



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
VIRTUAL MEETING MINUTES
November 28, 2022, at 11:00 a.m.**

Commissioners and Alternates present:

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

QSA JPA staff present:

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

Others present:

Shannon Ayala, Davis Farr	Michael Cohen, Pacific Institute
Jessica Schroeder, CDFW	Patrick O’Dowd, Salton Sea Authority
Evon Willhoff, California Department of Water Resources	Dennis Davis, SDCWA
Miguel Hernández, California Natural Resources Agency (CNRA)	Deborah Hodgins, SDCWA
Joanna Hoff, IID	Alan Okewole, SDCWA
Jessica Humes, IID	Darren Simon, SDCWA
	Angela Tomayko, SDCWA
	Chris Woidzik, SDCWA

PRELIMINARY MATTERS

1. Call to Order
 Chair Marshall called the meeting to order at 11:00 a.m.

2. Roll Call
 There was a quorum of the Commission present at the time of the meeting.

3. Action: Adopt Resolution No. 2022-05 of the Commission of the Quantification Settlement Agreement Joint Powers Authority Re-Authorizing Remote Teleconference/Virtual Meetings of the Legislative Body for the Period of November 28, 2022 to December 28, 2022 Pursuant to Brown Act Provisions (Jeff Ferre, BBK)
 Commissioner Denham made a motion to adopt the resolution, which was seconded by Commissioner Barrett. The resolution was adopted unanimously by a roll call vote.

Mr. Ferre (QSA JPA Legal Counsel) informed the Commission of Governor Newsom's intent to end California's COVID-19 state of emergency on February 28, 2023, which will suspend the Commission's ability to hold virtual meetings under AB 361. He explained that if the Commission wants to continue remote meetings after the current state of emergency ends, those meetings must occur consistent with the Brown Act teleconference rules.

4. Public Comment

There were no public comments at that time.

ORGANIZATIONAL MATTERS

5. Action: Approve minutes of regular QSA JPA meeting held September 7, 2022 (Alexi Schnell, SDCWA)

Commissioner Barrett made a motion to approve the minutes, which was seconded by Commissioner Denham. The minutes were approved unanimously by a roll call vote.

FINANCIAL MATTERS

6. Action: Review and accept fiscal year 2022 Audited Financial Report (Shannon Ayala, Davis Farr)

Ms. Ayala presented information regarding the Audited Financial Statements for the QSA JPA issued on June 30, 2022. Davis Farr issued an unmodified audit opinion dated September 28, 2022, the highest level that can be received and indicates the financial statements and footnotes were presented fairly, in all material respects, in accordance with generally accepted accounting principles. Davis Farr also issued two letters: 1) Communication to Those in Governance and 2) Government Auditing Standards Opinion. Ms. Ayala stated that finance staff was well prepared, and no journal entries were detected as a result of the audit process. Commissioner Barrett inquired if a management letter was prepared. Chris Woidzik (Water Authority) commented that the SAS 114 Letter is not included in the audit report but will be sent to the Commission after the meeting. Commissioner Barrett made a motion to accept the audit report. Commissioner Denham seconded it. The item was approved unanimously by a roll call vote.

7. Information: Treasurer's Report ending September 30, 2022 (Chris Woidzik, SDCWA)

Mr. Woidzik handed the Treasurer's Report presentation over to Alan Okewole (SDCWA).

Mr. Okewole provided a review of the Treasurer's Report ending September 30, 2022. The quarter ended with \$83.9 million in cash and investments. The majority of that was in asset-backed securities of approximately \$61.5 million, held by Chandler Asset Management. The effective rate of return is approximately 0.56%, and the interest received (fiscal year (FY) to date) was \$117,648. IID's September 29, 2022 payoff of approximately \$48.5 million was deposited this quarter and three invoices were paid totaling approximately \$1.4 million. Mr. Okewole reported the updated total outstanding balance due after IID's payoff was \$11.3 million, or \$10.5 million at net present value at 6%.

8. Information: Financial Report ending September 30, 2022 (Chris Woidzik, SDCWA)

Mr. Woidzik provided a review of the Financial Report ending September 30, 2022. Total assets were \$92.7 million with \$1.0 million in liabilities. Unavailable mitigation contributions were \$10.3 million, and the total fund balance was \$81.3 million. Total revenues were \$48.4 million and total expenditures were \$961,257. Approximately 6.3% of the FY 2023 budget was spent through this period. Mr. Woidzik concluded with a summary of expenses on Tasks 2, 8 and 24, as included in the Budget Status Report. CAO Schnell noted that Chandler Asset Management's investment update was pushed to the next QSA JPA meeting to allow more time for discussion on the current agenda items.

9. Information: Recent advance payment from IID of funding obligation and potential next steps for other water agencies (Chris Woidzik, SDCWA and Alexi Schnell, SDCWA)

Mr. Woidzik reported that IID wired \$48,458,655.04 to the Water Authority on September 29, 2022 to complete an early payoff of its remaining QSA JPA funding commitment. Pending Water Authority Board approval through its FY 2024/25 budget process, the Water Authority is planning to complete an early payoff of its funding commitment on July 3, 2023. The Water Authority has provided CVWD with an estimate for its payoff balance, and Alternate Commissioner Cheng commented that CVWD is considering an early payoff through its 2024 budget process.

10. Information: Notice to be provided to state of QSA JPA water agencies' payment completion, as provided for under the JPA Agreement (Jeff Ferre, BBK)

Mr. Ferre informed the Commission that pursuant to Section 14.2 of the QSA JPA Creation and Funding Agreement, the Commission must submit a written notice to the state when the Commission anticipates that the Environmental Cost Limitation will be exceeded within two years. Reasons for this anticipation and estimates of the projected cost of remaining Environmental Mitigation Requirements must be included in the notice. Mr. Ferre noted the submission of the notice does not have to be timed to exactly two years before the Environmental Cost Limitation will be exceeded. Based on IID's September 29, 2022 payoff, and potential payoffs by the Water Authority and CVWD in 2023, it is reasonable for the Commission to anticipate that the Environmental Cost Limitation will be exceeded within two years. Thus, Mr. Ferre recommended that the Commission submit written notice, consistent with Section 14.2, to the state. Mr. Ferre noted that QSA JPA staff will facilitate submitting the notice to the state.

11. Managed Marsh mitigation reimbursement (Tina Shields, IID and Alexi Schnell, SDCWA)

CAO Schnell introduced the item, which included two action items (11.A and 11.B), each with a presentation to be followed by robust discussion. Alternate Commissioner Shields presented item 11.A, and CAO Schnell presented item 11.B.

A. Action: Approve the appraised value of the land to be reimbursed to the Imperial Irrigation District for the properties' use for the Managed Marsh

Alternate Commissioner Shields provided a review of past appraisals for the Managed Marsh land, noting that those appraisals were conducted by two companies at significant costs. As requested by the Commission, IID provided an updated but restricted appraisal of the Managed Marsh land with help from an independent consultant at a much lower cost. The restricted appraisal inadvertently excluded the value of land underlying Phase 3 of the project, but the Commission agreed that the final land value would be determined by applying the appraised price per acre to the total project acreage (Phases 1, 2, and 3). Alternate Commissioner Shields also noted that 74 acres of Managed Marsh land would not qualify for reimbursement because it will be used for other, non-QSA purposes. Multiplying the price per acre (\$6,807) by the qualified acreage (1,348.91 acres) would provide a land valuation for Managed Marsh land equal to approximately \$9.2 million.

Chair Marshall raised the following questions: (1) not including the 74 acres for non-QSA purposes, is IID seeking reimbursement for the approximately 400 acres in excess of the Managed Marsh mitigation acreage; (2) is the 74 acres included as part of Phase 3 of the Managed Marsh project or will the accounting for this acreage be separate; and (3) does IID have plans to use the approximately 400 excess acres in the future for non-QSA purposes?

Alternate Commissioner Shields and Jessica Humes (IID) responded to Chair Marshall's questions as follows: (1) yes, IID is seeking reimbursement for the excess acreage that is used for native tree mitigation (QSA JPA Task 6) in the marsh buffer zones as well as non-habitat areas that facilitate construction of the marsh habitat (e.g., soil berms, access roads and parking, staging areas); (2) the 74 acres are not included as part of Phase 3 of the Managed Marsh project and the accounting for

this acreage would be separate from the Managed Marsh project acreage; and (3) IID does not have plans at this time to use the approximately 400 excess acres in the future for non-QSA purposes but would reimburse the QSA JPA if IID's plans change.

- B. Action: Approve the proposed QSA JPA FY 2023 amended budget to fund the land valuation and third-party consultant costs to IID for the property used for the Managed Marsh

CAO Schnell stated that the proposed amended budget was \$25,067,528.37, reflecting a \$9,688,248.37 increase from the adopted FY 2023 Budget to reimburse IID for the value of the Managed Marsh land and its independent consultant. She reviewed the amended tables from the budget document, which included the remaining payment schedule for the Water Authority and CVWD, FY 2023 expenditures, FY 2023 projected fund balance, summary of agency payments, FY 2023 projected fund balance, and FY 2023 major expenditures (top three tasks). Although the proposed amendment would increase the FY 2023 Budget by \$9,688,248.37, CAO Schnell noted that the total amount for the Managed Marsh reimbursement is expected to be approximately \$9.2 million, almost \$500,000 less than previously estimated.

CAO Schnell reviewed the budget appendices and concluded with requesting the Commission's approval of 11.A and 11.B.

Approval of agenda items 11.A and 11.B was combined into one vote. Commissioner Denham made a motion to approve the recommendation, which was seconded by Commissioner Barrett. The item was approved unanimously by a roll call vote.

IMPLEMENTATION

12. 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) – Managed Marsh Complex: IID started its annual road grading and maintenance and removed several large tamarisk trees from ponds. IID is currently seeking an aerial applicator to treat mesquite trees located in the marsh buffer zone for borers.

Task 15 – Pre-Construction Activity Burrowing Owl Surveys and Relocation: IID reported on-going inspections for pre-construction activities. Several IID construction projects are underway that IID staff are closely monitoring.

Task 24 – Salton Sea Air Quality Mitigation: IID expects to start construction on three shallow groundwater wells at Clubhouse in December 2022. Shortly after completion of the Clubhouse wells, construction on three more shallow groundwater wells at Bombay Beach is expected to start. The Poe Road surface roughening project (approximately 200 acres) is expected to be completed at the end of this year.

Task 44 – Pupfish Refugium: IID continues to monitor for bullfrogs that can impact the pupfish population in the refugium pond. IID taking measures including raising the salinity of the ponds and reinforcing the enclosing fence to protect the pupfish population.

13. Information: Update on State Salton Sea Management Program (Miguel Hernández, CNRA)

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

Salton Sea Species Conservation Habitat (SCH) Project: The New River diversion structure is a major component of the overall SCH Project. This structure will combine water from the New

River and water pumped from the Salton Sea, improving the quality of the sea water. The mixed water will then be diverted into project habitat ponds.

The New River Diversion Structure is anticipated to be completed by the end of 2022.

Mr. Hernández identified the following Salton Sea engagement opportunities and events hosted by either the SSMP team or SSMP partners:

- SSMP Science Committee Meeting – December 1, 2022
 - The Committee presented a public update on the Monitoring Implementation Plan and provided informational background on the Monitoring and Adaptive Management Plan (MAMP) for the SSMP’s SCH Project.
- SSMP Update Community Meeting – December 7, 2022
 - SSMP team provided an informational program update to community members on all SSMP activities.

14. Adjournment

Before the meeting was adjourned, CAO Schnell informed meeting attendees that QSA JPA staff are working to schedule the next meeting date in March 2023.

The meeting was adjourned at 11:59 a.m.