



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
VIRTUAL MEETING MINUTES
October 4, 2021 at 2:00 p.m.**

Commissioners and Alternates present:

Arturo Delgado, California Natural Resources Agency (CNRA) – Chair
Jim Barrett, Coachella Valley Water District (CVWD) – Commissioner
Kelly Rodgers, San Diego County Water Authority (SDCWA) – Alternate Commissioner
Tina Shields, Imperial Irrigation District (IID) – Alternate Commissioner

QSA JPA staff present:

Jeff Ferre, Best, Best, and Krieger – Legal Counsel
Kelly Rodgers, SDCWA – Chief Administrative Officer (CAO)

Others present:

Mike Cohen, Pacific Institute	Cindy Matejovsky, IID
Mia Corral, Chandler Asset Management	Alan Okewole, SDCWA
Dennis Davis, SDCWA	Alexi Schnell, SDCWA
Miguel Hernández, CNRA	Jessica Schroeder, CNRA
Joanna Hoff, IID	Darren Simon, SDCWA
Jessica Humes, IID	Angela Tomayko, SDCWA
Wendy Joplin, SDCWA	Evon Willhoff, CDFW
Genny Lynkiewicz, Chandler Asset Management	Chris Woidzik, SDCWA
Tonya Marshall, California Department of Fish and Wildlife (CDFW)	

PRELIMINARY MATTERS

1. Call to Order
Chair Delgado called the meeting to order at 2:00 p.m.
2. Roll Call
There was a quorum of the Commission present at the time of the meeting.
3. Public Comment
There were no public comments at that time.

ORGANIZATIONAL MATTERS

4. Action: Approval of Minutes of Regular QSA JPA Meeting Held June 10, 2021
Chair Delgado made a motion to approve the minutes, which was seconded by Alternate Commissioner Shields. The minutes were approved unanimously by a roll call vote.
5. Information: QSA JPA Website Development Update (Kelly Rodgers and Darren Simon, SDCWA)

Alternate Commissioner Rodgers responded to a comment raised in the June 10, 2021, meeting regarding the cost of creating the website. She reported that the website consultant was able to streamline the process and reduce the cost from approximately \$10,000 to approximately \$9,000, staying below the not-to-exceed amount.

Mr. Simon presented an overview demonstration of the QSA JPA website, which included a walkthrough of the website sections and resources. He explained that Water Authority staff will be responsible for updating the website with the latest documents, and that the website will have its own domain and email address. Mr. Simon's phone number will be listed as the contact phone number. Comments on the website are requested to be received, if feasible, by October 21, 2021. The goal is to have the website publicly accessible by the beginning of November 2021, and the site will not go live until potential changes recommended by the Commissioners are received and incorporated.

Commissioner Barrett suggested that the website consultant should add the names of the QSA JPA support staff (e.g., legal counsel and the CAO) to the Governing Bodies website page.

Mr. Miguel Hernandez (CNRA) asked that we confirm the ADA accessibility of the site.

FINANCIAL MATTERS

6. Information: Investment update (Representatives from Chandler Asset Management)

Ms. Genny Lynkiewicz, of Chandler Asset Management, reported that the US economy continues to grow at a strong, above-trend, pace, but Chandler expects economic data will remain variable over the near term. Current inflation readings are running well above the Federal Reserve's longer-run target of around 2.0%. While the Federal Reserve believes many of the factors fueling higher inflation will be temporary, the upward pressure on inflation from supply chain bottlenecks and pandemic-related disruptions is likely to remain elevated over the near term. Ms. Lynkiewicz also reported on Chandler's investment performance, finding that the total rate of return annualized since the inception of the QSA JPA portfolio is 0.44% (or 0.36% over the benchmark).

7. Information: Treasurer's Report ending June 30, 2021 (Chris Woidzik, SDCWA)

Mr. Woidzik provided a review of the Treasurer's Report ending June 30, 2021. The quarter ended with \$32.2 million in cash and investments. The majority of that was in asset-backed securities held by Chandler Asset Management of \$20.1 million, amongst others, with the remainder of \$12 million in Local Agency Investment Fund (LAIF). Chandler is currently investing \$20 million. The effective rate of return increased to 0.80 percent, and the interest received was about \$256,700. No deposits were made in the quarter and four invoices were paid totaling approximately \$3,737,000. The total outstanding balance due was \$93.3 million, or \$64.4 million at net present value at 6 percent.

8. Information: Financial Report ending June 30, 2021 (Chris Woidzik, SDCWA)

Mr. Woidzik provided a review of the Financial Report ending June 30, 2021. Total assets were \$97.6 million with \$2 million in liabilities. Unavailable mitigation contributions were at \$65.4 million, and total fund balance was \$30.2 million. Total revenues were \$5.3 million and total expenditures \$9.4 million. Approximately 63 percent of the budget was spent to date. He concluded with a summary of expenses on certain tasks (Tasks 2, 8 and 24).

IMPLEMENTATION

9. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)

Ms. Humes provided an update on various mitigation measures:

Task 8 – Drain Habitat (Aquatic): IID is receiving 9,000 trees for planting for Phase 3 at the end of October. Planting will occur through November and take approximately three weeks to complete.

Task 15 – Pre-Construction Activity Burrowing Owl Surveys and Relocation: IID is performing ongoing burrowing owl pre-activity inspections.

Task 18 – Pupfish Monitoring: IID finished pupfish monitoring within IID drains for the year.

Task 24 – Salton Sea Air Quality Mitigation: In September, the IID Board of Directors approved the major work authorization for the Clubhouse groundwater test well and accepted the Annual Emissions Estimate report, available on IID’s air quality webpage. IID staff are waiting for an updated schedule from its contractor to confirm when work will begin for the Clubhouse groundwater test well.

IID is performing ongoing monitoring on existing project sites around the Salton Sea, including installing new monitoring equipment. IID is also evaluating a proposal for surface roughening and vegetation at the Red Hill Bay project area to meet the Imperial County Air Pollution Control District’s Best Available Control Measures requirements.

Mr. Mike Cohen (Pacific Institute) inquired about the expenses for the Brown Pelican task item.

Ms. Humes responded that the expenses were for the engineer’s time, drafting a design to satisfy the mitigation requirement that involves constructing several roosting platforms for brown pelicans.

Mr. Cohen asked how many pelicans are expected per roosting site.

Ms. Humes responded approximately twenty pelicans per roost.

10. Information: Update on Managed Marsh negotiations (Jessica Schroeder, CDFW and Tina Shields, IID)

Alternate Commissioner Shields reported that she did not have any new updates. Outstanding issues include determining whether a new appraisal is necessary, whether to grant CDFW a conservation easement versus fee title over the subject land, and what land valuation method to use. Alternate Commissioner Shields requested input from the Commission as to the next steps to address these issues.

Mr. Jeff Ferre (QSA JPA Legal Counsel) offered to provide legal research to help guide the Commission’s decision on next steps.

Alternate Commissioner Rodgers asked that, if possible, Mr. Ferre provide that information at or before the next QSA JPA meeting.

11. Information: Update on State Salton Sea Management Program (Arturo Delgado, CNRA)

Mr. Miguel Hernandez, the Public Affairs Officer for the Salton Sea Management Program at CNRA, provided the SSMP Update. Mr. Hernandez reported the following items to the Commission:

Salton Sea Species Conservation Habitat (SCH) Project: Construction is ongoing and on schedule. Construction is expected to continue through the end of 2023.

North Lake Demonstration Project: Coordination with the Salton Sea Authority (SSA) and Riverside County is ongoing to advance the project. The project is in the planning phase with an anticipated construction start date in 2022.

Desert Shores Channel Restoration Project: The SSMP team is collaborating with Imperial County, U.S. Bureau of Reclamation (Reclamation), and SSA on the 30-acre Desert Shores Channel Restoration Project, which proposes to refill channels with water to create habitat and suppress dust. Reclamation has committed \$1 million in funding and is working with SSA to develop a funding agreement that the SSA will administer. Imperial County will lead CEQA compliance efforts and obtain permits over the next several months. SSMP will analyze the project under NEPA. Work is expected to start in Spring 2022, assuming environmental compliance and permitting are completed.

USBR Vegetation Enhancement Projects: SSMP and Reclamation are working together to plan and implement approximately 1,700 acres of vegetation enhancement projects at three sites around the Salton Sea. The projects will not only restore native vegetation and create habitat, but they will also provide dust suppression. SSMP is in the process of finalizing permitting and a land access agreement with Reclamation, with work to begin towards the end of 2021.

Long-Range Plan: Community meetings were held on August 31, 2021, and September 2, 2021, to officially kick-start the planning process of the SSMP's Long-Range Plan.

10 Year Plan NEPA: The U.S. Corps of Engineers initiated the NEPA process for the SSMP Phase 1: 10-Year Plan on March 21, 2021. The draft Environmental Assessment will be released to the public in the coming months, with anticipated completion by early next year.

Staffing Update: The SSMP team recently filled the following key positions to help advance the state's commitment to deliver projects at the Salton Sea: Assistant Deputy Director of the California Department of Water Resources' Salton Sea Program, Deputy Assistant Secretary with the CNRA, and Public Affairs Officer with SSMP.

Mr. Mike Cohen (Pacific Institute) asked when the SSMP team expected to release plans for the North Lake Demonstration Project.

Chair Delgado responded that the plans would likely be released in the first or second quarter of next year (2022) and construction would start by the summer of next year (2022).

Mike Cohen responded that he is looking forward to seeing the plans.

Alternate Commissioner Shields inquired if a site had been selected yet and whether it is IID property.

Chair Delgado responded that the SSMP team is considering several sites but has a preferred site adjacent to the North Shore. Chair Delgado further stated that he believes there is IID property in the vicinity of the preferred site but recommended that Alternative Commissioner Shields reach out to SSA Executive Director Patrick O'Dowd for further details.

12. Adjournment

The meeting was adjourned at 3:05 p.m.