



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
VIRTUAL MEETING MINUTES
January 18, 2024, at 1:30 p.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 (CVWD) – Alternate Commissioner
 Alexi Schnell, San Diego County Water Authority (SDCWA) – Alternate Commissioner
 Tina Shields, Imperial Irrigation District (IID) – Commissioner

QSA JPA staff present:

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

Others present:

Jessica Schroeder, CDFW	Jessica Humes, IID
Miguel Hernández, California Natural Resources Agency (CNRA)	Michael Cohen, Pacific Institute
Mia Corral, Chandler Asset Management	Dennis Davis, SDCWA
Genny Lynkiewicz, Chandler Asset Management	Deborah Hodgins, SDCWA
Shannon Ayala, Davis Farr	Wendy Joplin, SDCWA
Jas Phillips, EcoMedia Compass	Alan Okewole, SDCWA
Tom Sephton, EcoMedia Compass	Darren Simon, SDCWA
Joanna Hoff, IID	Chris Woidzik, SDCWA

PRELIMINARY MATTERS

1. Call to Order
 Chair Marshall called the meeting to order at 1:30 p.m.

2. Approval of any Commissioner requests for remote participation
 Jeff Ferre (BBK) explained that under AB 2449, each member of the QSA JPA Commission can utilize two “just cause” rationales per year to participate virtually without the usual posting of the agenda and other Brown Act teleconferencing requirements.

Jeff Ferre asked Commissioner Shields if she wanted to use AB 2449 to participate remotely and requested that she provide the basis for her first "just cause" rationale. Commissioner Shields responded that she wanted to use the exception due to a physical need to be at home and would be unable to participate in any other way.

Jeff Ferre confirmed that Commissioner Shields' situation qualified, and no motion was needed since the exception can be used at a Commissioner's discretion.

3. Roll Call

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

4. Public Comment

There were no public comments at that time.

ORGANIZATIONAL MATTERS

5. Action: Approve minutes of regular QSA JPA meeting held September 11, 2023 (Alexi Schnell, SDCWA)

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

6. Information: Appointment of Jamie Asbury, Imperial Irrigation District (IID) General Manager, as the IID alternate representative (Alexi Schnell, SDCWA)

Alternate Commissioner Schnell stated that the QSA JPA received notice from IID that Jamie Asbury will serve as the alternate IID Commissioner representative as of January 8, 2024.

7. Information: Appointment of Alexi Schnell, Colorado River Program Manager, as the SDCWA alternate representative (Alexi Schnell, SDCWA)

Alternate Commissioner Schnell stated that the QSA JPA received notice from the Water Authority that she will serve as the alternate Water Authority Commissioner representative as of January 9, 2024.

FINANCIAL MATTERS

8. Action: Review and accept fiscal year 2023 Audited Financial Report (Shannon Ayala, Davis Farr)

Ms. Ayala presented information regarding the Audited Financial Statements for the QSA JPA issued on June 30, 2023. Davis Farr issued an unmodified audit opinion dated September 8, 2023, 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 SDCWA finance staff was well prepared and no journal entries were detected as a result of the audit process. Commissioner Barrett made a motion to accept the audit report, which was seconded by Commissioner Shields. The item was approved unanimously by a roll call vote.

9. Information: Investment update (Genny Lynkiewicz, Chandler Asset Management)

Alternate Commissioner Schnell introduced Ms. Genny Lynkiewicz of Chandler Asset Management to present an investment update. Ms. Lynkiewicz presented an economic update on the following topics: employment, unemployment claims, inflation, gross domestic product, and bond yields. She touched on the QSA JPA's account profile, which included objectives and strategies, compliance, portfolio characteristics, sector distribution, issuers, quality distribution, and the duration of the distribution as well as investment performance. Lastly, Ms. Lynkiewicz reviewed the holdings report and the transactions portfolio.

10. Action: Approve the proposed QSA JPA Fiscal Year (FY) 2024 amended budget of \$12,028,330 to fund increases to FY 2024 financial advisor and bank fees (Alexi Schnell, SDCWA)

Alternate Commissioner Schnell stated that this was an action item for approval of a budget amendment to cover increased financial advisor fees and bank fees for FY 2024. Investment funds managed by Chandler have increased significantly because of JPA member agencies having paid off their respective mitigation contributions, which caused investment fees to trend higher than the initial projections made for the FY 2024 budget. Although financial advisor fees (Task 38) are trending

higher than originally budgeted, the increase in investments made through Chandler could result in \$400,000 in increased revenue in FY 2024, significantly more than the increase in financial advisor fees. Alternate Commissioner Schnell also explained that an increase in bank account maintenance fees (Task 37) at BNY Mellon, the QSA JPA's custodian for investment funds, occurred after the Commission approved the FY 2024 budget, further necessitating the proposed amendment. The bank fee increase is not unusual given the current market and is also in line with the fee that the Water Authority pays to BNY Mellon for non-QSA JPA accounts. The proposed budget amendment would increase the budget for Task 38 to \$36,000 (an \$18,000 increase), and the budget for Task 37 to \$11,090 (an \$8,000 increase), bringing the total proposed amended budget amount to \$12,028,330. This amount reflects a total increase of \$26,000, or a less than 1% increase from the FY 2024 budget adopted by the Commission in June 2023. Alternate Commissioner Schnell concluded with a request that the Commission approve the proposed budget amendment.

Commissioner Shields inquired if unspent budget for environmental mitigation could be used to address the increased administrative fees. Alternate Commissioner Schnell explained that while there may be funds available in other areas of the budget, the QSA JPA has made a practice of not using funds budgeted for mitigation to satisfy administrative costs, such as bank and financial advisor fees.

Commissioner Barrett inquired if the slides used to present this item were included in the meeting packet, to which Alternate Commissioner Schnell responded that the slides were not included but will be added to the meeting packet posted on the QSA JPA website.

Commissioner Barrett made a motion to approve the recommendation, which was seconded by Chair Marshall. The item was approved unanimously by a roll call vote.

11. Information: Treasurer's Report ending September 30, 2023 (Alan Okewole, SDCWA)

Mr. Okewole provided a review of the Treasurer's Report ending September 30. The quarter ended with \$82.5 million in cash and investments. Approximately \$64.1 million of that amount was managed by Chandler Asset Management. The effective rate of return for the portfolio was reported at 3.03%, and the interest received (FY to date) was \$624,556. Final mitigation contributions from SDCWA and CVWD deposited during this quarter totaled \$6.6 million, and four invoices were paid totaling approximately \$1.4 million. Mr. Okewole noted that since the QSA JPA mitigation payment schedule has been fulfilled, the deposit history and total outstanding balance due tables will be discontinued as part of the Treasurer's Report but will be made available upon request.

12. Information: Financial Report ending September 30, 2023 (Chris Woidzik, SDCWA)

Mr. Woidzik provided a review of the Financial Report ending September 30. Total assets were \$81.3 million with \$1.7 million in liabilities. The total fund balance was \$81.7 million. The total revenues were \$7.4 million, and total expenditures were \$1.1 million. Mr. Woidzik reminded the Commission that since SDCWA, IID, and CVWD have satisfied their mitigation contribution obligations, there will be no more contributions from these three agencies. Approximately 9.2% of the FY 2024 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.

IMPLEMENTATION

13. 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 crews and contractors worked throughout September and October 2023 to reshape furrows within the western section of Phase 3 of the project following an unexpected storm on September 1 that pushed sediment into Phase 3. With assistance from Legacy Conservation Corp., IID successfully planted 3,000 trees in Phase 3. An additional 6,000 trees will be planted by early April 2024. IID's tree maintenance crews are

also removing dead Mesquite trees, impacted by Mesquite borers, from Phase 3 buffer zones. IID plans to plant new trees to replace the dead Mesquite trees.

Chair Marshall raised concerns regarding the replacement of dead Mesquite trees with live ones in the area where beetle infestation is still present, and inquired if removing the dead trees and replanting was going to provide an adequate solution. Ms. Humes responded that IID tried a targeted spray program in 2023 for the Mesquite trees, but it was ineffective. An aerial spray application was recommended, but IID has not yet been able to find a contractor who is willing or able to perform it. Ms. Humes noted that IID staff continues to look for aerial spray application opportunities to address the beetle infestation.

Task 15 – Pre-Construction Activity Burrowing Owl Surveys and Relocation: IID reported ongoing pre-construction inspections. IID is also starting annual burrowing owl avoidance training for operators.

Task 17 – Farmer and Public Education Program: IID visited a third-grade classroom at Cesar Chavez Elementary School to talk about burrowing owls and IID’s conservation efforts. The class then used the knowledge provided by IID to design advertisements to help protect and conserve burrowing owls. Four entities were selected to be featured in the latest edition of *Imperial Valley Alive!* magazine.

Task 18 – Desert Pupfish Abundance and Distribution Study: IID reported that its surveys will start again in February. IID plans to conduct a site characterization of each IID drain.

Task 24 – Salton Sea Air Quality Mitigation: IID completed its Clubhouse shallow groundwater wells. IID’s vegetation project solicitation closed in January and will be evaluated for a contractor to start work in the spring. IID also completed construction of its Bombay Beach groundwater wells with only minor work remaining such as pump and solar panel installations. Work on IID’s piezometer project is scheduled to start in March. At the end of 2023, the Salton Sea had 33,331 acres of playa exposed (approximately 2,700 acres more than at the end of 2022). The sea’s elevation was 239 feet below sea level in November 2023.

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

Miguel Hernández, Public Affairs Officer for the SSMP at CNRA, provided the SSMP Update. Mr. Hernández reported the following items to the Commission:

SSMP Public Affairs Activities: The public affairs team has participated in and presented at multiple city council meetings from the Coachella Valley to Calexico. Mr. Hernández noted that these presentations have helped clarify and answer questions from the public as well as facilitate one-on-one conversations. Pending presentations will inform the public about the SSMP’s main projects, including the Species Conservation Habitat (SCH) project and vegetation enhancement projects, as well as provide an update on the next steps for the Long-Range Plan, such as the Salton Sea feasibility study. The team is also exploring opportunities to bring this information to school districts and other partner-led events.

Bureau of Reclamation Funding: In December 2023, the federal government, through the Bureau of Reclamation, provided the SSMP with a \$70 million grant for Salton Sea projects. This funding will be used for the expansion of the SCH project, which is 4,100 acres in size. The expanded SCH project footprint will benefit wildlife, specifically the desert pupfish that are critical for this area. Of the \$70 million, \$2 million was provided to the Torres Martinez Tribe, an SSMP partner.

SCH Project Tour: The public affairs team hosted a tour of the SCH project in December 2023 for SSMP federal partners. Secretary Wade Crowfoot and partners from IID attended and were able to

see the water from the New River pass through the diversion structure and fill the SCH sedimentation basin, which was an important milestone in expanding the SCH project. Pictures of the event were included in an e-newsletter distributed by the public affairs team.

SSMP Vegetation Enhancement Projects: Three project sites are pending vegetation enhancement: two near Salton City and one near Bombay Beach. Mr. Hernández noted that an existing vegetation enhancement project at Clubhouse is doing well, aided by heavy rains from Storm Hilary in 2023. The straw bales at this location are overgrown with vegetation, which the SSMP team aims to replicate for other vegetation enhancement projects.

Community Needs Report: The SSMP is finalizing a public draft of its Community Needs report, which will be distributed for a 60-day comment period. Several community meetings will be held during the 60-day comment period to let the public know about this document and provide additional opportunities to review and provide input. The planning of these community meetings was discussed at the February 9 SSMP Community Engagement Committee meeting. Although these meetings are tailored for the committee members, the meeting is open to the public.

15. Adjournment

Before the meeting was adjourned, Alternate Commissioner Schnell informed the Commission that an email would be sent to those in positions designated to complete and file an annual Fair Political Practices Commission Statement of Economic Interest (Form 700) for 2023. She also informed meeting attendees that QSA JPA staff are working to schedule the next meeting date in March or April 2024.

The meeting was adjourned at 2:25 p.m.