local agencies with respect to land use regulations, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 65852.21 is added to the Government
- 2 Code, to read:
- 3 65852.21. (a) A proposed housing development containing
- 4 two residential units *within a single-family residential zone* shall
- 5 be considered ministerially, without discretionary review or a
- 6 hearing, ~~within a single-family residential zone~~, if the proposed
- 7 housing development meets all of the following requirements:
- 8 (1) The parcel subject to the proposed housing development is
- 9 located within a city the boundaries of which include some portion
- 10 of either an urbanized area or urban cluster, as designated by the
- 11 United States Census Bureau, or, for unincorporated areas, a legal

1 parcel wholly within the boundaries of an urbanized area or urban  
2 cluster, as designated by the United States Census Bureau.

3 (2) The parcel satisfies the requirements specified in  
4 subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision  
5 (a) of Section 65913.4.

6 (3) Notwithstanding any provision of this section or any local  
7 law, the proposed housing development would not require  
8 demolition or alteration of any of the following types of housing:

9 (A) Housing that is subject to a recorded covenant, ordinance,  
10 or law that restricts rents to levels affordable to persons and  
11 families of moderate, low, or very low income.

12 (B) Housing that is subject to any form of rent or price control  
13 through a public entity’s valid exercise of its police power.

14 ~~(C) A parcel on which an owner of residential real property has  
15 exercised the owner’s rights under Chapter 12.75 (commencing  
16 with Section 7060) of Division 7 of Title 1 to withdraw  
17 accommodations from rent or lease within 15 years before the date  
18 that the development proponent submits an application pursuant  
19 to Section 65913.4.~~

20 ~~(D)~~

21 (C) Housing that has been occupied by a tenant in the last three  
22 years.

23 (4) *The parcel subject to the proposed housing development is  
24 not a parcel on which an owner of residential real property has  
25 exercised the owner’s rights under Chapter 12.75 (commencing  
26 with Section 7060) of Division 7 of Title 1 to withdraw  
27 accommodations from rent or lease within 15 years before the  
28 date that the development proponent submits an application.*

29 ~~(4)~~

30 (5) The proposed housing development does not allow the  
31 demolition of more than 25 percent of the existing exterior  
32 structural walls, unless the housing development meets at least  
33 one of the following conditions:

34 (A) If a local ordinance so allows.

35 (B) The site has not been occupied by a tenant in the last three  
36 years.

37 ~~(5)~~

38 (6) The development is not located within a historic district or  
39 property included on the State Historic Resources Inventory, as  
40 defined in Section 5020.1 of the Public Resources Code, or within

1 a site that is designated or listed as a city or county landmark or  
2 historic property or district pursuant to a city or county ordinance.

3 (b) (1) Notwithstanding any local law and except as provided  
4 in paragraph (2), a city or county may impose objective zoning  
5 standards, objective subdivision standards, and objective design  
6 review standards that do not conflict with this section.

7 (2) (A) The city or county shall not impose objective zoning  
8 standards, objective subdivision standards, and objective design  
9 standards that would have the effect of physically precluding the  
10 construction of up to two units.

11 (B) (i) Notwithstanding subparagraph (A), no setback shall be  
12 required for an existing structure or a structure constructed in the  
13 same location and to the same dimensions as an existing structure.

14 (ii) Notwithstanding subparagraph (A), in all other circumstances  
15 not described in clause (i), a local government may require a  
16 setback of up to four feet from the side and rear lot lines.

17 (c) In addition to any conditions established in accordance with  
18 subdivision (b), a local agency may require any of the following  
19 conditions when considering an application for two residential  
20 units as provided for in this section:

21 (1) Off-street parking of up to one space per unit, except that a  
22 local agency shall not impose parking requirements in either of  
23 the following instances:

24 (A) The parcel is located within one-half mile walking distance  
25 of either a high-quality transit corridor, as defined in subdivision  
26 (b) of Section 21155 of the Public Resources Code, or a major  
27 transit stop, as defined in Section 21064.3 of the Public Resources  
28 Code.

29 (B) There is a car share vehicle located within one block of the  
30 parcel.

31 (2) For residential units connected to an onsite wastewater  
32 treatment system, a percolation test completed within the last five  
33 years, or, if the percolation test has been recertified, within the last  
34 10 years.

35 (d) A local agency shall require that a rental of any unit created  
36 pursuant to this section be for a term longer than 30 days.

37 (e) Notwithstanding Section 65852.2, a local agency shall not  
38 be required to permit an accessory dwelling unit on parcels that  
39 use both the authority contained within this section and the  
40 authority contained in Section 66411.7.

1 (f) Notwithstanding subparagraph (B) of paragraph (2) of  
2 subdivision (b), an application shall not be rejected solely because  
3 it proposes adjacent or connected structures *provided that the*  
4 *structures* meet building code safety standards and are sufficient  
5 to allow separate conveyance.

6 (g) Local agencies shall include units constructed pursuant to  
7 this section in the annual housing element report as required by  
8 subparagraph (I) of paragraph (2) of subdivision (a) of Section  
9 65400.

10 (h) For purposes of this section, all of the following apply:

11 (1) A housing development contains two residential units if the  
12 development proposes two new units or if it proposes to add one  
13 new unit to an existing unit.

14 (2) The terms “objective zoning standards,” “objective  
15 subdivision standards,” and “objective design review standards”  
16 mean standards that involve no personal or subjective judgment  
17 by a public official and are uniformly verifiable by reference to  
18 an external and uniform benchmark or criterion available and  
19 knowable by both the development applicant or proponent and the  
20 public official prior to submittal. These standards may be embodied  
21 in alternative objective land use specifications adopted by a city  
22 or county, and may include, but are not limited to, housing overlay  
23 zones, specific plans, inclusionary zoning ordinances, and density  
24 bonus ordinances.

25 (i) A local agency may adopt an ordinance to implement the  
26 provisions of this section. An ordinance adopted to implement this  
27 section shall not be considered a project under Division 13  
28 (commencing with Section 21000) of the Public Resources Code.

29 SEC. 2. Section 66411.7 is added to the Government Code, to  
30 read:

31 66411.7. (a) Notwithstanding any other provision of this  
32 division and any local law, a city or county shall ministerially  
33 approve, as set forth in this section, a parcel map or tentative and  
34 final map for an urban lot split that meets all the following  
35 requirements:

36 (1) The parcel map *or tentative and final map* subdivides an  
37 existing parcel to create two new parcels of equal size.

38 (2) (A) Except as provided in subparagraph (B), both newly  
39 created parcels are no smaller than 1,200 square feet.

- 1 (B) A local agency may by ordinance adopt a smaller minimum  
2 lot size subject to ministerial approval under this subdivision.
- 3 (3) The parcel being subdivided meets all the following  
4 requirements:
- 5 (A) The parcel is located within a residential zone.
- 6 (B) The parcel subject to the proposed urban lot split is located  
7 within a city the boundaries of which include some portion of  
8 either an urbanized area or urban cluster, as designated by the  
9 United States Census Bureau, or, for unincorporated areas, a legal  
10 parcel wholly within the boundaries of an urbanized area or urban  
11 cluster, as designated by the United States Census Bureau.
- 12 (C) The parcel satisfies the requirements specified in  
13 subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision  
14 (a) of Section 65913.4.
- 15 (D) The proposed urban lot split would not require demolition  
16 or alteration of any of the following types of housing:
- 17 (i) Housing that is subject to a recorded covenant, ordinance,  
18 or law that restricts rents to levels affordable to persons and  
19 families of moderate, low, or very low income.
- 20 (ii) Housing that is subject to any form of rent or price control  
21 through a public entity's valid exercise of its police power.
- 22 (iii) A parcel or parcels on which an owner of residential real  
23 property has exercised the owner's rights under Chapter 12.75  
24 (commencing with Section 7060) of Division 7 of Title 1 to  
25 withdraw accommodations from rent or lease within 15 years  
26 before the date that the development proponent submits an  
27 ~~application pursuant to Section 65913.4.~~ *application.*
- 28 (iv) Housing that has been occupied by a tenant in the last three  
29 years.
- 30 (E) The parcel is not located within a historic district or property  
31 included on the State Historic Resources Inventory, as defined in  
32 Section 5020.1 of the Public Resources Code, or within a site that  
33 is designated or listed as a city or county landmark or historic  
34 property or district pursuant to a city or county ordinance.
- 35 (F) The parcel has not been established through prior exercise  
36 of an urban lot split as provided for in this section.
- 37 (G) Neither the owner of the parcel being subdivided nor any  
38 person acting in concert with the owner has previously subdivided  
39 an adjacent parcel using an urban lot split as provided for in this  
40 section.

1 (b) An application for an urban lot split shall be approved in  
2 accordance with the following requirements:

3 (1) A local agency shall approve or deny an application for an  
4 urban lot split ministerially without discretionary review.

5 (2) A local agency shall approve an urban lot split only if it  
6 conforms to all applicable objective requirements of the  
7 Subdivision Map Act (Division 2 (commencing with Section  
8 66410)), except as otherwise expressly provided in this section.

9 (3) Notwithstanding Section 66411.1, a local agency shall not  
10 impose regulations that require dedications of rights-of-way or the  
11 construction of offsite improvements for the parcels being created  
12 as a condition of issuing a parcel map or tentative and final map  
13 for an urban lot split.

14 (c) (1) Except as provided in paragraph (2), notwithstanding  
15 any local law, a city or county may impose objective zoning  
16 standards, objective subdivision standards, and objective design  
17 review standards applicable to a parcel created by an urban lot  
18 split that do not conflict with this section.

19 (2) A local agency shall not impose objective zoning standards,  
20 objective subdivision standards, and objective design review  
21 standards that would have the effect of physically precluding the  
22 construction of two units on either of the resulting parcels.

23 (3) (A) Notwithstanding paragraph (2), no setback shall be  
24 required for an existing structure or a structure constructed in the  
25 same location and to the same dimensions as an existing structure.

26 (B) Notwithstanding paragraph (2), in all other circumstances  
27 not described in subparagraph (A), a local government may require  
28 a setback of up to four feet from the side and rear lot lines.

29 (d) In addition to any conditions established in accordance with  
30 subdivision (c), a local agency may require any of the following  
31 conditions when considering an application for an urban lot split:

32 (1) Easements required for the provision of public services and  
33 facilities.

34 (2) A requirement that the parcels have access to, provide access  
35 to, or adjoin the public right-of-way.

36 (3) Off-street parking of up to one space per unit, except that a  
37 local agency shall not impose parking requirements in either of  
38 the following instances:

39 (A) The parcel is located within one-half mile walking distance  
40 of either a high-quality transit corridor as defined in subdivision

1 (b) of Section 21155 of the Public Resources Code, or a major  
2 transit stop as defined in Section 21064.3 of the Public Resources  
3 Code.

4 (B) There is a car share vehicle located within one block of the  
5 parcel.

6 (e) A local agency shall require that the uses allowed on a lot  
7 created by this section be limited to residential uses.

8 (f) A local agency shall require that a rental of any unit created  
9 pursuant to this section be for a term longer than 30 days.

10 (g) A local agency shall not require, as a condition for ministerial  
11 approval of a permit application for the creation of an urban lot  
12 split, the correction of nonconforming zoning conditions.

13 (h) Notwithstanding Section 65852.2, a local agency shall not  
14 be required to permit an accessory dwelling unit on parcels that  
15 use both the authority contained within this section and the  
16 authority contained in Section 65852.21.

17 (i) Notwithstanding paragraph (3) of subdivision (c), an  
18 application shall not be rejected solely because it proposes adjacent  
19 or connected structures *provided that the structures* meet building  
20 code safety standards and are sufficient to allow separate  
21 conveyance.

22 (j) Local agencies shall include the number of applications for  
23 urban lot splits pursuant to this section in the annual housing  
24 element report as required by subparagraph (I) of paragraph (2)  
25 of subdivision (a) of Section 65400.

26 (k) For purposes of this section, the terms “objective zoning  
27 standards,” “objective subdivision standards,” and “objective  
28 design review standards” mean standards that involve no personal  
29 or subjective judgment by a public official and are uniformly  
30 verifiable by reference to an external and uniform benchmark or  
31 criterion available and knowable by both the development applicant  
32 or proponent and the public official prior to submittal. These  
33 standards may be embodied in alternative objective land use  
34 specifications adopted by a city or county, and may include, but  
35 are not limited to, housing overlay zones, specific plans,  
36 inclusionary zoning ordinances, and density bonus ordinances.

37 (l) A local agency may adopt an ordinance to implement the  
38 provisions of this section. An ordinance adopted to implement this  
39 section shall not be considered a project under Division 13  
40 (commencing with Section 21000) of the Public Resources Code.

1 SEC. 3. Section 66452.6 of the Government Code is amended  
2 to read:

3 66452.6. (a) (1) An approved or conditionally approved  
4 tentative map shall expire 24 months after its approval or  
5 conditional approval, or after any additional period of time as may  
6 be prescribed by local ordinance, not to exceed an additional 24  
7 months. However, if the subdivider is required to expend two  
8 hundred thirty-six thousand seven hundred ninety dollars  
9 (\$236,790) or more to construct, improve, or finance the  
10 construction or improvement of public improvements outside the  
11 property boundaries of the tentative map, excluding improvements  
12 of public rights-of-way which abut the boundary of the property  
13 to be subdivided and which are reasonably related to the  
14 development of that property, each filing of a final map authorized  
15 by Section 66456.1 shall extend the expiration of the approved or  
16 conditionally approved tentative map by 48 months from the date  
17 of its expiration, as provided in this section, or the date of the  
18 previously filed final map, whichever is later. The extensions shall  
19 not extend the tentative map more than 10 years from its approval  
20 or conditional approval. However, a tentative map on property  
21 subject to a development agreement authorized by Article 2.5  
22 (commencing with Section 65864) of Chapter 4 of Division 1 may  
23 be extended for the period of time provided for in the agreement,  
24 but not beyond the duration of the agreement. The number of  
25 phased final maps that may be filed shall be determined by the  
26 advisory agency at the time of the approval or conditional approval  
27 of the tentative map.

28 (2) Commencing January 1, 2012, and each calendar year  
29 thereafter, the amount of two hundred thirty-six thousand seven  
30 hundred ninety dollars (\$236,790) shall be annually increased by  
31 operation of law according to the adjustment for inflation set forth  
32 in the statewide cost index for class B construction, as determined  
33 by the State Allocation Board at its January meeting. The effective  
34 date of each annual adjustment shall be March 1. The adjusted  
35 amount shall apply to tentative and vesting tentative maps whose  
36 applications were received after the effective date of the  
37 adjustment.

38 (3) “Public improvements,” as used in this subdivision, include  
39 traffic controls, streets, roads, highways, freeways, bridges,

1 overcrossings, street interchanges, flood control or storm drain  
2 facilities, sewer facilities, water facilities, and lighting facilities.

3 (b) (1) The period of time specified in subdivision (a), including  
4 any extension thereof granted pursuant to subdivision (e), shall  
5 not include any period of time during which a development  
6 moratorium, imposed after approval of the tentative map, is in  
7 existence. However, the length of the moratorium shall not exceed  
8 five years.

9 (2) The length of time specified in paragraph (1) shall be  
10 extended for up to three years, but in no event beyond January 1,  
11 1992, during the pendency of any lawsuit in which the subdivider  
12 asserts, and the local agency which approved or conditionally  
13 approved the tentative map denies, the existence or application of  
14 a development moratorium to the tentative map.

15 (3) Once a development moratorium is terminated, the map  
16 shall be valid for the same period of time as was left to run on the  
17 map at the time that the moratorium was imposed. However, if the  
18 remaining time is less than 120 days, the map shall be valid for  
19 120 days following the termination of the moratorium.

20 (c) The period of time specified in subdivision (a), including  
21 any extension thereof granted pursuant to subdivision (e), shall  
22 not include the period of time during which a lawsuit involving  
23 the approval or conditional approval of the tentative map is or was  
24 pending in a court of competent jurisdiction, if the stay of the time  
25 period is approved by the local agency pursuant to this section.  
26 After service of the initial petition or complaint in the lawsuit upon  
27 the local agency, the subdivider may apply to the local agency for  
28 a stay pursuant to the local agency's adopted procedures. Within  
29 40 days after receiving the application, the local agency shall either  
30 stay the time period for up to five years or deny the requested stay.  
31 The local agency may, by ordinance, establish procedures for  
32 reviewing the requests, including, but not limited to, notice and  
33 hearing requirements, appeal procedures, and other administrative  
34 requirements.

35 (d) The expiration of the approved or conditionally approved  
36 tentative map shall terminate all proceedings and no final map or  
37 parcel map of all or any portion of the real property included within  
38 the tentative map shall be filed with the legislative body without  
39 first processing a new tentative map. Once a timely filing is made,  
40 subsequent actions of the local agency, including, but not limited

1 to, processing, approving, and recording, may lawfully occur after  
2 the date of expiration of the tentative map. Delivery to the county  
3 surveyor or city engineer shall be deemed a timely filing for  
4 purposes of this section.

5 (e) Upon application of the subdivider filed before the expiration  
6 of the approved or conditionally approved tentative map, the time  
7 at which the map expires pursuant to subdivision (a) may be  
8 extended by the legislative body or by an advisory agency  
9 authorized to approve or conditionally approve tentative maps for  
10 a period or periods not exceeding a total of six years. The period  
11 of extension specified in this subdivision shall be in addition to  
12 the period of time provided by subdivision (a). Before the  
13 expiration of an approved or conditionally approved tentative map,  
14 upon an application by the subdivider to extend that map, the map  
15 shall automatically be extended for 60 days or until the application  
16 for the extension is approved, conditionally approved, or denied,  
17 whichever occurs first. If the advisory agency denies a subdivider’s  
18 application for an extension, the subdivider may appeal to the  
19 legislative body within 15 days after the advisory agency has  
20 denied the extension.

21 (f) For purposes of this section, a development moratorium  
22 includes a water or sewer moratorium, or a water and sewer  
23 moratorium, as well as other actions of public agencies which  
24 regulate land use, development, or the provision of services to the  
25 land, including the public agency with the authority to approve or  
26 conditionally approve the tentative map, which thereafter prevents,  
27 prohibits, or delays the approval of a final or parcel map. A  
28 development moratorium shall also be deemed to exist for purposes  
29 of this section for any period of time during which a condition  
30 imposed by the city or county could not be satisfied because of  
31 either of the following:

32 (1) The condition was one that, by its nature, necessitated action  
33 by the city or county, and the city or county either did not take the  
34 necessary action or by its own action or inaction was prevented or  
35 delayed in taking the necessary action before expiration of the  
36 tentative map.

37 (2) The condition necessitates acquisition of real property or  
38 any interest in real property from a public agency, other than the  
39 city or county that approved or conditionally approved the tentative  
40 map, and that other public agency fails or refuses to convey the

1 property interest necessary to satisfy the condition. However,  
2 nothing in this subdivision shall be construed to require any public  
3 agency to convey any interest in real property owned by it. A  
4 development moratorium specified in this paragraph shall be  
5 deemed to have been imposed either on the date of approval or  
6 conditional approval of the tentative map, if evidence was included  
7 in the public record that the public agency which owns or controls  
8 the real property or any interest therein may refuse to convey that  
9 property or interest, or on the date that the public agency which  
10 owns or controls the real property or any interest therein receives  
11 an offer by the subdivider to purchase that property or interest for  
12 fair market value, whichever is later. A development moratorium  
13 specified in this paragraph shall extend the tentative map up to the  
14 maximum period as set forth in subdivision (b), but not later than  
15 January 1, 1992, so long as the public agency which owns or  
16 controls the real property or any interest therein fails or refuses to  
17 convey the necessary property interest, regardless of the reason  
18 for the failure or refusal, except that the development moratorium  
19 shall be deemed to terminate 60 days after the public agency has  
20 officially made, and communicated to the subdivider, a written  
21 offer or commitment binding on the agency to convey the necessary  
22 property interest for a fair market value, paid in a reasonable time  
23 and manner.

24 SEC. 4. The Legislature finds and declares that ensuring access  
25 to affordable housing is a matter of statewide concern and not a  
26 municipal affair as that term is used in Section 5 of Article XI of  
27 the California Constitution. Therefore, Sections 1 and 2 of this act  
28 adding Sections 65852.21 and 66411.7 to the Government Code  
29 and Section 3 of this act amending Section 66452.6 of the  
30 Government Code apply to all cities, including charter cities.

31 SEC. 5. No reimbursement is required by this act pursuant to  
32 Section 6 of Article XIII B of the California Constitution because  
33 a local agency or school district has the authority to levy service  
34 charges, fees, or assessments sufficient to pay for the program or  
35 level of service mandated by this act, within the meaning of Section  
36 17556 of the Government Code.

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SENATE THIRD READING  
SB 1120 (Atkins, et al.)  
As Amended August 12, 2020  
Majority vote

**SUMMARY:**

Requires ministerial approval of housing developments with two units (duplexes) and subdivision maps that meet certain conditions, and increases the length of time that cities and counties can extend the validity of existing subdivision maps

**Major Provisions**

- 1) Requires cities and counties to ministerially approve a proposed housing development project containing two residential units on parcels zoned for single-family residential development if certain conditions related to the parcel and the development are met.
- 2) Requires cities and counties to ministerially approve a parcel map, or a tentative and final map for an "urban lot split," on a parcel that meets specified conditions.
- 3) Allows cities and counties to adopt an ordinance to implement the provisions of this bill allowing for ministerial approval of two unit residential housing developments and urban lot splits, and specifies that the action to adopt the ordinance is not subject to the California Environmental Quality Act (CEQA).
- 4) Allows cities and counties to extend the life of subdivision maps by an additional 12 months.

**COMMENTS:**

This bill requires cities and counties to ministerially approve subdivisions of specific types of parcels called urban lot splits, and specific types of housing developments of up to two units (duplexes). Under this bill, a property owner could independently seek ministerial approval for an urban lot split, a duplex, or the owner could seek approval for both an urban lot split and a duplex. Urban lot splits and duplexes are only eligible for ministerial approval if the project meets the applicable objective standards specified in the bill.

The bill allows a local agency to adopt an ordinance to implement the provisions of the bill and provides that such an ordinance is not a project under CEQA. Finally, the bill also increases the length of time a local government can extend the life of a subdivision map.

This bill creates opportunities for greater infill housing density by allowing ministerial approval for urban lot splits and the development of duplexes in existing urban residential zones that are predominated by single-family housing.

**According to the Author:**

According to the author, "SB 1120 promotes small-scale neighborhood residential development by streamlining the process for a homeowner to create a duplex or subdivide an existing lot in all residential areas. This policy builds upon existing prior successful housing policies such as the state's Accessory Dwelling Unit (ADU) law, which led to a 63% increase in ADU permit requests statewide in the first two years alone. Additionally, the policy leverages valuable but previously untapped resources, such as developed but underutilized land, while building valuable

equity for homeowners. The bill also respects the priorities of local governments in local land use decisions: such applications must meet a specific list of qualifications that ensure protection of local zoning and design standards, historic districts, environmental quality, and existing tenants vulnerable to displacement."

**Arguments in Support:**

The Turner Center for Housing Innovation writes in support, "The majority of Californians cannot afford a median priced home, and single family-only zoning also prevents the creation of affordable housing in oftentimes high opportunity communities. It should also be noted that our structure of single family zoning has historically been used to reinforce segregation by effectively keeping People of Color out of affluent, White neighborhoods. SB 1120 takes a measured approach to addressing this issue by building off of the success of recent Accessory Dwelling Unit (ADU) reforms, which have resulted in tens of thousands of new units in recent years."

**Arguments in Opposition:**

Citizens Preserving Venice writes in opposition, "We have serious concerns about the elimination of single-family zoning that this bill will cause statewide. The bill would allow four market-rate homes to replace one single-family home. Those four units could become eight units in areas that allow "accessory dwelling units" (ADUs). There is no affordable housing requirement despite this egregious increase in density. Clearly the people of California who are facing dire economic times are in need of affordable housing."

**FISCAL COMMENTS:**

According to the Assembly Appropriations Committee:

- 1) HCD estimates costs of \$105,000 (General Fund (GF)) in the first year and \$99,000 (GF) annually thereafter for 0.5 personnel year of staff time to provide technical assistance and outreach education to local agencies and affordable housing developers.
- 2) The state Coastal Commission (Commission) estimates potentially significant costs (GF) for potential litigation due to the bill's disregard for the unique state regulatory, planning and oversight role the Commission plays in local land use approvals subject to the Coastal Act. According to the Commission, this bill raises unintended procedural and regulatory complexities in the coastal zone that will most certainly result in costs, confusion, litigation and uncertainty at the local level with respect to Local Coastal Program (LCP) policies and appeals to the Commission.
- 3) Unknown state-mandated local costs to establish streamlined project review processes for proposed duplex housing developments and tentative maps for urban lot splits, and to conduct expedited design reviews of these proposals. These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates.

**VOTES:****SENATE FLOOR: 39-0-1**

**YES:** Allen, Archuleta, Atkins, Bates, Beall, Borgeas, Bradford, Caballero, Chang, Dahle, Dodd, Durazo, Galgiani, Glazer, Lena Gonzalez, Grove, Hertzberg, Hill, Hueso, Hurtado, Jackson, Jones, Leyva, McGuire, Melendez, Mitchell, Monning, Moorlach, Morrell, Nielsen, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener, Wilk

**ABS, ABST OR NV:** Stern

**ASM LOCAL GOVERNMENT: 5-1-2**

**YES:** Aguiar-Curry, Ramos, Luz Rivas, Robert Rivas, Voepel

**NO:** Lackey

**ABS, ABST OR NV:** Bloom, Boerner Horvath

**ASM APPROPRIATIONS: 11-3-4**

**YES:** Gonzalez, Bonta, Calderon, Carrillo, Chau, Megan Dahle, Eggman, Gabriel, Eduardo Garcia, Quirk, Robert Rivas

**NO:** Bigelow, Diep, Voepel

**ABS, ABST OR NV:** Bauer-Kahan, Bloom, Fong, Petrie-Norris

**UPDATED:**

VERSION: August 12, 2020

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