



# QSA JPA MEETING

DECEMBER 10, 2020

10:00 AM



## PRELIMINARY MATTERS

1. Call to Order
2. Roll Call - Determination of Quorum
3. Public Comment (Limited to 3 min)



## ORGANIZATIONAL MATTERS

4. Approve minutes of regular QSA JPA meeting held September 30, 2020 (Action)



## FINANCIAL MATTERS

### 5. Investment update (Information)

# Quantification Settlement Agreement JPA

*Period Ending November 30, 2020*

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | [www.chandlerasset.com](http://www.chandlerasset.com)



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*As of November 30, 2020*

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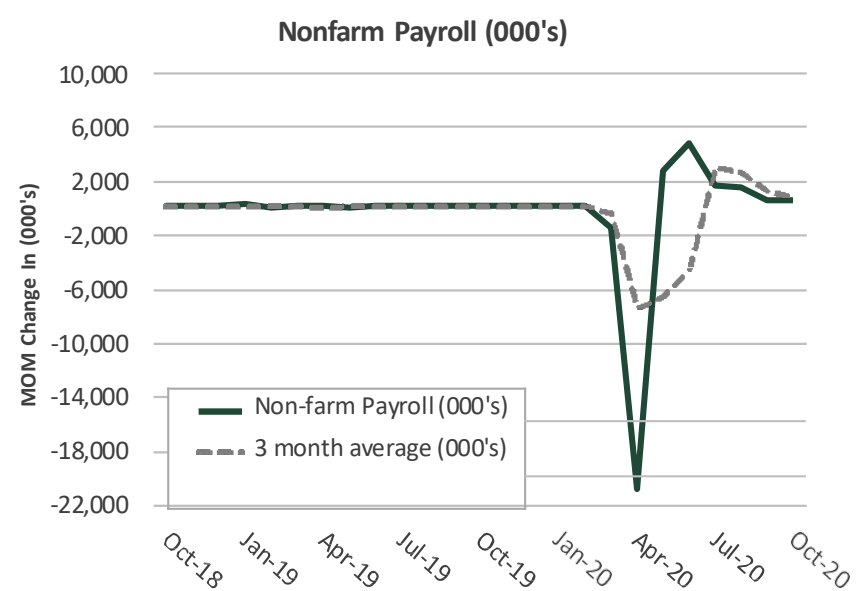
## Section 1 | Economic Update

## Economic Update

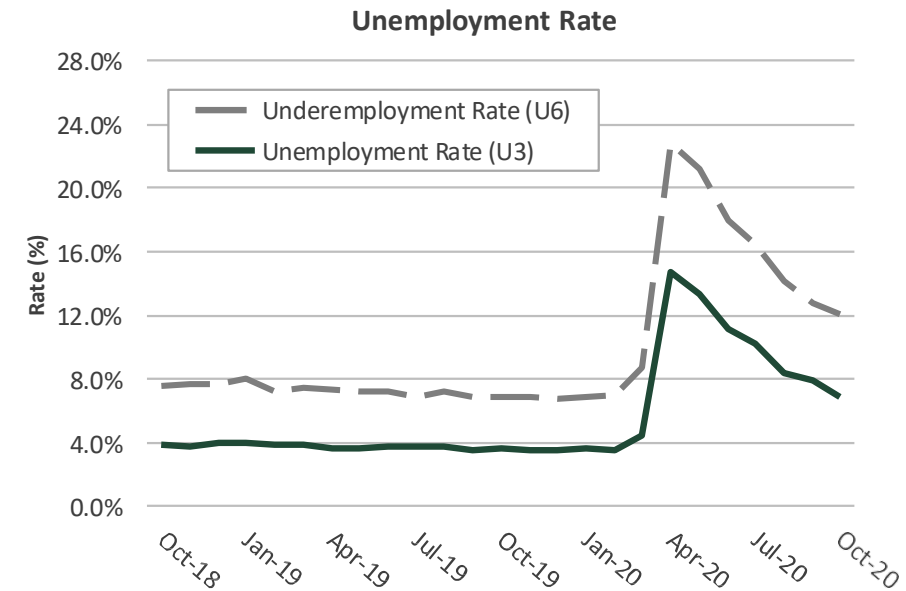
- The economy experienced a strong rebound in the third quarter, following a steep decline in activity in the second quarter, but GDP remains well below its pre-pandemic peak. We anticipate the path to a full economic recovery may be uneven. In our view, the outlook for the economy hinges largely on the course of the pandemic, the timing and amount of additional fiscal relief, and the timeline for a vaccine. Though downside risks to the economy remain, due in part to the ongoing stalemate in Congress over fiscal relief, a resurgence of the virus, and ongoing elevated levels of unemployment claims, we remain very optimistic about progression toward a vaccine, which should help propel the economic recovery next year. We also expect the Fed's highly accommodative monetary policy framework will continue to provide support for the financial markets.
- The Federal Open Market Committee (FOMC) kept monetary policy unchanged in November as expected, with the fed funds target rate in a range of 0.0% to 0.25%. The Fed's policy statement was largely unchanged from the last meeting and Fed Chair Powell maintained a dovish tone during his press conference. The Fed intends to remain highly accommodative until their goals of maximum employment and higher inflation are achieved and has previously signaled that the fed funds rate may remain unchanged until at least 2023. Chair Powell noted that the FOMC has discussed things they could do to expand the parameters of their asset purchase program if needed, but for now policymakers feel comfortable with the current level of monthly asset purchases (\$80 billion per month of Treasuries and \$40 billion per month of agency mortgage-backed securities). Since February, the Fed's balance sheet has increased from about \$4.2 trillion to nearly \$7.2 trillion. For several months, Powell has asserted that additional fiscal support would likely be necessary to facilitate a strong economic recovery. During his press conference, he indicated that he believes additional fiscal support is likely at some point.
- On a year-to-date basis, the yield on 2-year Treasuries was down 142 basis points to 0.15% and the yield on 10-year Treasuries was down about 104 basis points to 0.87% at the end of October. The Treasury yield curve steepened in October, driven by an increase in longer-term rates as the front end of the curve remains anchored near 0.0%. On a month-over-month basis, the yield on 10-year Treasuries was up 20 basis points.



# Employment



Source: US Department of Labor

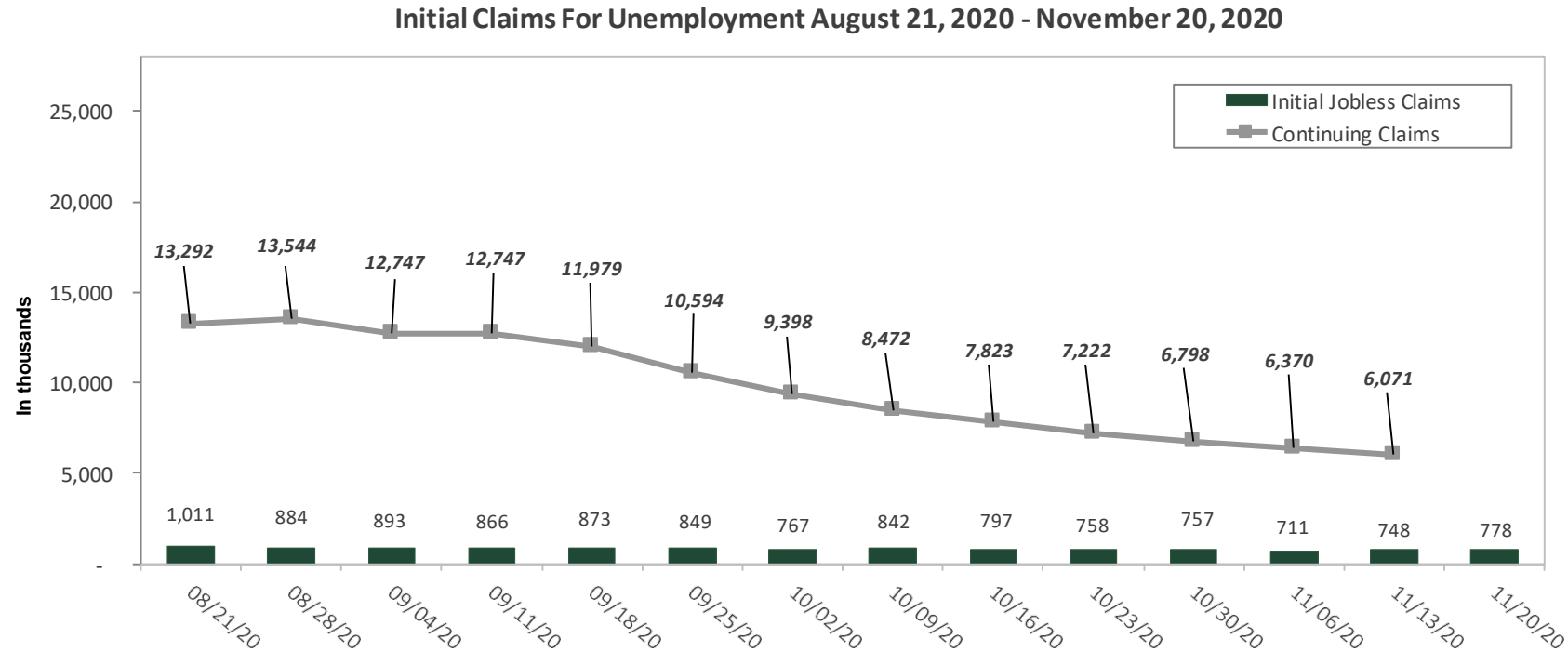


Source: US Department of Labor

U.S. nonfarm payrolls were stronger than expected, up 638,000 in October versus expectations of 580,000. Payrolls for August and September were also revised up by a total of 15,000. On a cumulative basis, the labor market has added nearly 12.1 million jobs in the past 6 months, more than half the 22.2 million lost in March and April. The unemployment rate declined to 6.9% in October (versus expectations of 7.6%) from 7.9% in September. Workers who classified themselves as employed but absent from work in the November survey understated the unemployment rate by about 0.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, remained high but eased to 12.1% in October from 12.8% in September. The labor participation rate increased to 61.7% in October from 61.4% in September but remains well below the pre-pandemic level.



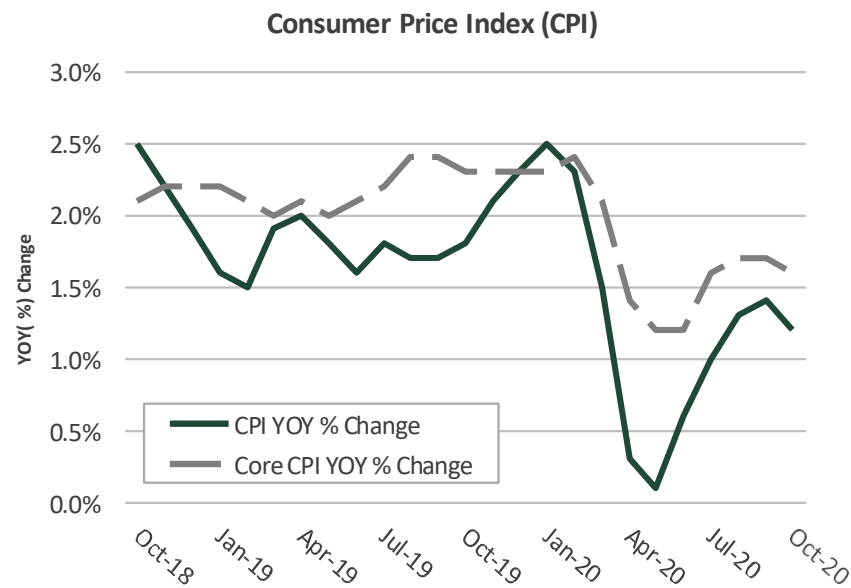
# Initial Claims for Unemployment



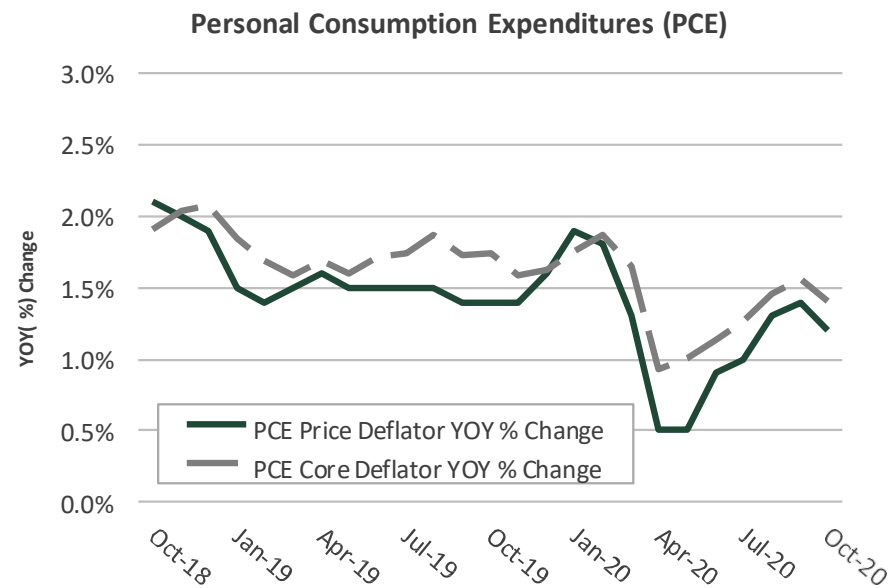
Source: US Department of Labor

In the most recent week, the number of initial jobless claims increased to 778,000 compared to 748,000 in the prior week. The level of continuing unemployment claims (where the data is lagged by one week) declined to about 6.1 million from roughly 6.4 million in the prior week. Continuing jobless claims have declined substantially from the peak of nearly 25 million in early May, but they remain well above the 2019 average of 1.7 million.

# Inflation



Source: US Department of Labor



Source: US Department of Commerce

The Consumer Price Index (CPI) was up 1.2% year-over-year in October, versus up 1.4% in September. Core CPI (CPI less food and energy) was up 1.6% year-over-year in October, versus up 1.7% in September. The Personal Consumption Expenditures (PCE) index was up 1.2% year-over-year in October, versus up 1.4% year-over-year in September. Core PCE, which is the Fed's primary inflation gauge, was up 1.4% year-over-year in October, versus up 1.6% year-over-year in September. Inflation remains well below the Fed's target.

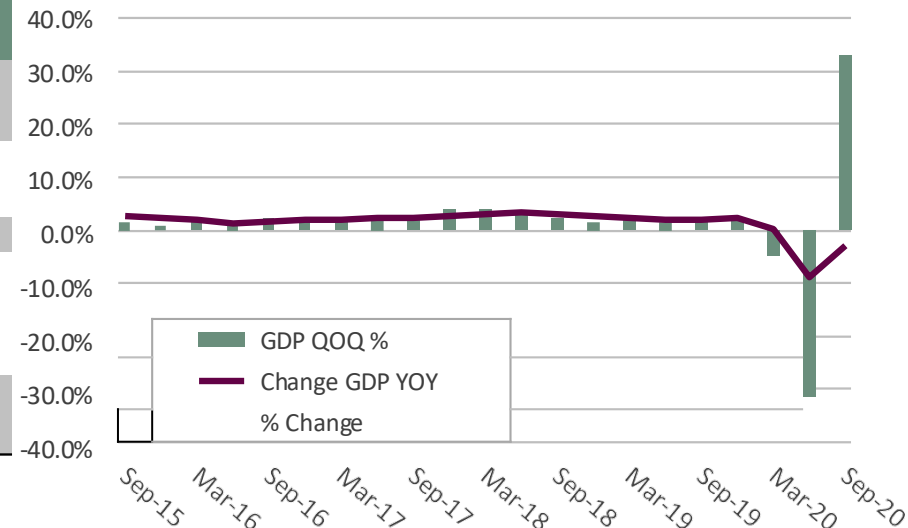


# Gross Domestic Product (GDP)

Components of GDP	12/19	3/20	6/20	9/20
Personal Consumption Expenditures	1.1%	-4.8%	-24.0%	25.2%
Gross Private Domestic Investment	-0.6%	-1.6%	-8.8%	11.8%
Net Exports and Imports	1.5%	1.1%	0.6%	-3.2%
Federal Government Expenditures	0.3%	0.1%	1.2%	-0.4%
State and Local (Consumption and Gross Investment)	0.2%	0.1%	-0.4%	-0.4%
<b>Total</b>	<b>2.4%</b>	<b>-5.0%</b>	<b>-31.4%</b>	<b>33.1%</b>

Source: US Department of Commerce

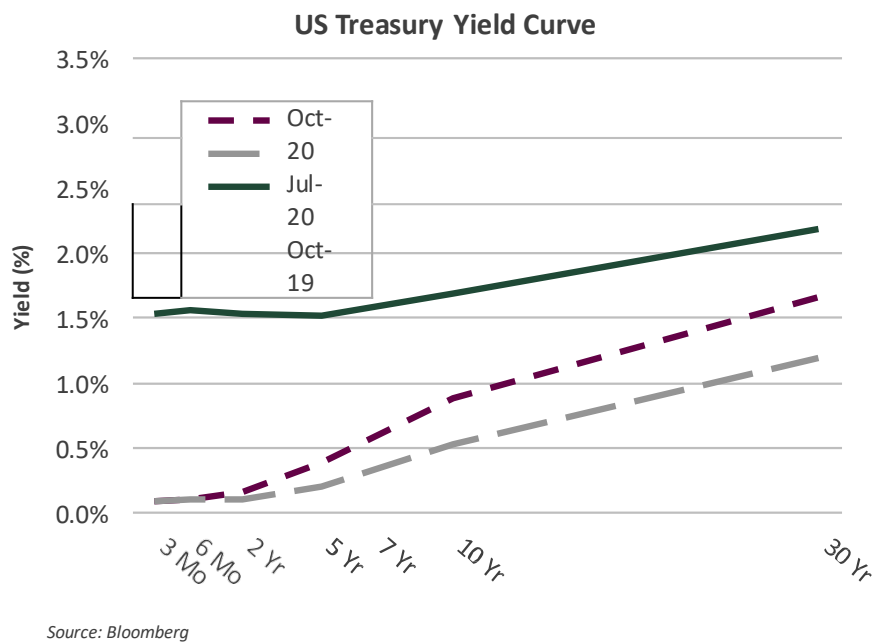
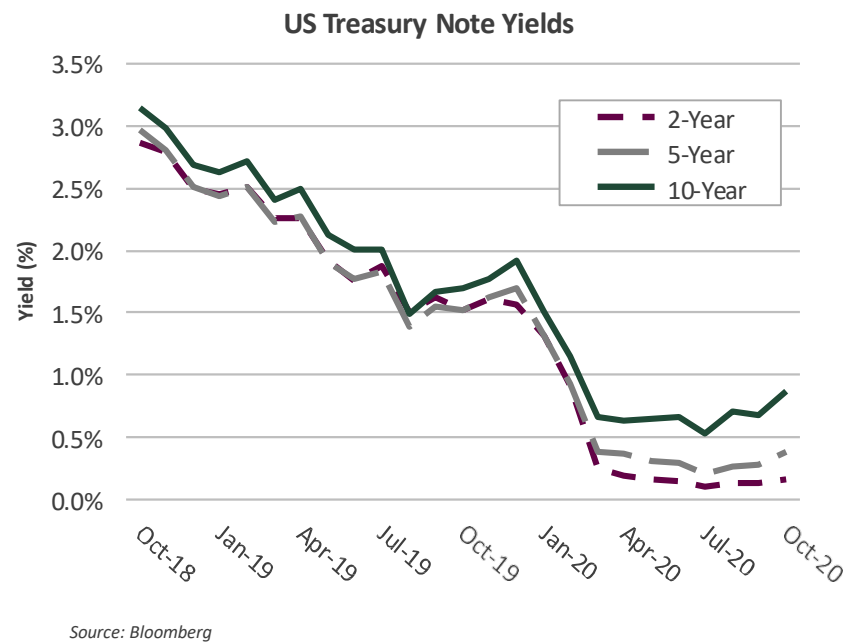
Gross Domestic Product (GDP)



Source: US Department of Commerce

According to the second estimate, real US gross domestic product (GDP) grew at an annualized rate of 33.1% in the third quarter (unchanged from the advance estimate), following a 31.4% annualized decline in the second quarter. Third quarter GDP growth was by far the largest annualized gain on record but followed the largest annualized decline in GDP on record in the second quarter. Personal consumption expenditures rose 40.6% in the third quarter on an annualized basis, following a 33.2% decline in the second quarter and a 6.9% decline in the first quarter. The consensus estimate for fourth quarter GDP growth is 4.0%, and the pace of growth is expected to steadily decline throughout next year.

# Bond Yields



At October month-end, Treasury yields were much lower on a year-over-year basis. The 3-month T-bill yield was down 144 basis points, the 2-year Treasury yield was down 137 basis points, and the 10-Year Treasury yield was down 82 basis points, year-over-year. Yields declined precipitously in March 2020, with the Fed cutting rates by a total of 150 basis points and a flight to safe-haven assets driving down yields across the curve. The Fed has signaled plans to keep the front end of the Treasury yield curve anchored near zero for at least the next few years.





## Section 2 | Account Profile

## Consolidated Investment Objectives

The investment policies and practices of the Quantification Settlement Agreement Joint Powers Authority are based upon limitations placed on it by governing legislative bodies. These policies have three primary goals:

1. To assure compliance with all Federal, State and Local laws governing the investment of monies under the control of the Treasurer.
2. To protect the principal monies entrusted to this organization.
3. To generate the maximum amount of investment income within the parameters of this Annual Statement of Investment Policy.

These goals are enhanced by the following objectives in order of importance:

- Safety
- Liquidity
- Return on Investments
- Public Trust

## Chandler Asset Management Performance Objective

The performance objective for the accounts is to achieve a rate of return over a market cycle that equals or exceeds the return on a market index of similar duration and sector allocation.

## Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

## San Diego County Water Authority QSA JPA

Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy

Category	Standard	Comment
Treasury Issues	No limitations; Full faith and credit of the U.S. are pledged for payment of principal and interest.	Complies
Federal Agencies	20% max agency callable securities; Federal Agencies or U.S. government-sponsored enterprises (GSE), participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or U.S. GSEs.	Complies
Supranationals	"AA" rated or better by Moody's, S&P, or Fitch; 15% maximum; 5% max per issuer; U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development ("IBRD"), the International Finance Corporation ("IFC") or the Inter-American Development Bank ("IADB")	Complies
Municipal Securities	"A" long-term rating category or better by a NRSRO; 30% maximum; 5% max per issuer; Issued by any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state; and bonds, notes, warrants, or other evidence of debt issued by a local agency or municipality located within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a local agency, or by a department, board, agency, or authority of the local agency.	Complies
Corporate Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer; Issuer is a corporation organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.; Permissible types of notes include fixed rate and variable rate.	Complies
Asset Backed/ Mortgage Backed/ Mortgage Passthrough/Collateralized Mortgage Obligation	"AA" rating category or better by a NRSRO; 20% maximum (combined); 5% max per issuer in any Asset-backed or mortgage security issuer; From Issuers not defined in the Treasury or Agencies section of the Authorized Investments Instruments section of the policy	Complies
Negotiable Certificates of Deposit (NCD)	No rating required if amount of the NCD is covered by FDIC insured limit; If above FDIC insured limit, requires "A-1" short-term or better by a NRSRO or "A" long-term rated issuer or better by a NRSRO; 30% maximum (combined with CDs/CDARs); 5% max per issuer; Issued by nationally or state-chartered bank, a savings assoc. or a federal assoc., a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank.	Complies
Non-negotiable Certificates of Deposit/ Time Deposit	30% maximum (combined all CDs/TDs including NCDs/CDARs), 20% maximum (combination of FDIC and Collateralized CDs/TDs); If issued in excess of the FDIC insurance limit, must be fully collateralized with securities in accordance with California law; 5% max per issuer	Complies
Banker's Acceptances	"A-1" rated or better by a NRSRO; 40% maximum; 5% max per issuer; 180 days max maturity	Complies
Commercial Paper	"A-1" rated or better by a NRSRO; "A" rated issuer or better by a NRSRO, if any long-term debt; 25% maximum; 5% max per issuer; 270 days max maturity; Issued by general corporations organized and operating within the U.S. and have total assets >\$500 million; 10% max of the outstanding commercial paper of any single issuer.	Complies
Money Market Mutual Funds and Mutual Funds	Highest rating or "AAA" rated by two NRSROs; SEC registered adviser with AUM >\$500 million and experience > 5 years; 20% maximum in Mutual Funds and Money Market Mutual Funds; 20% per one Money Market Mutual Fund; 10% max per one Mutual Fund.	Complies
Repurchase Agreements	"A" rating category long term debt issuer or better by a NRSRO; 20% maximum; 1 year max maturity; Not used by investment adviser	Complies
Guaranteed Investment Contracts (GICs)	California Government Code	Complies
Local Agency Investment Fund (LAIF)	Max permitted by State Law; Not used by investment adviser	Complies
Local Government Investment Pools	Highest rating or "AAA" or higher by a NRSRO; 25% maximum; 25% max per issuer; Not used by investment adviser	Complies
Prohibited	Inverse floaters, Range notes, Mortgaged derived interest-only strips; Zero interest accrual securities; Purchasing or Selling on margin; Reverse Repurchase Agreements; Foreign currency denominated securities	Complies
Max Per Issuer	5% max per issuer, unless otherwise specified in the policy	Complies
Maximum Maturity	5 years maximum maturity, except for US Treasuries, Agencies, and Municipals, or unless otherwise stated in the policy	Complies



## Portfolio Characteristics

As of November 30, 2020

### SDCWater QSA JPA

	Benchmark*	11/30/2020	Portfolio	8/31/2020 Portfolio
Average Maturity (yrs)	2.63		2.69	2.69
Average Modified Duration	2.54		2.56	2.55
Average Purchase Yield	n/a		0.37%	0.36%
Average Market Yield	0.19%		0.27%	0.26%
Average Quality**	AAA		AA+/Aa1	AA+/Aa1
Total Market Value			15,054,750	15,047,462

\*ICE BAML 1-5 Year US Treasury/Agency Index

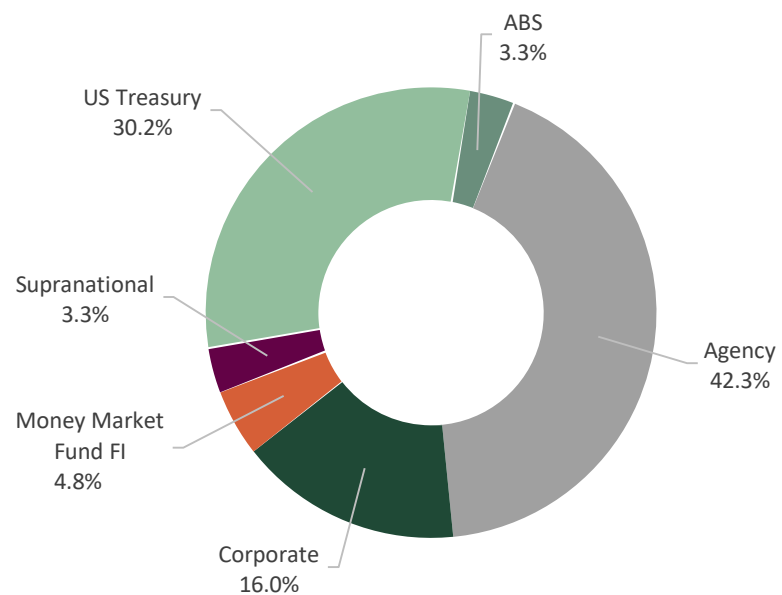
\*\*Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

## Sector Distribution

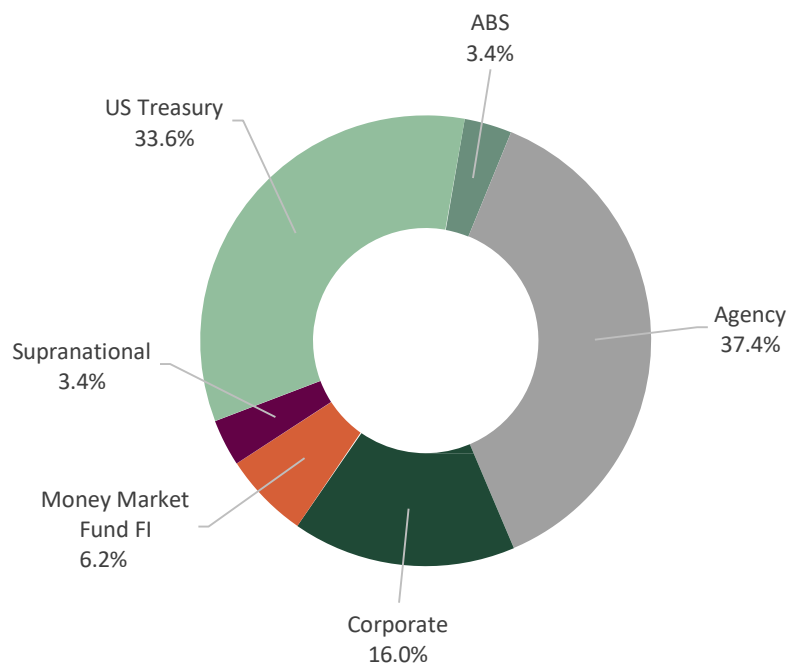
As of November 30, 2020

### SDCWater QSA JPA

November 30, 2020

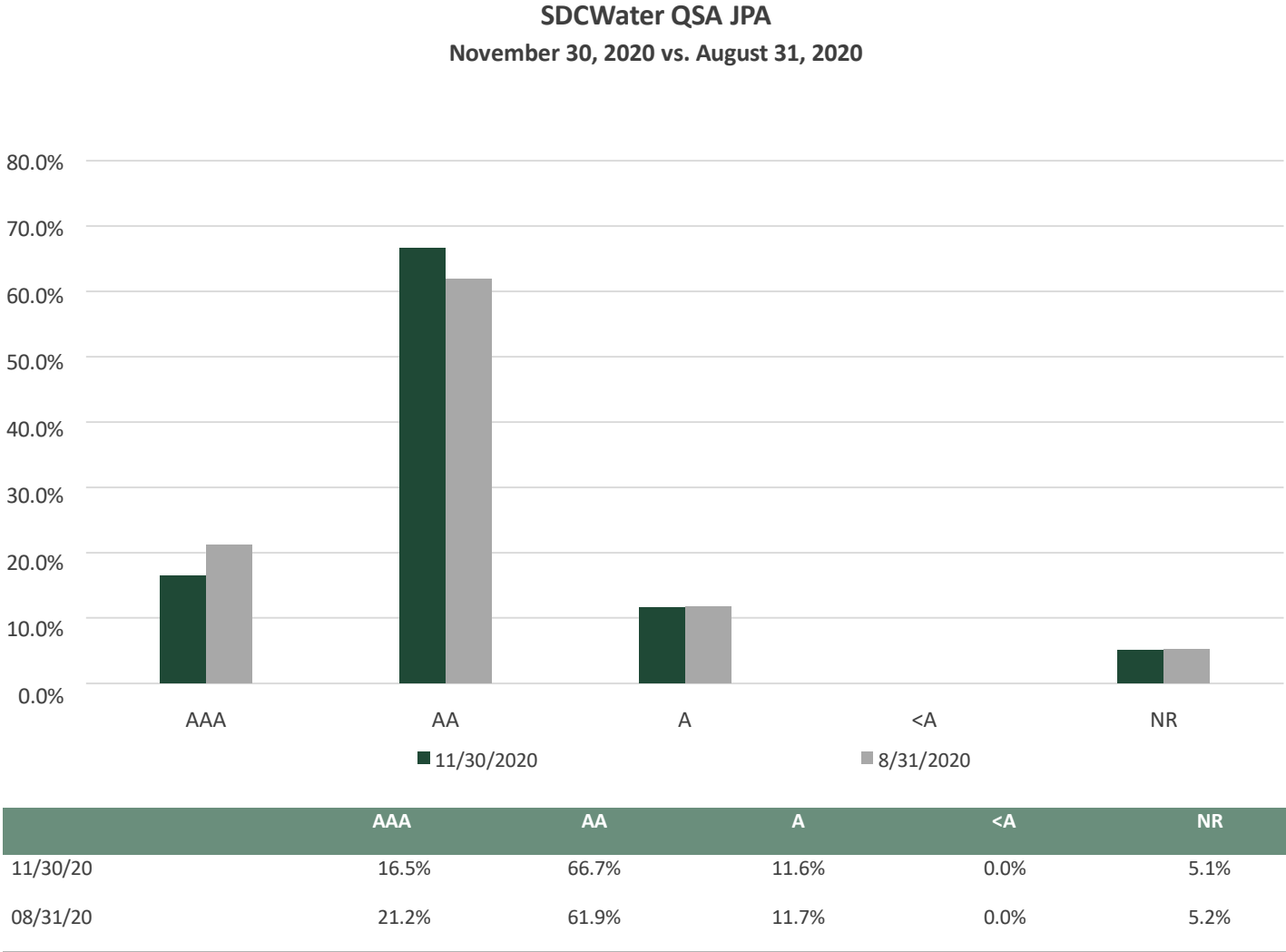


August 31, 2020



SDCWater QSA JPA – Account #10763

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	30.21%
Federal Home Loan Mortgage Corp	Agency	15.13%
Federal National Mortgage Association	Agency	13.34%
Federal Home Loan Bank	Agency	10.52%
Dreyfus Gov't Cash Management	Money Market Fund FI	4.83%
Federal Farm Credit Bank	Agency	3.33%
PNC Financial Services Group	Corporate	1.81%
Bank of America Corp	Corporate	1.80%
Honeywell Corp	Corporate	1.78%
IBM Corp	Corporate	1.78%
Merck & Company	Corporate	1.76%
Apple Inc	Corporate	1.70%
Toyota ABS	ABS	1.70%
Intl Bank Recon and Development	Supranational	1.68%
Inter-American Dev Bank	Supranational	1.67%
John Deere ABS	ABS	1.61%
Bank of New York	Corporate	0.92%
Toronto Dominion Holdings	Corporate	0.90%
Royal Bank of Canada	Corporate	0.90%
Deere & Company	Corporate	0.89%
Visa Inc	Corporate	0.88%
JP Morgan Chase & Co	Corporate	0.87%
<b>TOTAL</b>		<b>100.00%</b>

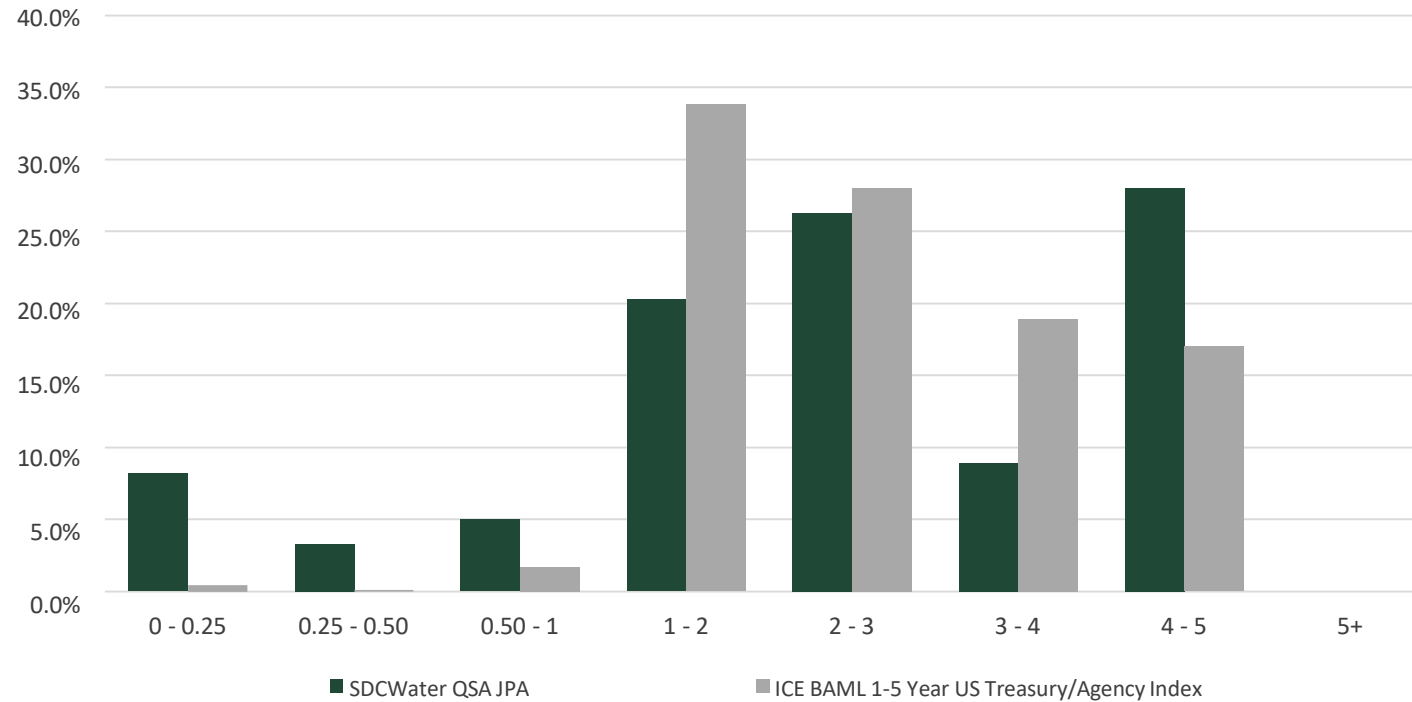


Source: S&P Ratings

## Duration Distribution

As of November 30, 2020

**SDCWater QSA JPA**  
Portfolio Compared to the Benchmark as of November 30, 2020



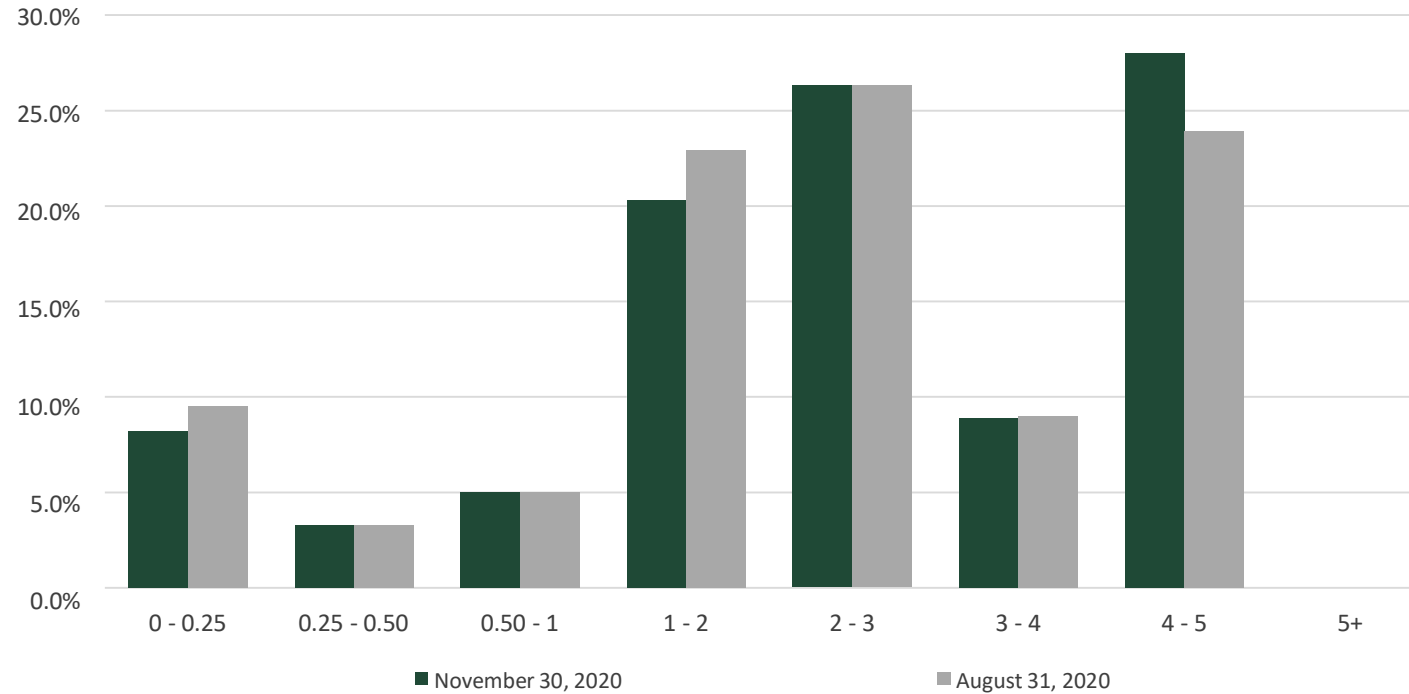
	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	8.2%	3.3%	5.0%	20.3%	26.3%	8.9%	28.0%	0.0%
Benchmark*	0.4%	0.1%	1.7%	33.8%	28.0%	18.9%	17.0%	0.0%

\*ICE BAML 1-5 Year US Treasury/Agency Index

## Duration Distribution

As of November 30, 2020

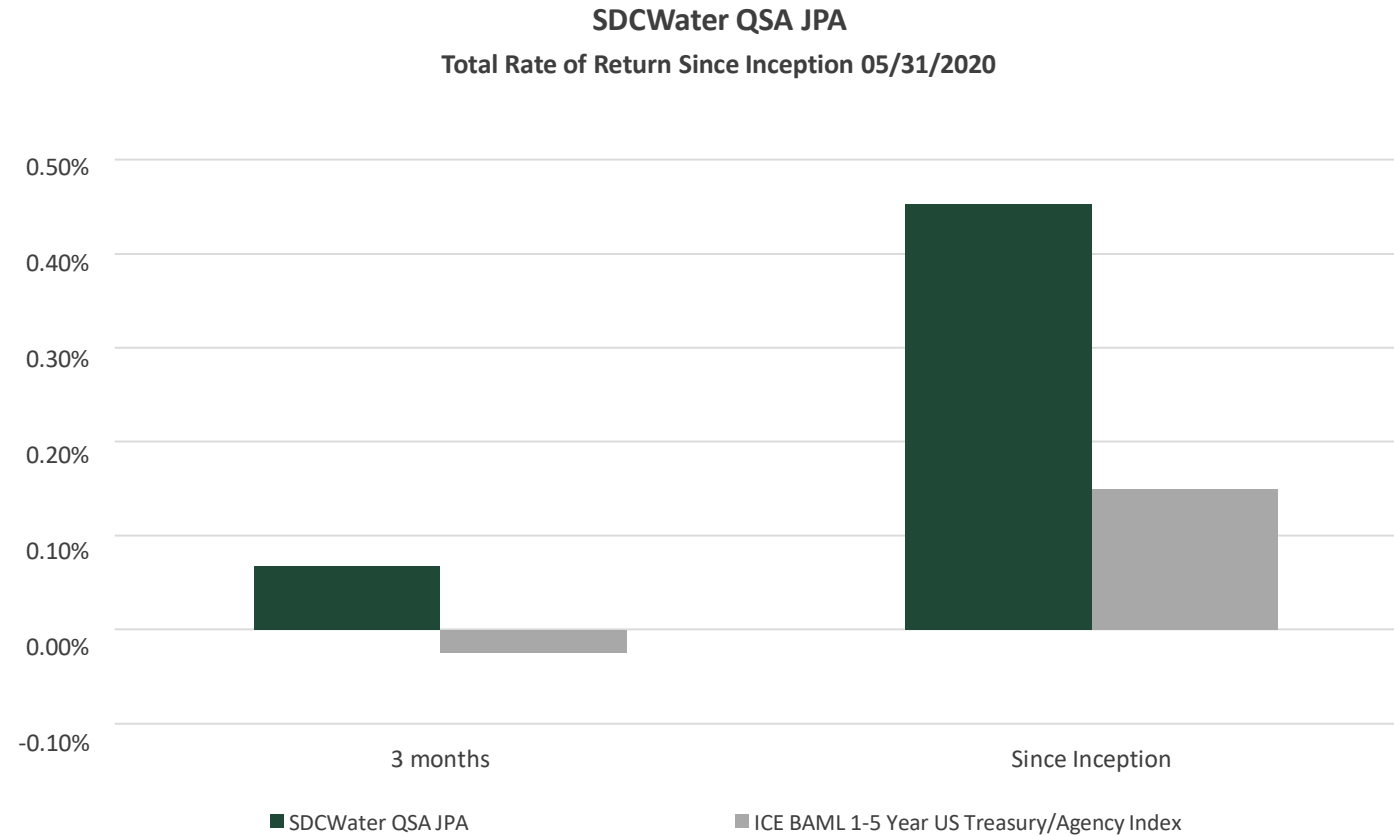
**SDCWater QSA JPA**  
November 30, 2020 vs. August 31, 2020



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
11/30/20	8.2%	3.3%	5.0%	20.3%	26.3%	8.9%	28.0%	0.0%
08/31/20	9.5%	3.3%	5.0%	22.9%	26.3%	9.0%	23.9%	0.0%

## Investment Performance

As of November 30, 2020



TOTAL RATE OF RETURN	Latest 3 months	Since Inception
SDCWater QSA JPA	0.07%	0.45%
ICE BAML 1-5 Year US Treasury/Agency Index	-0.02%	0.15%

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



## Section 3 | Portfolio Holdings



# Holdings Report

As of November 30, 2020

## SDCWater QSA JPA - Account #10763

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
47789JAD8	John Deere Owner Trust 2019-A A3 2.910% Due 07/17/2023	237,127.31	06/24/2020 0.83%	243,361.17 243,361.17	101.84 0.37%	241,501.60 306.68	1.61% (1,859.57)	Aaa / NR AAA	2.63 0.72
89232HAC9	Toyota Auto Receivable Own 2020-A A3 1.660% Due 05/15/2024	250,000.00	07/06/2020 0.70%	255,507.81 255,507.81	102.07 0.30%	255,180.25 184.44	1.70% (327.56)	Aaa / AAA NR	3.46 1.51
<b>TOTAL ABS</b>		<b>487,127.31</b>	<b>0.76%</b>	<b>498,868.98</b> <b>498,868.98</b>	<b>0.34%</b>	<b>496,681.85</b> <b>491.12</b>	<b>3.30%</b> <b>(2,187.13)</b>	<b>Aaa /</b> <b>AAA</b> <b>Aaa</b>	<b>3.05</b> <b>1.13</b>
<b>Agency</b>									
3133ELYR9	FFCB Note 0.250% Due 05/06/2022	500,000.00	05/13/2020 0.23%	500,200.00 500,200.00	100.13 0.16%	500,655.00 86.81	3.33% 455.00	Aaa / AA+ AAA	1.43 1.43
313379Q69	FHLB Note 2.125% Due 06/10/2022	500,000.00	05/28/2020 0.23%	519,135.00 519,135.00	102.98 0.17%	514,905.50 5,046.88	3.45% (4,229.50)	Aaa / AA+ AAA	1.53 1.50
313380GJ0	FHLB Note 2.000% Due 09/09/2022	500,000.00	08/14/2020 0.19%	518,605.00 518,605.00	103.21 0.19%	516,030.00 2,277.78	3.44% (2,575.00)	Aaa / AA+ NR	1.78 1.74
3137EAER6	FHLMC Note 0.375% Due 05/05/2023	500,000.00	06/19/2020 0.33%	500,695.00 500,695.00	100.48 0.18%	502,416.50 135.42	3.34% 1,721.50	Aaa / AA+ AAA	2.43 2.42
3137EAES4	FHLMC Note 0.250% Due 06/26/2023	500,000.00	08/14/2020 0.26%	499,860.00 499,860.00	100.10 0.21%	500,500.50 538.19	3.33% 640.50	Aaa / AA+ AAA	2.57 2.56
3135G05G4	FNMA Note 0.250% Due 07/10/2023	500,000.00	08/14/2020 0.26%	499,835.00 499,835.00	100.03 0.24%	500,144.50 489.58	3.33% 309.50	Aaa / AA+ AAA	2.61 2.60
3137EAEP0	FHLMC Note 1.500% Due 02/12/2025	500,000.00	05/13/2020 0.50%	523,435.00 523,435.00	104.68 0.37%	523,420.00 2,270.83	3.49% (15.00)	Aaa / NR AAA	4.21 4.06
3130A4CH3	FHLB Note 2.375% Due 03/14/2025	500,000.00	06/19/2020 0.51%	543,535.00 543,535.00	108.55 0.36%	542,773.50 2,539.93	3.62% (761.50)	Aaa / AA+ AAA	4.29 4.09
3135G03U5	FNMA Note 0.625% Due 04/22/2025	500,000.00	05/13/2020 0.53%	502,235.00 502,235.00	101.11 0.37%	505,566.00 338.54	3.36% 3,331.00	Aaa / AA+ AAA	4.39 4.33
3135G04Z3	FNMA Note 0.500% Due 06/17/2025	500,000.00	08/10/2020 0.39%	502,750.00 502,750.00	100.35 0.42%	501,745.50 1,125.00	3.34% (1,004.50)	Aaa / AA+ AAA	4.55 4.48
3137EAEU9	FHLMC Note 0.375% Due 07/21/2025	500,000.00	08/10/2020 0.37%	500,035.00 500,035.00	99.72 0.44%	498,620.50 666.67	3.32% (1,414.50)	Aaa / AA+ AAA	4.64 4.59
3135G05X7	FNMA Note	250,000.00	10/13/2020	249,155.00	99.67	249,165.00	1.66%	Aaa /	4.74



# Holdings Report

As of November 30, 2020

## SDCWater QSA JPA - Account #10763

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3135G06G3	FNMA Note 0.500% Due 11/07/2025	250,000.00	11/25/2020 0.50%	250,012.50 250,012.50	100.04 0.49%	250,101.50 65.97	1.66% 89.00	Aaa / AA+ AAA	4.94 4.87
<b>TOTAL Agency</b>		<b>6,250,000.00</b>	<b>0.36%</b>	<b>6,358,555.00</b> <b>6,358,555.00</b>	<b>0.30%</b>	<b>6,354,931.50</b> <b>15,998.27</b>	<b>42.32%</b> <b>(3,623.50)</b>	<b>Aaa /</b> <b>AA+</b> <b>Aaa</b>	<b>3.33</b> <b>3.28</b>
<b>Corporate</b>									
037833CQ1	Apple Inc Callable Note Cont 4/11/2022 2.300% Due 05/11/2022	125,000.00	06/26/2020 0.46%	129,272.50 129,272.50	102.88 0.18%	128,601.75 159.72	0.86% (670.75)	Aa1 / AA+ NR	1.44 1.35
92826CAC6	Visa Inc Callable Note Cont 10/14/2022 2.800% Due 12/14/2022	125,000.00	06/19/2020 0.55%	131,892.50 131,892.50	104.89 0.18%	131,107.75 1,623.61	0.88% (784.75)	Aa3 / AA- NR	2.04 1.81
06051GEU9	Bank of America Corp Note 3.300% Due 01/11/2023	125,000.00	08/14/2020 0.48%	133,401.25 133,401.25	106.04 0.42%	132,554.75 1,604.17	0.89% (846.50)	A2 / A- A+	2.12 2.03
44932HAH6	IBM Credit Corp Note 3.000% Due 02/06/2023	250,000.00	06/19/2020 0.59%	265,665.00 265,665.00	106.06 0.22%	265,145.50 2,395.83	1.78% (519.50)	A2 / A NR	2.19 2.11
46625HRL6	JP Morgan Chase Callable Note Cont 3/18/2023 2.700% Due 05/18/2023	125,000.00	05/13/2020 1.36%	129,938.75 129,938.75	105.28 0.39%	131,603.50 121.88	0.87% 1,664.75	A2 / A- AA-	2.46 2.24
58933YAF2	Merck & Co Note 2.800% Due 05/18/2023	250,000.00	06/26/2020 0.48%	266,602.50 266,602.50	106.14 0.30%	265,356.50 252.78	1.76% (1,246.00)	A1 / AA- A+	2.46 2.40
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.500% Due 06/08/2023	250,000.00	08/14/2020 0.57%	270,380.00 270,380.00	107.30 0.49%	268,250.00 4,204.86	1.81% (2,130.00)	A2 / A NR	2.52 2.32
06406HCS6	Bank of New York Callable Note Cont 1/5/2024 3.650% Due 02/04/2024	125,000.00	06/26/2020 0.77%	137,736.25 137,736.25	109.51 0.62%	136,890.38 1,482.81	0.92% (845.87)	A1 / A AA-	3.18 3.00
89114QCA4	Toronto Dominion Bank Note 2.650% Due 06/12/2024	125,000.00	06/26/2020 0.87%	133,626.25 133,626.25	106.95 0.66%	133,691.25 1,555.03	0.90% 65.00	Aa3 / A AA-	3.53 3.35
78013XZU5	Royal Bank of Canada Note 2.550% Due 07/16/2024	125,000.00	05/13/2020 1.55%	130,016.25 130,016.25	106.86 0.63%	133,573.25 1,195.31	0.90% 3,557.00	A2 / A AA	3.63 3.45
438516BW5	Honeywell Intl Callable Note Cont 7/15/2024 2.300% Due 08/15/2024	250,000.00	06/19/2020 0.80%	265,285.00 265,285.00	106.64 0.45%	266,609.00 1,693.06	1.78% 1,324.00	A2 / A A	3.71 3.47
24422EVC0	John Deere Capital Corp Note 2.050% Due 01/09/2025	125,000.00	06/26/2020 0.76%	132,176.25 132,176.25	106.07 0.55%	132,593.25 1,010.76	0.89% 417.00	A2 / A A	4.11 3.93
06051GHR3	Bank of America Corp Callable Note 1X 3/15/2024 3.458% Due 03/15/2025	125,000.00	06/26/2020 1.14%	135,600.00 135,600.00	108.45 0.85%	135,563.25 912.53	0.91% (36.75)	A2 / A- A+	4.29 3.11

# Holdings Report

As of November 30, 2020

## SDCWater QSA JPA - Account #10763

CUSIP	Security Description	Par Value/Units	Date	Value	Price	Market Value	Port.	y/S&P	Maturit
			Cost	Book	M % of YTM	Accrued Int.	Mood	y	
			Yield	kt	M	Gain	/Loss	ch	Duration
				Book Value			Fit	n	
037833DT4	Apple Inc Callable Note Cont 4/11/2025 1.125% Due 05/11/2025	125,000.00	05/13/2020 127	125,710.00	102.17	,716.63	0.85%	Aa1	4.43
			1.01%	125,710.00	0.63%	78.13	/ AA+ 2,006.63 NR		4.34
<b>TOTAL</b>		<b>,000.00</b>		<b>2,387,302.50</b>		<b>2,38 256.76</b>	<b>15.99%</b>	<b>A1 / A+</b>	
<b>Corporate</b>			<b>0.77%</b>	<b>2,387,302.50</b>		<b>9, 290.48</b>	<b>1,954.26</b>	<b>A+</b>	
<b>2,250</b>				<b>0.</b>	<b>45%</b>	<b>1</b>			<b>0.00</b>
					<b>8,</b>				<b>0.00</b>
<b>Money Market Fund FI</b>									
262006802	Dreyfus Gov't Cash Management Money Market Fund	727,055.95	Various 0.01%	727,055.95 727,055.95 0	1.00	,055.95 7 0.00	4.83% 0.00	Aaa / AAA AAA	0.00 0.00
					27 .01%				<b>3.44</b>
<b>TOTAL Money Market Fund FI</b>		<b>727,055.95</b>		<b>727,055.95</b>		<b>727,055.95</b>	<b>4.83%</b>	<b>Aaa / AAA</b>	<b>3.40</b>
			<b>0.01%</b>	<b>727,055.95</b>	<b>01%</b>	<b>0.00</b>	<b>0.00</b>	<b>Aaa</b>	
				<b>0.</b>					
<b>Supranational</b>									
4581X0DM7	Inter-American Dev Bank Note 0.500% Due 05/24/2023	250,000.00	06/04/2020 251	250,900.00	100.64	,602.75	1.67%	Aaa	2.48
			0.38%	250,900.00	0.24%	24.31	/ AAA 702.75 NR		2.47
459058JB0	Intl. Bank Recon & Development Note 0.625% Due 04/22/2025	250,000.00	06/04/2020 252	250,480.00	100.87	,184.00 169.27	1.68% 1,704.00	Aaa / AAA NR	4.39 4.33
			0.58%	250,480.00	0.42%				
<b>TOTAL Supranational</b>		<b>500,000.00</b>		<b>501,380.00</b>		<b>503,786.75</b>	<b>3.35%</b>	<b>Aaa / AAA</b>	
			<b>0.48%</b>	<b>501,380.00</b>	<b>33%</b>	<b>193.58</b>	<b>2,406.75</b>	<b>NR</b>	
				<b>0.</b>					
<b>US Treasury</b>									
9127963V9	US Treasury Bill 0.109% Due 01/21/2021	500,000.00	08/14/2020 99.	499,762.32	95	,762.32	3.32%	A-	0.14
			0.11%	499,762.32	99	160.47	P-1 / 0.00	1+	0.14
				0	.11%		F-	1+	
9127962F5	US Treasury Bill 0.124% Due 03/25/2021	500,000.00	08/14/2020 99.	499,622.64	92	,622.64	3.32%	A-	0.32
			0.13%	499,622.64	99	181.82	P-1 / 0.00	1+	0.31
				0	.13%		F-	1+	
912828F96	US Treasury Note 2.000% Due 10/31/2031	500,000.00	05/28/2020 508	512,910.16	101.73	,633.00 856.35	3.38% (1,277.16)	Aaa / AA+ AAA	0.92 0.91

# Holdings Report

As of November 30, 2020

## SDCWater QSA JPA - Account #10763

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
9128282N9	US Treasury Note 2.125% Due 07/31/2024	500,000.00	05/28/2020 0.31%	537,695.31 537,695.31	106.87 0.24%	534,355.50 3,551.29	3.57% (3,339.81)	Aaa / AA+ AAA	3.67 3.53
9128282L7	US Treasury Note 0.375% Due 04/30/2025	500,000.00	06/29/2020 0.28%	502,285.16 502,285.16	100.28 0.31%	501,386.50 160.57	3.33% (898.66)	Aaa / AA+ AAA	4.42 4.38
<b>TOTAL US Treasury</b>		<b>4,500,000.00</b>	<b>0.18%</b>	<b>4,550,322.47</b> <b>4,550,322.47</b>	<b>0.17%</b>	<b>4,542,627.46</b> <b>5,436.61</b>	<b>30.21%</b> <b>(7,695.01)</b>	<b>Aaa /</b> <b>AA+</b> <b>Aaa</b>	<b>1.97</b> <b>1.95</b>
<b>TOTAL PORTFOLIO</b>		<b>14,714,183.26</b>	<b>0.37%</b>	<b>15,023,484.90</b> <b>15,023,484.90</b>	<b>0.27%</b>	<b>15,014,340.27</b> <b>40,410.06</b>	<b>100.00%</b> <b>(9,144.63)</b>	<b>Aa1 / AA+</b> <b>Aaa</b>	<b>2.69</b> <b>2.56</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>15,054,750.33</b>			



## Section 4 | Transactions

# Transaction Ledger

As of November 30, 2020

## SDCWater QSA JPA - Account #10763

August 31, 2020 through November 30, 2020

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	10/14/2020	3135G05X7	250,000.00	FNMA Note 0.375% Due: 08/25/2025	99.662	0.45%	249,155.00	122.40	249,277.40	0.00
Purchase	10/14/2020	3137EAEX3	250,000.00	FHLMC Note 0.375% Due: 09/23/2025	99.627	0.45%	249,067.50	49.48	249,116.98	0.00
Purchase	11/30/2020	3135G06G3	250,000.00	FNMA Note 0.5% Due: 11/07/2025	100.005	0.50%	250,012.50	62.50	250,075.00	0.00
<b>Subtotal</b>			<b>750,000.00</b>				<b>748,235.00</b>	<b>234.38</b>	<b>748,469.38</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>750,000.00</b>				<b>748,235.00</b>	<b>234.38</b>	<b>748,469.38</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Maturity	11/12/2020	9127962Z1	500,000.00	US Treasury Bill 0.143% Due: 11/12/2020	100.000		499,641.77	358.23	500,000.00	0.00
<b>Subtotal</b>			<b>500,000.00</b>				<b>499,641.77</b>	<b>358.23</b>	<b>500,000.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>	<b>NS</b>		<b>500,000.00</b>				<b>499,641.77</b>	<b>358.23</b>	<b>500,000.00</b>	<b>0.00</b>

# Important Disclosures

*As of November 30, 2020*

2020 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.



## FINANCIAL MATTERS

### 6. Treasurer's Report ending September 30, 2020 (Information)





**Quantification Settlement Agreement  
Joint Powers Authority  
Treasurer's Report  
at September 30, 2020**

<u>Investment Type</u>	<u>% Limit</u>	<u>% of Portfolio</u>	<u>Amount</u>
Local Agency Investment Fund (LAIF)	\$75M - Maximum	57%	\$ 20,167,990.85
Treasury Securities	100%	14%	5,051,329.73
Federal Agency Securities	100%	13%	4,611,350.35
Medium Term Notes	100%	7%	2,390,904.60
Supranationals	100%	4%	1,501,794.09
Chandler Managed Account (BNY)	100%	3%	944,386.07
Asset Back Securities	100%	1%	512,080.08
CA Asset Mgmt Program (CAMP)	25%	0%	59,861.25
CEO Account (Wells Fargo)	100%	0%	15,112.47
Total Cash and Investments		100%	\$ 35,254,809.49
Effective Rate of Return			1.16%
<b><u>Interest Earnings (Cash and Investments):</u></b>			
Fiscal Year to Date			\$ 72,326.67

# QSA Joint Powers Authority



## Deposit & Invoice Activity:

Date	Name	Deposits	Invoices
Total Fiscal Year 6/30/2004		\$ 4,387,846.00	\$ -
Total Fiscal Year 6/30/2005		\$ 1,758,945.00	\$ (1,959,440.28)
Total Fiscal Year 6/30/2006		\$ 2,161,019.83	\$ (4,555,061.94)
Total Fiscal Year 6/30/2007		\$ 2,347,672.00	\$ (2,938,474.58)
Total Fiscal Year 6/30/2008		\$ 11,644,612.84	\$ (5,779,276.79)
Total Fiscal Year 6/30/2009		\$ 6,870,567.00	\$ (8,251,293.97)
Total Fiscal Year 6/30/2010		\$ 14,545,715.00	\$ (9,061,269.71)
Total Fiscal Year 6/30/2011		\$ 5,849,675.00	\$ (5,944,418.65)
Total Fiscal Year 6/30/2012		\$ 6,585,384.00	\$ (1,851,265.44)
Total Fiscal Year 6/30/2013		\$ 7,497,513.00	\$ (4,335,543.28)
Total Fiscal Year 6/30/2014		\$ 10,699,074.00	\$ (10,987,218.93)
Total Fiscal Year 6/30/2015		\$ 17,331,735.00	\$ (14,361,492.54)
Total Fiscal Year 6/30/2016		\$ 15,222,157.00	\$ (22,997,264.03)
Total Fiscal Year 6/30/2017		\$ 29,162,833.00	\$ (21,104,845.03)
Total Fiscal Year 6/30/2018		\$ 18,183,882.00	\$ (16,428,573.00)
Total Fiscal Year 6/30/2019		\$ 20,121,404.00	\$ (5,447,961.38)
Total Fiscal Year 6/30/2020		\$ 11,654,013.00	\$ (8,417,595.87)
7/01/2020	SDCWA Annual Operating Cost	\$ 850,000.00	
7/15/2020	Mitigation # 1165		\$ (594,990.32)
7/31/2020	Mitigation # 1166		\$ (8,049,806.92)
8/27/2020	Mitigation # 1167		\$ (723,123.47)
9/25/2020	Mitigation # 1168		\$ (1,389,081.98)
Total Fiscal Year 6/30/2020 (YTD)		\$ 850,000.00	\$ (10,757,002.69)
Totals to date:		\$ 186,874,047.67	\$ (155,177,998.11)

## Deposit History (Inception-to-Date):

Calendar Year	Payment Type	SDCWA (1)	IID	CVWD	Total
2003	Original Payment	\$ 2,340,273.00	\$ 402,069.00	\$ 1,645,504.00	\$ 4,387,846.00
2004	Original Payment	1,032,775.00	-	726,170.00	1,758,945.00
2005	Original Payment	969,146.83	418,191.00	773,682.00	2,161,019.83
2006	Original Payment	848,849.00	574,316.00	924,507.00	2,347,672.00
2007	Advance Payment	4,094,225.00	1,658,950.00	2,878,752.00	8,631,927.00
2007	Original Payment	1,214,878.84	739,432.00	1,058,375.00	3,012,685.84
2008	Advance Payment	2,164,086.00	876,872.00	1,521,623.00	4,562,581.00
2008	Original Payment	-	761,615.00	1,546,371.00	2,307,986.00
2009	Original Payment	7,879,603.00	941,356.00	5,724,756.00	14,545,715.00
2010	Original Payment	2,770,483.00	1,131,196.00	1,947,996.00	5,849,675.00
2011	Original Payment	3,084,803.00	1,331,579.00	2,169,002.00	6,585,384.00
2012	Original Payment	3,496,247.00	1,542,967.00	2,458,299.00	7,497,513.00
2013	Original Payment	5,245,201.00	1,765,841.00	3,688,032.00	10,699,074.00
2014	Original Payment	5,291,989.00	1,818,816.00	3,720,930.00	10,831,735.00
2015	Advance Payment	2,000,000.00	6,500,000.00	1,000,000.00	9,500,000.00
2015	Original Payment	6,076,346.00	1,873,380.00	4,272,431.00	12,222,157.00
2016	Advance Payment	1,800,000.00	5,125,000.00	2,000,000.00	8,925,000.00
2016	Original Payment	8,254,386.00	1,929,582.00	5,803,865.00	15,987,833.00
2017	Advance Payment	1,850,000.00	4,250,000.00	500,000.00	6,600,000.00
2017	Original Payment	8,314,814.00	1,987,469.00	5,531,599.00	15,833,882.00
2018	Advance Payment	1,750,000.00	3,500,000.00	500,000.00	5,750,000.00
2018	Original Payment	6,914,667.00	2,261,221.00	5,195,516.00	14,371,404.00
2019	Advance Payment	1,750,000.00	2,800,000.00	1,000,000.00	5,550,000.00
2019	Original Payment	1,060,053.00	2,473,610.00	745,350.00	4,279,013.00
2020	Advance Payment	850,000.00	1,825,000.00	-	2,675,000.00
		-	-	-	-
	Totals to date:	\$ 81,052,825.67	\$ 48,488,462.00	\$ 57,332,760.00	\$ 186,874,047.67

<sup>(1)</sup> SDCWA payments shown above are reduced by credits for payments made to the Bureau of Reclamation regarding responsibility for implementation of Conservation and Mitigation Measures for the Colorado River.



Total Outstanding Balance Due as of September 30, 2020				
Payment Schedules <sup>(2)</sup>	SDCWA	IID	CVWD	Total
Nominal amount	\$ 9,985,034	\$ 78,233,154	\$ 9,593,182	\$ 97,811,370
Present value (@ 6%)	\$ 8,730,880	\$ 49,928,872	\$ 8,153,263	\$ 66,813,015

<sup>(2)</sup> Source: Modification of Payment Schedules per Agreement dated May 20, 2015



## FINANCIAL MATTERS

### 7. Financial Report ending September 30, 2020 (Information)



**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2020**

**Assets:**

Cash	\$ 15,112
Investments	35,328,816
Mitigation contributions receivable	36,042,699
Interest receivable	30,131,061
	<hr/>
<b>Total assets</b>	<b>\$ 101,517,688</b>

**Liabilities:**

Accounts payable	\$ 1,430,849
	<hr/>

**Deferred inflows of resources:**

Unavailable mitigation contributions	66,086,755
	<hr/>

**Fund balance:**

Unassigned	34,000,084
	<hr/>

<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 101,517,688</b>
	<hr/>



**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020**

**Revenues:**

Interest income	\$ 7,786
Mitigation contributions	<u>850,000</u>
<b>Total revenues</b>	<u><b>857,786</b></u>

**Expenditures:**

Environmental mitigation	1,083,035
Administrative	<u>1,617</u>
<b>Total expenditures</b>	<u><b>1,084,652</b></u>

<b>Net changes in fund balance</b>	<b>(226,866)</b>
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<b>Fund balance at beginning of year</b>	<u><b>34,226,950</b></u>
--	--------------------------

<b>Fund balance at end of year</b>	<u><u><b>\$ 34,000,084</b></u></u>
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Task No.	Mitigation Tasks	Amended FY 2021 Budget	Total Expenditures	Variance (Remaining)	Percent Complete
1	QSA Implementation Team	\$ -	\$ -	\$ -	0.0%
2	QSA Implementation Team Biologists	1,093,590	187,281	906,309	17.1%
3	Environmental Reporting and Monitoring	540	-	540	0.0%
4	Salton Sea Salinity and Elevation Program	16,330	2,991	13,339	18.3%
5	Salton Sea Mitigation Water to Salton Sea	-	-	-	0.0%
6	Tamarisk Scrub Habitat - Surveys and Mitigation	72,740	-	72,740	0.0%
7	Drain Habitat - Initial Vegetation and Habitat Surveys	-	-	-	0.0%
8	Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas	4,860,210	658,794	4,201,416	13.6%
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	-	-	-	0.0%
10/10A	Worker Education Program Covered Species Training and Manual	640	-	640	0.0%
11	Desert Habitat Survey and Mapping of Right of Way	33,950	-	33,950	0.0%
12	Desert Habitat Create/Maintain Desert Habitat	-	-	-	0.0%
13	Changes to Operations on IID Canals to Avoid Covered Species	-	-	-	0.0%
14	Burrowing Owl Worker Annual Education and Manual	-	-	-	0.0%
15	Pre-Construction Activity Burrowing Owl Surveys and Relocation	3,290	-	3,290	0.0%
16	Burrowing Owl Relative Abundance and Distribution Surveys	245,890	-	245,890	0.0%
17	Farmer and Public Education Program	7,300	-	7,300	0.0%
18	Desert Pupfish Abundance and Distribution Study	6,400	10,477	(4,077)	163.7%
19/19A	Pupfish Selenium Drain Studies	310,450	86,209	224,241	27.8%
20	Pupfish Construction and Maintenance Conservation Measures	253,390	1,740	251,650	0.7%
21	Salvage of Razorback Suckers when Dewatering Canals	-	-	-	0.0%
22	Maintain Habitat on Fallowed Parcels	-	-	-	0.0%
23	Covered Species Baseline and Monitoring Surveys	171,870	-	171,870	0.0%
24	Salton Sea Air Quality	7,785,200	134,372	7,650,828	1.7%
25	Minimize Dust Emissions from Fallowed Lands	-	-	-	0.0%
26	Drain Connectivity to Salton Sea Elevation Decrease	-	-	-	0.0%
27	Grade Spoil/Roads from Drain Maintenance	-	-	-	0.0%
28	Power Line Markers for Pumpback and Seepage Recovery Systems	-	-	-	0.0%
29	Prepare and Implement Management Plan for Abandoned Portions of AAC	-	-	-	0.0%
30	Southwestern Willow Flycatcher Surveys and Habitat Monitoring	-	-	-	0.0%
31	Elf Owl Surveys	-	-	-	0.0%
32	Desert Tortoise Survey and Avoidance	-	-	-	0.0%
33	Least Tern Surveys	-	-	-	0.0%
34	Rail and Bittern Surveys	-	-	-	0.0%
35	Management and Planning	12,730	-	12,730	0.0%
36	JPA Audit Fees	10,770	-	10,770	0.0%
37	JPA Bank Fees	3,000	1,617	1,383	53.9%
38	Financial Advisor	16,000	-	16,000	0.0%
39	Bond Counsel Fees	-	-	-	0.0%
40	2001 Biological Opinion Measures	-	-	-	0.0%
41	Brown Pelican Coast	-	-	-	0.0%
42	Brown Pelican Sea	58,540	1,171	57,369	2.0%
43	Salton Sea Shoreline Strand Study	-	-	-	0.0%
44	Pupfish Refugium	31,930	-	31,930	0.0%
45	Recreation Facilities at Salton Sea	-	-	-	0.0%
<b>Total Expenditures</b>		<b>\$ 14,994,760</b>	<b>\$ 1,084,652</b>	<b>\$ 13,910,108</b>	<b>7.2%</b>





## IMPLEMENTATION

### 8. Status report on implementation of mitigation measures (Information)

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# Managed Marsh Complex Phase 3

Jessica Humes  
December 10, 2020

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# Tile Line Installation



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# Riparian Furrows



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# Riparian Planting



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# Emergent Wetlands



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## IMPLEMENTATION

### 9. Update on State's Salton Sea Management Program (Information)



10. Adjourn