



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

CONFERENCE CALL MEETING MINUTES

January 13, 2020 at 11:00 a.m.

Commissioners and Alternates present:

- Jim Barrett, Coachella Valley Water District (CVWD) – Commissioner
- Robert Cheng, CVWD – Alternate Commissioner
- Arturo Delgado, California Department of Fish and Wildlife (CDFW) – Alternate Chair
- Henry Martinez, Imperial Irrigation District (IID) – Commissioner
- Kelly Rodgers, San Diego County Water Authority (SDCWA) – Alternate Commissioner
- Tina Shields, IID – Alternate Commissioner

JPA staff present:

- Jeff Ferre, Best, Best, and Krieger – Legal Counsel
- Lisa Marie Harris, SDCWA – Treasurer
- Kara Mathews, SDCWA – Chief Administrator Officer

Others present:

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| Katie Burnworth, Imperial County Air Pollution Control District | Alan Okewole, SDCWA |
| Mike Cohen, Pacific Institute | Ivory Reyburn, CVWD |
| Matt Desert, Imperial County Air Pollution Control District | Jessica Schroeder, CDFW |
| Jessica Humes, IID | Joanna Smith Hoff, IID |
| Wendy Joplin, SDCWA | Liana Whyte, SDCWA |
| | Earl Withycombe, CA Air Resources Board |
| | Chris Woidzik, SDCWA |

PRELIMINARY MATTERS

1. Call to Order
Chair Delgado called the meeting to order at 11:05 a.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.

ORGANIZATIONAL MATTERS

4. Information: Appointment of Arturo Delgado, Assistant Secretary for Salton Sea Policy for the California Natural Resources Agency, as California Department of Fish and Wildlife representative
CAO Mathews stated that the JPA was notified that Arturo Delgado will serve as the state's alternate representative and chair of the Commission as of October 23, 2019.
5. Action: Approval of Minutes of Regular JPA Meeting Held October 1, 2019
Commissioner Barrett made a motion to approve the minutes, seconded by Commissioner Rodgers. The minutes were approved unanimously by a roll call vote.

FINANCIAL MATTERS

6. Action: Review and accept fiscal year 2019 Audited Financial Report
Mr. Woidzik provided some opening remarks before introducing Shannon Ayala of Davis Farr, LLP.

Ms. Ayala presented information regarding the Audited Financial Statements for the QSA JPA issued on November 8, 2019. It was an unmodified audit opinion, which is the highest level that can be received and means the financial statements and footnotes were presented fairly. Also issued was a communication to those in governance letter, and the government auditing standards opinion letter. Ms. Ayala stated that finance staff was very prepared and indicated there was one journal entry detected during the audit that was material to the financial statements, but no other items. In addition, a detailed transaction review of the local agency's investment fund investment account, and cash disbursement testing were performed with no exceptions found.

Mr. Woidzik reviewed the audited financial statements; management, discussion and analysis; and comparison of previous years of changes in revenues and expenses.

Mr. Woidzik reviewed the statement of net position, which concluded the year with a cash investment of \$41M; mitigation contributions receivable at \$45M; interest receivable at \$30M; and total assets at \$115.6M. Accounts payable outstanding was \$4.5M; and unrestricted fund balance was \$111.2M.

Mr. Woidzik reviewed the statement of activities, program expenses incurred for environmental mitigation at incurred \$7.6M; accounts receivable contributions from members at \$4.6M; interest income earned at \$1M; change in net position was about a \$2M decrease from the beginning of the year.

Mr. Woidzik explained the budget status report on expenditures. Total budget was \$15.1M; total expenditures came in at \$7.5M, which was about 50% of the budgeted amount.

Mr. Woidzik concluded with a review of the various letters included in the Financial Statements.

Commissioner Barrett made a motion to accept the audit report. Commissioner Martinez seconded it. The item was approved unanimously by a roll call vote.

7. Information: Treasurer's Report ending September 30, 2019
Mr. Woidzik provided a review of the Treasurers' Report ending September 30, 2019. The quarter ended with \$44.9 million in cash and investments. The yield on investments was 2.27% for the quarter. Interest earned for the fiscal year to date is \$88,000 for the quarter.

8. Information: Financial Report ending September 30, 2019

Mr. Woidzik provided a review of the Financial Report ending September 30, 2019. Total assets are at \$114.1 million with \$3.3 million in liabilities. Based on invoices received, about 4.5% of the budget was spent for the first quarter of fiscal year 2020.

9. Action: Consider approval of entering into a contract with Chandler Asset Management

Mr. Woidzik made a few comments regarding the proposed contract with Chandler Asset Management. The major points of the contract were that it has matching terms with the Water Authority's contract; contract term runs through October of 2022; fees would be .088 basis point for the first \$25M, then decreases thereafter; and the cost estimate is \$20,000 annually with the costs offset by increased earnings.

Legal Counsel Ferre made a recommendation that the final contract be reviewed by JPA legal counsel. Treasurer Harris mentioned the contract had been reviewed thoroughly by the Water Authority's General Counsel as well.

Commissioner Barrett made a motion to approve the CAO entering into a contract with Chandler Asset Management subject to review by JPA legal counsel, seconded by Commissioner Rodgers. The motion was approved unanimously by a roll call vote.

IMPLEMENTATION

10. Information: Status Report on Implementation of Mitigation Measures

Ms. Humes gave a status report on implementation of mitigation measures:

- Task 2: QSA Implementation Team Biologists – IID recently filled the open position and the team is now up to seven full time positions.
- Task 8: Drain Habitat - Managed Marsh Phase 3 construction started in December with replacement of gates and pipelines, and earthwork solicitation is currently out. In December, the Conservation Corps planted trees in Phase 2 and pulled tamarisk in Phases 1 and 2.
- Task 20: Pupfish Construction and Maintenance Conservation Measures – Four staff members are being trained to do pupfish drain surveys, and IID is hoping surveys will begin in the spring or summer once final approval is received.
- Task 24 Air Quality – At the end of 2019, playa exposure was 23,910 acres. Of that acreage 18,159 acres was bare playa, 1,029 acres was open water, and 4,288 acres was vegetation. In comparison at the end of 2018, there was 20,911 acres of playa. An end of year report is forthcoming and will detail all the information including mitigation projects. IID is working on an annual emissions estimate and cooperative dust control report. Both documents will be released in March. An application was submitted to the U.S. Army Corps of Engineers (USACE) for projects below the high-water mark and requesting a preliminary jurisdiction delineation for 2,200 acres of playa that would be surface roughened in areas not subject to USACE jurisdiction.

Other projects include the state's Salton Sea Management Program dust suppression surface roughening project on Bruchard Road for construction up to 123 acres on the west side of the New River. The project is funded by State of California Prop 1: Water Quality Supply and Infrastructure Improvement Act. Once pending environmental permits are received, construction will begin soon.

11. Information: Status Report on Updated Brown Pelican Mitigation Measures

Ms. Humes provided an update on brown pelican mitigation measures. A letter to the California Department of Fish & Wildlife regarding the brown pelican had been drafted, but mitigation measures for Salton Sea mitigation or coastal mitigation had not been completed. IID has been working with CDFW to propose construction of brown pelican roosts. The IID Engineering team is drafting a concept design for brown pelican roosts and then will work with CDFW to determine exact location of the roosts and construction. Regarding coastal mitigation, IID had not come up with an alternative, but are looking to explore options for the coastal mitigation measures and developing a schedule for moving forward.

12. Information: Status report on 2010 Salton Sea mitigation water predelivery payback

Alternate Commissioner Shields updated the board regarding the 2010 mitigation water predelivery payback. IID is working with the Bureau of Reclamation to resolve the issue and once resolution is reached, IID will come back to the JPA for approval and bill for the outstanding amount, which is about \$7M.

13. Information: Update on State Salton Sea Management Program (SSMP)

Chair Delgado gave an update on the SSMP with a review of major tasks:

- Product delivery – The state is on schedule with the Species Conservation Habitat Project to award a contract mid-summer with implementation thereafter. An easement is in place as well as a water use agreement with IID.
- Bruchard Road Project – The state is moving forward on this approximately 120 to 150 acre project and estimates to start implementation by mid-January.
- Planning – The state executed a Water Resources Development Agreement with USACE, in which the USACE will dedicate staffing to the SSMP as well as prioritize the projects. The state plans to begin the NEPA planning process for the 10-year plan with the formal scoping process for the NEPA document to begin this winter and the USACE as the lead agency. The final NEPA document with a decision is expected sometime in the winter or spring of 2021.
- Dust Suppression Action Plan – The state is developing a plan that includes approximately 8,000-10,000 acres and will be working with IID and other stakeholders. Public workshops will be held. The final action plan is expected by early spring with implementation to start soon thereafter.
- Annual Report to the State Water Board – The state is developing an annual report to the State Board with distribution expected mid-February.

14. Adjournment

The meeting was adjourned 11:55 a.m.