



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
REGULAR MEETING**

AGENDA

WEBINAR/CONFERENCE CALL

June 11, 2026

10:00 AM

Webinar link: [Click here to join the meeting](#)

Conference Call Number: (619) 483-4264 **Conference ID Number:** 448 976 373#

Conference Call Locations:

San Diego County Water Authority
Lobby Conference Room
4677 Overland Avenue
San Diego, CA 92123

Coachella Valley Water District
Administration Conference Room
75-515 Hovley Lane East
Palm Desert, CA 92211

Imperial Irrigation District
Library, J-1 Building
333 East Barioni Boulevard
Imperial, CA 92251

Best, Best, & Krieger
3390 University Avenue, 5th Floor
Riverside, CA 92501

California Department of Fish and Wildlife
78078 Country Club Drive, Suite 109
Bermuda Dunes, CA 92203

PRELIMINARY MATTERS

1. Call to Order
2. Roll Call - Determination of Quorum
3. Public Comment - Opportunity for members of the public who wish to address the Authority on matters within the Authority's jurisdiction

ORGANIZATIONAL MATTERS

4. Information: Appointment of Meghan Hertel, as the California Department of Fish and Wildlife representative (Alexi Schnell, SDCWA)
5. Action: Approve minutes of regular QSA JPA meeting held April 7, 2026 (Alexi Schnell, SDCWA)

NOTE: All items identified as information, discussion, or action items on the agenda may be deliberated by and become subject to consideration and alternative action by the QSA Joint Powers Authority. This meeting may be recorded.

FINANCIAL MATTERS

6. Information: Financial Report ending March 31, 2026 (Chris Woidzik, SDCWA)
7. Information: Treasurer's Report ending March 31, 2026 (Alan Okewole, SDCWA)
8. Action: Award a professional services agreement to Chandler Asset Management for investment management services (Chris Woidzik, SDCWA and Alexi Schnell, SDCWA)
9. Action: Review and consider approval of QSA JPA Fiscal Year 2027 Budget and Work Plan (Alexi Schnell, SDCWA and Jessica Humes, IID)

IMPLEMENTATION

10. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)
11. Information: Update on State Salton Sea Management Program (Miguel Hernández, CNRA)
12. Adjourn



State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Director's Office
P.O. Box 944209
Sacramento, CA 94244-2090
www.wildlife.ca.gov

GAVIN NEWSOM, Governor
MEGHAN HERTEL, Director



March 25, 2026

QSA Joint Power Authority Commissioners
c/o Alexi Shell, CAO
4677 Overland Avenue
San Diego, CA 92123

Subject: NEW CHAIR FOR THE DEPARTMENT OF FISH AND WILDLIFE

Dear Commissioners:

The California Department of Fish and Wildlife (CDFW) has a new director, Meghan Hertel. Ms. Hertel will serve as the Chair for the Quantification Settlement Agreement Joint Powers Authority (QSA JPA), effective March 15, 2026.

This change is consistent with the QSA JPA Creations and Funding Agreement.

Tonya Marshall, CDFW's Salton Sea Program Manager, will continue representing the Department in the Alternative Chair position.

Sincerely,

DocuSigned by:
Handwritten signature of Valerie Termini in blue ink.
414750F79734400...

Valerie Termini
Chief Deputy Director

Cc: Heidi Calvert, Reginal Manager
Inland Deserts Region (6)
California Department of Fish and Wildlife
Heidi.Calvert@wildlife.ca.gov

Jim Barrett, General Manger
Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
VIRTUAL MEETING MINUTES
April 7, 2026, at 10:00 a.m.**

Commissioners and Alternates present:

Tonya Marshall, California Department of Fish and Wildlife (CDFW) – Chair
Tina Shields, Imperial Irrigation District (IID) – Commissioner
Jamie Asbury, Imperial Irrigation District (IID) – Alternate Commissioner
Jim Barrett, Coachella Valley Water District (CVWD) – Commissioner
Alexi Schnell, San Diego County Water Authority – Alternate Commissioner

QSA JPA staff present:

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

Others present:

| | |
|--|------------------------|
| Giovanni Dubon, Avantus | Sofia Almeida, SDCWA |
| Nicholaus Norvell, Best, Best, and Krieger | Dennis Davis, SDCWA |
| Miguel Hernández, California Natural Resources Agency (CNRA) | Andrea Halshaw, SDCWA |
| Jennifer Farr, Davis Farr | Deborah Hodgins, SDCWA |
| Jessica Humes, IID | Alan Okewole, SDCWA |
| Michael Cohen, Pacific Institute | Marilen Santos, SDCWA |
| | Darren Simon, SDCWA |

PRELIMINARY MATTERS

1. Call to Order
Chair Marshall called the meeting to order at 10:00 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 at that time.

ORGANIZATIONAL MATTERS

4. Action: Approve minutes of regular QSA JPA meeting held January 15, 2026 (Alexi Schnell, SDCWA)
Commissioner Barrett made a motion to approve the minutes, which was seconded by Commissioner Shields. The minutes were approved unanimously by a roll call vote.

5. Information: Annual Conflict of Interest Form 700 filings deadline April 1 (Alexi Schnell, SDCWA)
Alternate Commissioner Schnell reminded the Commissioners that the submittal deadline for their annual Form 700 filings had passed. She thanked the Commissioners and other filers for their timely submissions.

FINANCIAL MATTERS

6. Information: Fiscal Year 2026 audit engagement (Jennifer Farr, Davis Farr)
Alternate Commissioner Schnell introduced auditor Jennifer Farr from Davis Farr, LLP to update the Commission. Ms. Farr is the JPA's audit partner and explained that the scope of the audit is to express an opinion as to whether the financial statements and disclosures are free of material misstatement, evaluate internal controls and the risk of material misstatement attributable to those, and indicate whether there is compliance with applicable laws and regulations, contracts, and agreements. She explained the SAS 114 Planning Letter expressed two-way communications about fraud and fraud risk, as well as the planned scope and timing of the audit.

Commissioner Barrett inquired how long the JPA has retained Davis Farr for auditing services. Alternate Commissioner Schnell responded that she would follow up with an answer after she confirms with Water Authority Finance staff.

7. Information: Financial Report ending December 31, 2025 (Alan Okewole, SDCWA)
Mr. Okewole provided a review of the Financial Report ending December 31. Total assets were \$71 million, with \$1.2 million in liabilities. The total fund balance was \$69.8 million. The total revenues were \$1.54 million, and total expenditures were \$2.75 million. Approximately 15% of the FY 2026 budget was spent through this reporting period.
8. Information: Treasurer's Report ending December 31, 2025 (Alan Okewole, SDCWA)
Mr. Okewole provided a review of the Treasurer's Report ending December 31. The quarter ended with \$69.5 million in cash and investments. Approximately \$53.4 million of that amount was managed by Chandler Asset Management. The effective rate of return for the portfolio was reported at 3.86%, and the interest received (FY to date) was \$1.34 million. Three invoices were paid, totaling approximately \$1.77 million. Mr. Okewole concluded with a summary of the JPA's diversified investment portfolio.

IMPLEMENTATION

9. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)
Ms. Humes provided an update on various mitigation measures:

Task 2 – QSA Implementation Team Biologists: IID reported that two environmental specialists started in January and February 2026.

Task 8 – Drain Habitat (Aquatic) – “Managed Marsh” Areas: IID reported ongoing operation and maintenance activities on all roads, inlet and outlet structures. IID is waiting for a notice to proceed to replace some dead trees with locally sourced trees grown in Imperial County. IID staff started bird surveys in March 2026 and had four environmental staff participate in a marsh bird survey training hosted by U.S. Fish and Wildlife Service.

Task 15 – Pre-Construction Activity Burrowing Owl Surveys and Relocation: IID reported pre-inspections for burrowing owl activity for ongoing operation and maintenance activities. Annual burrowing owl training for IID water department staff is ongoing.

Tasks 19/20/44 – Pupfish-Related Activities: One IID environmental specialist is pending to take his final pupfish training test with CDFW. Two other environmental specialists are currently being trained for pupfish monitoring.

Task 24 – Salton Sea Air Quality: IID reported that it continues to operate and maintain the Clubhouse Vegetation Project. Work to rehabilitate a previously leaking well has been completed. IID environmental staff are also repairing and replacing some of irrigation driplines on the project site. The solicitation for construction of the Bombay Beach Vegetation Project is progressing, with detailed construction cost estimates anticipated in June. The public comment period for the environmental document for the Red Hill Bay Best Available Control Measures (BACM) Project has closed. IID is addressing the comments received and anticipates taking a final mitigated negative declaration to the IID Board for approval in May 2026.

IID also noted that the Habitat Conservation Plan Implementation Team (HCP IT) will meet in April 2026 to review the draft fiscal year 2027 budget for the JPA.

Michael Cohen (Pacific Institute) inquired how many acres of dust suppression has IID implemented through projects to date and asked that this information also be provided on the JPA's website. Ms. Humes responded that she would send him the exact acreage following the meeting and coordinate with CAO Schnell to ensure the information is also provided on the JPA's website.

10. 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 Annual Report: CNRA submitted its [2026 Annual Report on the Salton Sea Management Program](#) (SSMP) to the State Water Resources Control Board, prepared in compliance with Order WR 2017-0134. The report provides specific updates on the SSMP's activities in 2025, including the construction of the Species Conservation Habitat (SCH), and planning for future projects, ongoing partnerships, like the Salton Sea Conservancy, to help the SSMP meet its goals, community engagement, and next steps. The SSMP team will connect with the community through a series of early May meetings to discuss the annual report.

Community Outreach and Engagement: The SSMP team will have two community engagement opportunities in April 2026. The first is an Earth Day celebration at the Salton Sea in partnership with Audubon California. The second is a community meeting on the Salton Sea feasibility study where representatives for the U.S. Army Corps of Engineers (USACE) will provide the latest on the project alternatives being considered and answer questions.

11. Adjournment

Before the meeting was adjourned, Alternate Commissioner Schnell informed meeting attendees that the next meeting of the QSA JPA (FY 2026, Quarter 4) is scheduled for June 11, 2026, at 10:00 a.m. The meeting is scheduled for 90 minutes to facilitate review of the FY 2026 QSA JPA budget.

The meeting was adjourned at 10:25 a.m.

Unaudited
**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

**BALANCE SHEET
GENERAL FUND
MARCH 31, 2026**

Assets:

| | |
|---------------------|--------------|
| Cash | \$ 2,278,054 |
| Investments | 67,536,196 |
| Interest receivable | 437,725 |

| | |
|---------------------|----------------------|
| Total assets | \$ 70,251,975 |
|---------------------|----------------------|

Liabilities:

| | |
|------------------|--------------|
| Accounts payable | \$ 1,242,759 |
|------------------|--------------|

Fund balance:

| | |
|------------|------------|
| Unassigned | 69,009,216 |
|------------|------------|

| | |
|---|----------------------|
| Total liabilities, deferred inflows of resources, and fund balance | \$ 70,251,975 |
|---|----------------------|

Unaudited
QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE NINE MONTHS ENDED MARCH 31, 2026

| | | |
|--|-----------|---------------------------------|
| Revenues: | | |
| Interest income | \$ | 2,028,660 |
| | | <u>2,028,660</u> |
| Total revenues | | <u>2,028,660</u> |
| | | |
| Expenditures: | | |
| Environmental mitigation | | 3,994,381 |
| Administrative | | 23,921 |
| | | <u>4,018,302</u> |
| Total expenditures | | <u>4,018,302</u> |
| | | |
| Net changes in fund balance | | (1,989,642) |
| | | |
| Fund balance at beginning of year | | <u>70,998,858</u> |
| | | |
| Fund balance at end of year | \$ | <u><u>69,009,216</u></u> |

Unaudited

**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

**SUPPLEMENTARY INFORMATION - BUDGET STATUS REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2026**

| Task No. | Mitigation Tasks | Amended FY 2026 Budget | Total Expenditures | Variance (Remaining) | Percent Complete |
|-----------------|--|-------------------------------|---------------------------|-----------------------------|-------------------------|
| 1 | QSA Implementation Team | \$ - | \$ - | \$ - | 0.0% |
| 2 | QSA Implementation Team Biologists | 1,442,311 | 946,705 | 495,606 | 65.6% |
| 3 | Environmental Reporting and Monitoring | - | - | - | 0.0% |
| 4 | Salton Sea Salinity and Elevation Program | 6,000 | 1,120 | 4,880 | 18.7% |
| 5 | Salton Sea Mitigation Water to Salton Sea | - | - | - | 0.0% |
| 6 | Tamarisk Scrub Habitat - Surveys and Mitigation | 58,136 | 1,550 | 56,586 | 2.7% |
| 7 | Drain Habitat - Initial Vegetation and Habitat Surveys | - | - | - | 0.0% |
| 8/8A/8B | Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas | 454,636 | 468,864 | (14,228) | 103.1% |
| 9 | Drain Habitat Restrictions/Requirements for Construction and Maintenance | - | - | - | 0.0% |
| 10/10A | Worker Education Program Covered Species Training and Manual | - | - | - | 0.0% |
| 11 | Desert Habitat Survey and Mapping of Right of Way | - | - | - | 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 | 500 | 41 | 459 | 8.2% |
| 16 | Burrowing Owl Relative Abundance and Distribution Surveys | - | - | - | 0.0% |
| 17 | Farmer and Public Education Program | 5,000 | 1,884 | 3,116 | 37.7% |
| 18 | Desert Pupfish Abundance and Distribution Study | 12,283 | 11,325 | 958 | 92.2% |
| 19/19A | Pupfish Selenium Drain Studies | 112,100 | 81,541 | 30,559 | 72.7% |
| 20 | Pupfish Construction and Maintenance Conservation Measures | 100,000 | 27,850 | 72,150 | 27.9% |
| 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 | - | - | - | 0.0% |
| 24 | Salton Sea Air Quality | 16,352,500 | 2,452,560 | 13,899,940 | 15.0% |
| 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 | - | - | - | 0.0% |
| 36 | JPA Audit Fees (paid annually) | 10,090 | - | 10,090 | 0.0% |
| 37 | JPA Bank Fees (paid annually) | 9,500 | 318 | 9,182 | 3.3% |
| 38 | Financial Advisor | 42,000 | 23,604 | 18,396 | 56.2% |
| 39 | Bond Counsel Fees | - | - | - | 0.0% |
| 40 | 2001 Biological Opinion Measures | - | - | - | 0.0% |
| 41 | Brown Pelican Coast | - | - | - | 0.0% |
| 42 | Brown Pelican Sea | 55,916 | - | 55,916 | 0.0% |
| 43 | Salton Sea Shoreline Strand Study | - | - | - | 0.0% |
| 44 | Pupfish Refugium | 7,106 | 941 | 6,165 | 13.2% |
| 45 | Recreation Facilities at Salton Sea | - | - | - | 0.0% |
| 46 | QSA JPA Website Maintenance Services | - | - | - | 0.0% |
| | Total Expenditures | \$ 18,668,078 | \$ 4,018,302 | \$ 14,649,776 | 21.5% |

**Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at March 31, 2026**

| <u>Investment Type</u> | <u>% Limit</u> | <u>% of Portfolio</u> | <u>Book Value</u> |
|--|--------------------|---------------------------|-------------------------|
| Treasury Securities | 100% | 30.44% | \$ 21,026,496.13 |
| Medium Term Notes | 30% | 19.24% | 13,288,499.80 |
| Federal Agency Securities | 100% | 13.62% | 9,410,834.00 |
| CA Asset Mgmt Program (CAMP) | 25% | 15.18% | 10,484,630.00 |
| Local Agency Investment Fund (LAIF) | \$75M - Maximum | 7.64% | 5,277,542.88 |
| Asset-Backed Securities and Collateralized Mortgage Obligations | 20% | 6.65% | 4,597,320.32 |
| Chandler Managed Account (BNY) | 100% | 3.50% | 2,420,315.84 |
| Supranationals | 15% | 0.43% | 299,826.00 |
| CEO Account (Wells Fargo) | 100% | 3.30% | 2,278,053.89 |
| Total Cash and Investments | | <u>100.00%</u> | <u>\$ 69,083,518.86</u> |
| Effective Rate of Return | | | 3.83% |
| <u>Interest Earnings (Cash and Investments):</u> | | | |
| Fiscal Year to Date | | | \$ 1,985,716.52 |
| Average Term | | | 975 |
| Average Days to Maturity (730 Days Maximum) | | | 479 |



Lisa Marie Harris, Treasurer

Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at March 31, 2026

Deposit & Invoice Activity:

| <u>Date</u> | <u>Description</u> | <u>Deposits</u> | <u>Invoices</u> |
|---|--------------------|-------------------|---------------------|
| 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) |
| Total Fiscal Year 6/30/2021 | | \$ 5,366,051.00 | \$ (18,469,059.88) |
| Total Fiscal Year 6/30/2022 | | \$ 10,884,302.00 | \$ (6,598,421.27) |
| Total Fiscal Year 6/30/2023* | | \$ 52,682,997.04 | \$ (14,471,975.65) |
| Total Fiscal Year 6/30/2024* | | \$ 6,613,488.29 | \$ (7,266,915.69) |
| Total Fiscal Year 6/30/2025 | | \$ - | \$ (9,914,820.98) |
| 07/17/2025 | Mitigation # 1224 | | \$ (1,064,532.52) |
| 08/22/2025 | Mitigation # 1225 | | \$ (745,336.72) |
| 09/19/2025 | Mitigation # 1226 | | \$ (301,053.87) |
| 10/29/2025 | Mitigation # 1227 | | \$ (325,030.14) |
| 11/20/2025 | Mitigation # 1228 | | \$ (290,955.65) |
| 12/24/2025 | Mitigation # 1229 | | \$ (1,150,393.28) |
| 01/29/2026 | Mitigation # 1230 | | \$ (471,792.99) |
| 03/12/2026 | Mitigation # 1231 | | \$ (742,650.08) |
| Total Fiscal Year 6/30/2026 | | \$ - | \$ (5,091,745.25) |
| Totals to date: | | \$ 261,570,886.00 | \$ (206,233,934.14) |
| Reconciliation to Total Cash & Investments | | | |
| Contributions received | | | \$ 261,570,886.00 |
| Interest earned | | | 13,885,199.54 |
| (Invoices paid) | | | (206,233,934.14) |
| (Bank & Admin Fees) | | | (138,632.54) |
| Cash and Investments | | | \$ 69,083,518.86 |

*Coachella Valley Water District, Imperial Irrigation District and San Diego County Water Authority completed required contributions in Fiscal Years 2023 and 2024.

PORTFOLIO SUMMARY



QSA Consolidated | Account #11079 | As of March 31, 2026

Portfolio Characteristics

| | |
|---------------------------|-------|
| Average Modified Duration | 1.25 |
| Average Coupon | 3.72% |
| Average Purchase YTM | 4.12% |
| Average Market YTM | 3.88% |
| Average Credit Quality* | AA+ |
| Average Final Maturity | 1.36 |
| Average Life | 1.34 |

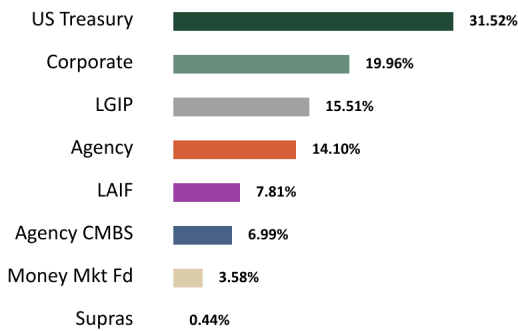
Account Summary

| | End Values as of 02/28/2026 | End Values as of 03/31/2026 |
|---------------------------|-----------------------------|-----------------------------|
| Market Value | 70,651,969.53 | 67,595,318.98 |
| Accrued Interest | 472,542.76 | 386,007.74 |
| Total Market Value | 71,124,512.28 | 67,981,326.71 |
| Income Earned | 193,853.37 | 243,639.58 |
| Cont/WD | (2,595.13) | (3,002,602.87) |
| Par | 70,418,269.55 | 67,715,206.60 |
| Book Value | 69,513,638.06 | 66,850,102.77 |
| Cost Value | 69,513,638.06 | 66,850,102.77 |

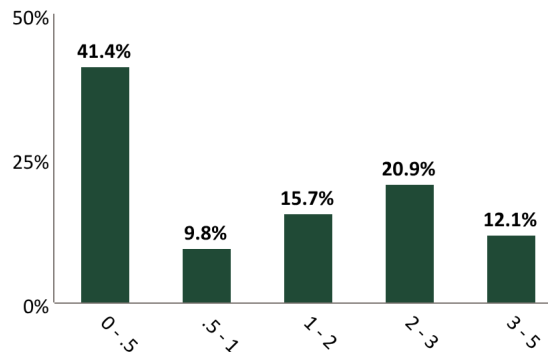
Top Issuers

| | |
|---------------------------------|--------|
| United States | 31.52% |
| California Asset Mgmt Program | 15.51% |
| Federal Home Loan Banks | 8.53% |
| LAIF | 7.81% |
| Federal Home Loan Mortgage Corp | 6.99% |
| Farm Credit System | 5.57% |
| BNY Mellon Corp | 3.76% |
| Blackrock, Inc. | 1.19% |

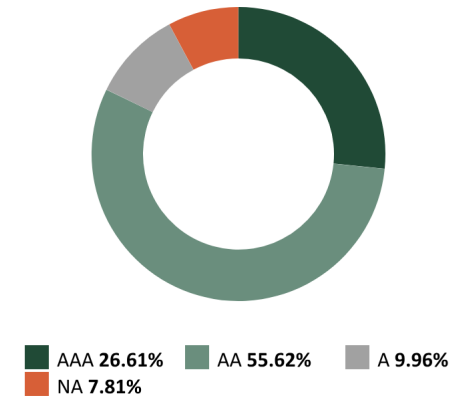
Sector Allocation



Maturity Distribution



Credit Quality*



*The average credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

QSA JPA - Fiscal Year 2026
Portfolio Management
Portfolio Summary
March 31, 2026

| Investments | Par Value | Market Value | Book Value | % of Portfolio | Term | Days to Maturity | YTM 360 Equiv. | YTM 365 Equiv. |
|----------------------------|----------------------|----------------------|----------------------|-----------------------|-------------|-------------------------|-----------------------|-----------------------|
| BNY, CAMP, LAIF | 18,182,488.72 | 18,182,488.72 | 18,182,488.72 | 26.32 | 1 | 1 | 3.702 | 3.753 |
| Passbook/Checking Accounts | 2,278,053.89 | 2,278,053.89 | 2,278,053.89 | 3.30 | 1 | 1 | 0.000 | 0.000 |
| Medium Term Notes | 13,475,000.00 | 13,592,437.00 | 13,288,499.80 | 19.24 | 1,392 | 639 | 4.463 | 4.525 |
| Federal Agency - Coupon | 9,450,000.00 | 9,581,783.50 | 9,410,834.00 | 13.62 | 1,305 | 481 | 4.466 | 4.528 |
| Treasury - Coupon | 21,450,000.00 | 21,483,924.08 | 21,026,496.13 | 30.44 | 1,397 | 765 | 3.778 | 3.830 |
| Supranationals | 300,000.00 | 298,809.00 | 299,826.00 | 0.43 | 1,823 | 19 | 0.875 | 0.887 |
| Asset Backed Securities | 4,800,000.00 | 4,772,105.20 | 4,597,320.32 | 6.65 | 1,450 | 857 | 4.674 | 4.739 |
| | 69,935,542.61 | 70,189,601.39 | 69,083,518.86 | 100.00% | 975 | 479 | 3.906 | 3.960 |

The Chandler Asset Management – QSA Consolidated Report presents information on all the QSA JPA investments. The investments are managed by Chandler Asset Management and the San Diego County Water Authority and are included on the QSA JPA's Treasurer's Report.

Note that the Treasurer's Report presents the total cash and investments at Book Value whereas the unaudited Balance Sheet presents the cash and investments at Market Value in accordance with Generally Accepted Accounting Principles. There can be timing differences between when interest is received and the pricing of purchases or sales of securities based on settlement dates and the values presented on the reports.

Par Value is the face value of the security at time of issuance.

Book Value is the accounting or carrying value representing the initial purchase price plus accrued interest, plus unamortized premiums, and less unamortized discounts.

Market Value represents the price of the investment if sold in the current market on the date presented.

**QSA JPA - Fiscal Year 2026
Portfolio Management
Investment Status Report - Investments
March 31, 2026**

| CUSIP | Investment # | Issuer | Par Value | Stated Rate | Maturity Date | Purchase Date | YTM 360 | YTM 365 | Payment Dates | Accrued Interest At Purchase | Current Principal | Book Value |
|-----------------------------------|--------------|--|----------------------|-------------|---------------|---------------|--------------|--------------|-------------------|------------------------------|----------------------|----------------------|
| CAMP | | | | | | | | | | | | |
| SYS | 2000 | BNYM | 2,420,315.84 | 3.390 | | | 3.344 | 3.390 | 05/31 - Monthly | | 2,420,315.84 | 2,420,315.84 |
| SYS1001 | 1001 | CAMP | 10,484,630.00 | 3.800 | | | 3.748 | 3.800 | 01/31 - Monthly | | 10,484,630.00 | 10,484,630.00 |
| SYS1000 | 1000 | LAIF | 5,277,542.88 | 3.826 | | | 3.774 | 3.826 | 07/15 - Quarterly | | 5,277,542.88 | 5,277,542.88 |
| | | CAMP Totals | 18,182,488.72 | | | | 3.702 | 3.753 | | 0.00 | 18,182,488.72 | 18,182,488.72 |
| Passbook/Checking Accounts | | | | | | | | | | | | |
| SYS100 | 100 | WELLS | 2,278,053.89 | | | | 0.000 | 0.000 | 07/01 - Monthly | | 2,278,053.89 | 2,278,053.89 |
| | | Passbook/Checking Accounts Totals | 2,278,053.89 | | | | 0.000 | 0.000 | | 0.00 | 2,278,053.89 | 2,278,053.89 |
| Medium Term Notes | | | | | | | | | | | | |
| 023135BX3 | 20048 | AMA | 250,000.00 | 1.000 | 05/12/2026 | 06/09/2021 | 0.967 | 0.980 | 11/12 - 05/12 | Received | 250,235.00 | 250,235.00 |
| 009158BH8 | 22428 | APC | 750,000.00 | 4.600 | 02/08/2029 | 04/12/2024 | 4.788 | 4.854 | 08/08 - 02/08 | Received | 741,847.50 | 741,847.50 |
| 09290DAH4 | 22501 | BLK | 800,000.00 | 4.600 | 07/26/2027 | 07/31/2024 | 4.453 | 4.515 | 01/26 - 07/26 | Received | 801,848.00 | 801,848.00 |
| 00440EAV9 | 20117 | BNY | 500,000.00 | 3.350 | 05/03/2026 | 04/13/2023 | 4.142 | 4.200 | 05/03 - 11/03 | Received | 487,780.00 | 487,780.00 |
| 06368LGV2 | 22416 | BOM | 500,000.00 | 5.203 | 02/01/2028 | 10/26/2023 | 6.039 | 6.123 | 02/01 - 08/01 | Received | 482,915.00 | 482,915.00 |
| 06406RBA4 | 20070 | BONY | 125,000.00 | 2.050 | 01/26/2027 | 01/26/2022 | 1.954 | 1.981 | 07/26 - 01/26 | | 125,402.50 | 125,402.50 |
| 14913UAA8 | 20126 | CAT | 250,000.00 | 4.350 | 05/15/2026 | 06/12/2023 | 4.538 | 4.601 | 11/15 - 05/15 | Received | 248,292.50 | 248,292.50 |
| 14913UAX8 | 22506 | CAT | 250,000.00 | 4.800 | 01/08/2030 | 03/19/2025 | 4.537 | 4.600 | 07/08 - 01/08 | Received | 252,117.50 | 252,117.50 |
| 17275RBR2 | 22426 | CSCO | 750,000.00 | 4.850 | 02/26/2029 | 03/05/2024 | 4.679 | 4.744 | 08/26 - 02/26 | Received | 753,450.00 | 753,450.00 |
| 26442CAX2 | 22424 | DTC | 800,000.00 | 3.950 | 11/15/2028 | 01/22/2024 | 4.507 | 4.570 | 05/15 - 11/15 | Received | 778,744.00 | 778,744.00 |
| 532457BP2 | 22503 | ELC | 600,000.00 | 3.100 | 05/15/2027 | 09/12/2024 | 3.751 | 3.803 | 11/15 - 05/15 | Received | 589,350.00 | 589,350.00 |
| 341081GR2 | 20125 | FPLC | 500,000.00 | 4.450 | 05/15/2026 | 05/25/2023 | 4.686 | 4.751 | 11/15 - 05/15 | Received | 495,870.00 | 495,870.00 |
| 437076BM3 | 20106 | HD | 500,000.00 | 3.000 | 04/01/2026 | 02/14/2023 | 4.489 | 4.551 | 04/01 - 10/01 | Received | 477,595.00 | 477,595.00 |
| 244199BJ3 | 22511 | JDC | 500,000.00 | 3.100 | 04/15/2030 | 06/23/2025 | 4.372 | 4.433 | 10/15 - 04/15 | Received | 471,385.00 | 471,385.00 |
| 24422EWX3 | 20127 | JDOT | 300,000.00 | 4.750 | 06/08/2026 | 06/12/2023 | 4.686 | 4.751 | 12/08 - 06/08 | Received | 299,991.00 | 299,991.00 |
| 58933YBW4 | 22603 | MERCK | 750,000.00 | 3.850 | 03/15/2029 | 12/17/2025 | 3.783 | 3.836 | 03/15 - 09/15 | Received | 750,345.00 | 750,345.00 |
| 61690U7W4 | 22419 | MS | 750,000.00 | 5.882 | 10/30/2026 | 11/02/2023 | 5.791 | 5.871 | 04/30 - 10/30 | Received | 750,225.00 | 750,225.00 |
| 713448FW3 | 22421 | PEP | 490,000.00 | 5.125 | 11/10/2026 | 11/15/2023 | 5.113 | 5.184 | 05/10 - 11/10 | Received | 489,206.20 | 489,206.20 |
| 713448FW3 | 22422 | PEP | 110,000.00 | 5.125 | 11/10/2026 | 11/15/2023 | 5.101 | 5.172 | 05/10 - 11/10 | Received | 109,858.10 | 109,858.10 |
| 74456QBU9 | 22417 | PSE | 750,000.00 | 3.700 | 05/01/2028 | 10/26/2023 | 5.473 | 5.549 | 11/01 - 05/01 | Received | 695,287.50 | 695,287.50 |
| 857477CW1 | 22507 | SSC | 750,000.00 | 4.729 | 02/28/2030 | 03/19/2025 | 4.627 | 4.691 | 08/28 - 02/28 | Received | 751,222.50 | 751,222.50 |
| 89236TJK2 | 20062 | TAOT | 250,000.00 | 1.125 | 06/18/2026 | 09/17/2021 | 1.020 | 1.034 | 12/18 - 06/18 | Received | 249,850.00 | 249,850.00 |
| 89236TMS1 | 22508 | TAOT | 500,000.00 | 4.350 | 10/08/2027 | 05/08/2025 | 4.221 | 4.280 | 10/08 - 04/08 | Received | 500,780.00 | 500,780.00 |
| 89114TZD7 | 20052 | TDB | 150,000.00 | 1.200 | 06/03/2026 | 06/17/2021 | 1.107 | 1.122 | 12/03 - 06/03 | Received | 150,562.50 | 150,562.50 |
| 89115A2U5 | 22418 | TDB | 500,000.00 | 5.523 | 07/17/2028 | 10/26/2023 | 6.017 | 6.101 | 01/17 - 07/17 | Received | 488,240.00 | 488,240.00 |
| 87612EBM7 | 20071 | TGT | 100,000.00 | 1.950 | 01/15/2027 | 01/26/2022 | 1.852 | 1.878 | 07/15 - 01/15 | Received | 100,335.00 | 100,335.00 |
| 87612EBU9 | 22512 | TGT | 500,000.00 | 4.350 | 06/15/2028 | 06/23/2025 | 4.220 | 4.279 | 12/15 - 06/15 | Received | 500,960.00 | 500,960.00 |

**QSA JPA - Fiscal Year 2026
Portfolio Management
Investment Status Report - Investments
March 31, 2026**

| CUSIP | Investment # | Issuer | Par Value | Stated Rate | Maturity Date | Purchase Date | YTM 360 | YTM 365 | Payment Dates | Accrued Interest At Purchase | Current Principal | Book Value |
|---------------------------------------|--------------|--------|----------------------|-------------|---------------|---------------|--------------|--------------|---------------|------------------------------|----------------------|----------------------|
| Medium Term Notes | | | | | | | | | | | | |
| 91324PEG3 | 22502 | UHGI | 500,000.00 | 3.700 | 05/15/2027 | 08/26/2024 | 4.050 | 4.106 | 11/15 - 05/15 | Received | 494,805.00 | 494,805.00 |
| Medium Term Notes Totals | | | 13,475,000.00 | | | | 4.463 | 4.525 | | 0.00 | 13,288,499.80 | 13,288,499.80 |
| Federal Agency - Coupon | | | | | | | | | | | | |
| 3133EPHH1 | 20118 | FFCB | 500,000.00 | 4.000 | 04/28/2026 | 05/01/2023 | 3.880 | 3.934 | 10/28 - 04/28 | Received | 500,925.00 | 500,925.00 |
| 3133EPNG6 | 20128 | FFCB | 750,000.00 | 4.375 | 06/23/2026 | 06/26/2023 | 4.378 | 4.439 | 12/23 - 06/23 | Received | 748,665.00 | 748,665.00 |
| 3133EPPE9 | 22403 | FFCB | 1,500,000.00 | 4.375 | 07/06/2026 | 08/30/2023 | 4.653 | 4.718 | 01/06 - 07/06 | Received | 1,486,350.00 | 1,486,350.00 |
| 3133EPC60 | 22420 | FFCB | 1,000,000.00 | 4.625 | 11/15/2027 | 11/15/2023 | 4.773 | 4.839 | 05/15 - 11/15 | | 992,300.00 | 992,300.00 |
| 3130AWGR5 | 20129 | FHLB | 700,000.00 | 4.375 | 06/12/2026 | 06/30/2023 | 4.520 | 4.583 | 12/12 - 06/12 | Received | 696,024.00 | 696,024.00 |
| 3130AWTQ3 | 22408 | FHLB | 1,000,000.00 | 4.625 | 09/11/2026 | 09/27/2023 | 4.915 | 4.983 | 03/11 - 09/11 | Received | 990,150.00 | 990,150.00 |
| 3130AVBD3 | 22429 | FHLB | 1,500,000.00 | 4.500 | 03/09/2029 | 04/30/2024 | 4.644 | 4.709 | 09/09 - 03/09 | Received | 1,486,470.00 | 1,486,470.00 |
| 3130B1BC0 | 22430 | FHLB | 1,500,000.00 | 4.625 | 06/08/2029 | 06/14/2024 | 4.413 | 4.474 | 12/08 - 06/08 | Received | 1,509,870.00 | 1,509,870.00 |
| 3130B2PJ8 | 22504 | FHLB | 1,000,000.00 | 3.625 | 09/04/2026 | 09/18/2024 | 3.571 | 3.621 | 03/04 - 09/04 | Received | 1,000,080.00 | 1,000,080.00 |
| Federal Agency - Coupon Totals | | | 9,450,000.00 | | | | 4.466 | 4.528 | | 0.00 | 9,410,834.00 | 9,410,834.00 |
| Treasury - Coupon | | | | | | | | | | | | |
| 91282CCF6 | 20057 | USTR | 400,000.00 | 0.750 | 05/31/2026 | 06/25/2021 | 0.878 | 0.890 | 11/30 - 05/31 | Received | 397,312.50 | 397,312.50 |
| 91282CCP4 | 20060 | USTR | 400,000.00 | 0.625 | 07/31/2026 | 08/10/2021 | 0.789 | 0.800 | 01/31 - 07/31 | | 396,656.25 | 396,656.25 |
| 91282CCW9 | 20063 | USTR | 500,000.00 | 0.750 | 08/31/2026 | 09/16/2021 | 0.794 | 0.805 | 02/28 - 08/31 | Received | 498,671.88 | 498,671.88 |
| 91282CCZ2 | 20067 | USTR | 500,000.00 | 0.875 | 09/30/2026 | 11/02/2021 | 1.150 | 1.166 | 03/31 - 09/30 | Received | 493,066.41 | 493,066.41 |
| 91282CDG3 | 20069 | USTR | 400,000.00 | 1.125 | 10/31/2026 | 12/27/2021 | 1.243 | 1.260 | 04/30 - 10/31 | Received | 397,468.75 | 397,468.75 |
| 91282CFH9 | 22407 | USTR | 1,000,000.00 | 3.125 | 08/31/2027 | 09/13/2023 | 4.500 | 4.563 | 02/29 - 08/31 | Received | 948,359.38 | 948,359.38 |
| 91282CEF4 | 22409 | USTR | 1,000,000.00 | 2.500 | 03/31/2027 | 09/27/2023 | 4.695 | 4.760 | 09/30 - 03/31 | Received | 927,773.44 | 927,773.44 |
| 91282CEW7 | 22410 | USTR | 1,000,000.00 | 3.250 | 06/30/2027 | 09/27/2023 | 4.677 | 4.742 | 12/31 - 06/30 | Received | 949,140.63 | 949,140.63 |
| 91282CFM8 | 22411 | USTR | 1,000,000.00 | 4.125 | 09/30/2027 | 09/27/2023 | 4.663 | 4.728 | 09/30 - 03/31 | Received | 978,203.13 | 978,203.13 |
| 912828V98 | 22412 | USTR | 1,000,000.00 | 2.250 | 02/15/2027 | 09/27/2023 | 4.717 | 4.783 | 02/15 - 08/15 | Received | 921,718.75 | 921,718.75 |
| 91282CJA0 | 22413 | USTR | 1,500,000.00 | 4.625 | 09/30/2028 | 10/25/2023 | 4.756 | 4.822 | 03/31 - 09/30 | Received | 1,487,109.38 | 1,487,109.38 |
| 91282CJC6 | 22425 | USTR | 1,500,000.00 | 4.625 | 10/15/2026 | 03/04/2024 | 4.343 | 4.403 | 04/15 - 10/15 | Received | 1,508,085.94 | 1,508,085.94 |
| 91282CJW2 | 22427 | USTR | 1,500,000.00 | 4.000 | 01/31/2029 | 03/13/2024 | 4.102 | 4.159 | 07/31 - 01/31 | Received | 1,489,511.72 | 1,489,511.72 |
| 912828YX2 | 22431 | USTR | 700,000.00 | 1.750 | 12/31/2026 | 06/28/2024 | 4.507 | 4.570 | 06/30 - 12/31 | Received | 653,761.72 | 653,761.72 |
| 91282CEN7 | 22505 | USTR | 750,000.00 | 2.750 | 04/30/2027 | 10/15/2024 | 3.864 | 3.917 | 10/31 - 04/30 | Received | 728,994.14 | 728,994.14 |
| 91282CGH8 | 22509 | USTR | 1,000,000.00 | 3.500 | 01/31/2028 | 05/08/2025 | 3.724 | 3.776 | 07/31 - 01/31 | Received | 992,851.56 | 992,851.56 |
| 91282CGT2 | 22601 | USTR | 1,000,000.00 | 3.625 | 03/31/2028 | 12/17/2025 | 3.444 | 3.492 | 03/31 - 09/30 | Received | 1,002,851.56 | 1,002,851.56 |
| 9128284V9 | 22602 | USTR | 1,000,000.00 | 2.875 | 08/15/2028 | 12/17/2025 | 3.461 | 3.509 | 02/15 - 08/15 | Received | 983,984.38 | 983,984.38 |
| 91282CPP0 | 22604 | USTR | 1,000,000.00 | 3.500 | 12/15/2028 | 12/17/2025 | 3.480 | 3.528 | 06/15 - 12/15 | 192.31 | 999,218.75 | 999,411.06 |
| 91282CFJ5 | 22605 | USTR | 1,000,000.00 | 3.125 | 08/31/2029 | 12/17/2025 | 3.554 | 3.603 | 02/28 - 08/31 | Received | 983,554.69 | 983,554.69 |
| 91282CPA3 | 22607 | USTR | 1,100,000.00 | 3.625 | 09/30/2030 | 01/28/2026 | 3.737 | 3.789 | 03/31 - 09/30 | Received | 1,092,308.59 | 1,092,308.59 |

**QSA JPA - Fiscal Year 2026
Portfolio Management
Investment Status Report - Investments
March 31, 2026**

| CUSIP | Investment # | Issuer | Par Value | Stated Rate | Maturity Date | Purchase Date | YTM 360 | YTM 365 | Payment Dates | Accrued Interest At Purchase | Current Principal | Book Value |
|---------------------------------------|--------------|--------|----------------------|-------------|---------------|---------------|--------------|--------------|-----------------|------------------------------|----------------------|----------------------|
| Treasury - Coupon | | | | | | | | | | | | |
| 91282CPD7 | 22608 | USTR | 1,100,000.00 | 3.625 | 10/31/2030 | 01/28/2026 | 3.745 | 3.797 | 04/30 - 10/31 | 9,803.52 | 1,091,792.97 | 1,101,596.49 |
| 91282CPR6 | 22609 | USTR | 1,100,000.00 | 3.625 | 12/31/2030 | 01/28/2026 | 3.756 | 3.808 | 06/30 - 12/31 | 3,084.25 | 1,091,019.53 | 1,094,103.78 |
| Treasury - Coupon Totals | | | 21,450,000.00 | | | | 3.778 | 3.830 | | 13,080.08 | 21,013,416.05 | 21,026,496.13 |
| Supranationals | | | | | | | | | | | | |
| 4581X0DV7 | 20047 | IADB | 300,000.00 | 0.875 | 04/20/2026 | 04/23/2021 | 0.875 | 0.887 | 10/20 - 04/20 | Received | 299,826.00 | 299,826.00 |
| Supranationals Totals | | | 300,000.00 | | | | 0.875 | 0.887 | | 0.00 | 299,826.00 | 299,826.00 |
| Asset Backed Securities | | | | | | | | | | | | |
| 3137FBXB3 | 22414 | FM68 | 1,000,000.00 | 3.244 | 08/25/2027 | 10/27/2023 | 5.219 | 5.291 | 11/25 - Monthly | Received | 930,117.19 | 930,117.19 |
| 3137FG6X8 | 22415 | FM77 | 1,000,000.00 | 3.850 | 05/25/2028 | 10/27/2023 | 5.277 | 5.350 | 11/25 - Monthly | Received | 940,000.00 | 940,000.00 |
| 3137FGR31 | 22423 | FM78 | 800,000.00 | 3.854 | 06/25/2028 | 12/18/2023 | 5.178 | 5.250 | 01/25 - Monthly | Received | 774,156.25 | 774,156.25 |
| 3137FK4M5 | 22510 | FM85 | 1,000,000.00 | 4.060 | 10/25/2028 | 05/12/2025 | 4.094 | 4.151 | 06/25 - Monthly | Received | 995,546.88 | 995,546.88 |
| 3137FNB82 | 22606 | FM96 | 1,000,000.00 | 2.519 | 07/25/2029 | 12/19/2025 | 3.747 | 3.799 | 01/25 - Monthly | Received | 957,500.00 | 957,500.00 |
| Asset Backed Securities Totals | | | 4,800,000.00 | | | | 4.674 | 4.739 | | 0.00 | 4,597,320.32 | 4,597,320.32 |
| Investment Totals | | | 69,935,542.61 | | | | 3.906 | 3.960 | | 13,080.08 | 69,070,438.78 | 69,083,518.86 |



QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

4677 Overland Avenue San Diego, California 92123
 (858) 522-6732 FAX (858) 522-6565

June 11, 2026

To: Quantification Settlement Agreement Joint Powers Authority (QSA JPA) Commissioners

Subject: Professional services agreement with Chandler Asset Management (Action)

Recommendation:

Award a professional services agreement to Chandler Asset Management (Chandler) for investment management services pursuant to a fee schedule based on assets under management and authorize the chief administrative officer to execute the agreement.

Fiscal Impact: The FY 2026 budget includes \$42,000 for *Work Task 38: Financial Advisor* and would not change; the proposed FY 2027 budget includes \$35,000 for this work task.

Discussion:

The proposed agreement would provide, among other things, for the provision of investment management services for a period ending October 24, 2027, with the QSA JPA's option to extend the term for up to an additional two years. Chandler would be paid monthly in an amount calculated on the average market value of the portfolio in accordance with a Payment and Fee Schedule. The Payment and Fee Schedule would tie the value of the portfolio to a certain percentage (basis points) in order to determine the Investment Management Fee. The proposed agreement is enclosed.

The QSA JPA previously entered into an agreement with Chandler in 2020. Said agreement was in effect for an initial two-year term (to 2022) with an option for a two-year extension (to 2024), and included the same prices, terms and conditions as in the San Diego County Water Authority's (Water Authority) contract with Chandler. The QSA JPA has been informed by Chandler that although services have continued under the same terms and conditions, there has not been a new agreement other than the one between Chandler and the Water Authority. It has been determined that the best practice is to have a separate agreement between the QSA JPA and Chandler as opposed to relying upon, or referencing, the agreement between Chandler and the Water Authority. The prices, terms and conditions for the QSA JPA contract would be the same as in the Water Authority's current contract with Chandler.

The QSA JPA follows the Water Authority procurement policies. Pursuant to said policies, the QSA JPA would not need to institute a new bidding process prior to entering into an agreement with Chandler. Specifically, the competitive bidding requirements do not apply to contracts for professional and specialized services such as services rendered by financial advisors whenever the General Manager/Chief Administrative Officer determines the contract is in the best interests of the Authority/QSA JPA. (Section 4.04.060).

Therefore, if the Commission wishes to proceed to award the agreement to Chandler, that decision can be based on the determination, under the procurement policy, that said agreement is in the best interests of the QSA JPA without the need for competitive bidding. That determination can be based on the following: (a) investment management of the QSA JPA's portfolio is a highly specialized service that requires continuity and trust with the financial advisor; and (b) Chandler has been providing such investment management services to the QSA JPA under the original agreement as well as for the subsequent period of time up to the present day.

Prepared by: Alexi Schnell, Chief Administrative Officer, QSA JPA
Reviewed by: Jeff Ferre, Legal Counsel, QSA JPA

Enclosures

1. Proposed professional services agreement with Chandler Asset Management

PROFESSIONAL SERVICES CONTRACT

1. PARTIES:

The parties to this contract are the Quantification Settlement Agreement Joint Powers Authority, duly formed and operating under the Joint Exercise of Powers Act set forth in Government Code Section 6500 et seq. (QSA JPA), and Chandler Asset Management, Inc., a U.S. Securities and Exchange Commission (SEC) registered investment advisor and California corporation (Contractor).

2. SCOPE OF SERVICES:

Contractor shall provide investment management services for the QSA JPA as more fully described in Attachment A.

3. PAYMENT:

(a) Payment for services. The QSA JPA shall pay for services satisfactorily performed in accordance with this contract according to the payment and fee schedule contained in Attachment B.

(b) Reimbursement of expenses. The payment for services includes payment for all costs and expenses that may be incurred by Contractor in the performance of services.

(c) Maximum payment. The maximum payment under this contract for services shall not exceed \$72,000. Payment is contingent on the basis points described in Attachment B.

(d) Invoices. Contractor shall submit invoices for services on a monthly basis to the Contract Manager, Christopher Woidzik. The QSA JPA generally will process and pay invoices within thirty (30) days from receipt. Each invoice shall show the amount of services rendered during the billing period and the fee for such services. Payments are subject to a final audit upon completion of services or other termination of this contract.

(e) Audit of Records. Contractor shall maintain complete and accurate records of all payrolls, expenditures, disbursements and other cost items charged to the QSA JPA for establishing the basis of an invoice, for a minimum of four (4) years from the date of final payment to Contractor. All such records shall be clearly identifiable. Contractor shall allow QSA JPA representative to inspect, examine, copy and audit such records during regular business hours upon 24 hours' notice.

4. TIME FOR PERFORMANCE:

(a) The contract shall be effective beginning on the date of full execution by the parties and shall expire on October 24, 2027, unless otherwise extended or terminated as provided or herein. Contractor will complete all services by October 24, 2027. The QSA JPA, at its sole option, may extend the contract for up to an additional two years upon written notice to Contractor. The

provisions of this Contract, including payment obligations, shall remain in effect in the event of an extension.

(b) Extension of time for unforeseen circumstances. In the event that the Contractor is unable to meet the completion date or schedule of services, if any, due to circumstances beyond Contractor's reasonable control, such as war, riots, strikes, lockouts, work slow down or stoppage, except strikes, lockouts, or work slow down or stoppage of Contractor's employees or subcontractors, acts of God, such as floods or earthquakes, and electrical blackouts or brownouts, Project Manager shall inform the Contract Manager of the additional time required to perform the work and the Contract Manager may adjust the schedule. Contractor agrees that no additional compensation will be allowed for any such extensions of time.

5. COMPLIANCE WITH APPLICABLE LAWS AND STANDARD OF PERFORMANCE:

Contractor's services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor's profession currently practicing under similar conditions. Contractor shall comply with all applicable federal, state, and local laws relating to the scope of work or services under this contract. Whenever the scope of work requires or permits approval by the QSA JPA, it is understood to be approval solely for the purposes of conforming to the requirements of the scope of work and not acceptance of any professional or other responsibility for the work. Such approval does not relieve the Contractor of responsibility for complying with the standard of performance or laws, regulations, industry standards, or from liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of Contractor or its officers, employees, agents, or subcontractors. By delivery of completed work or services, Contractor represents that the work and services conform to the requirements of this contract and all applicable federal, state and local laws. If Contractor is retained to perform work or services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this contract.

6. INDEPENDENT CONTRACTOR:

Contractor is an independent contractor. Neither Contractor nor any of Contractor's officers, employees, agents or subcontractors, if any, is an employee of the QSA JPA by virtue of this contract or performance of any work under this contract. Contractor retains the right to pay and supervise its officers, employees, agents, and subcontractors as it sees fit. The QSA JPA has no right to supervise Contractor's officers, employees, agents, or subcontractors, and if any issues arise with Contractor's officers, employees, agents or subcontractors as to their performance, the QSA JPA may contact the Contractor directly so that Contractor may address any issues. If for any reason Contractor, or any of Contractor's officers, employees, agents, or subcontractors, believes that any actions of the QSA JPA are inconsistent with Contractor's role as an independent contractor they shall provide written notice to the QSA JPA of such action(s) within 30 days of their occurrence or they are waived to the extent permitted by law. If such written notice is not timely provided and then any claims are later made against the QSA JPA related to

such action(s), Contractor agrees that such claims qualify under Section 18 below as being subject to defense and indemnity by Contractor for the benefit of the QSA JPA. Contractor agrees that any officer, employee, agent, or subcontractor whom Contractor engages to do work under the scope of this contract shall be made aware of this contract and shall agree in writing to abide by the provisions of this section.

7. ASSIGNMENT:

Contractor shall not assign or transfer voluntarily or involuntarily any of its rights, duties, or obligations under this contract without the express written consent of the QSA JPA in each instance.

8. SUBCONTRACTORS AND CONTRACTOR EMPLOYEES:

Contractor will perform the work personally or through Contractor's employees. Contractor may subcontract work only upon prior written approval of the QSA JPA and in compliance with provisions of the QSA JPA's Small Contractor Outreach and Opportunities Program, if the QSA JPA determines that the program provisions are applicable. Contractor is responsible to the QSA JPA for the acts and omissions of Contractor's officers, employees, agents, and its subcontractors, and of the subcontractor's officers, employees, and agents in performance of this contract. Nothing contained in this contract shall create any contractual relationship between any officer, employee, agent, or subcontractor of Contractor and the QSA JPA.

9. CONTRACTOR'S EMPLOYEES:

(a) Immigration Reform and Control Act of 1986. Contractor is aware of the requirements of the Immigration Reform and Control Act of 1986 and shall comply with those requirements, including, but not limited to, verifying the eligibility for employment of all of Contractor's officers, agents, employees, subcontractors and Contractors that are included in this contract.

(b) Limitation of QSA JPA Liability. The payment made to Contractor pursuant to this contract shall be the full and complete compensation to which Contractor and Contractor's officers, employees, agents, and subcontractors are entitled for performance of any work under this contract. Contractor and Contractor's officers, employees, and agents are not entitled to any salary or wages, or retirement, health, leave, or other fringe benefits applicable to employees of the QSA JPA. The QSA JPA will not make any federal or state tax withholdings on behalf of Contractor. The QSA JPA shall not be required to pay any workers' compensation insurance on behalf of Contractor.

(c) Indemnification for Employee Payments. To the extent permitted by law, Contractor agrees to defend and indemnify the QSA JPA for any obligation, claim, suit or demand for tax, retirement contribution including any contribution to the California Public Employees Retirement System (CalPERS), social security, salary or wages, overtime payment, or workers' compensation payment which the QSA JPA may be required to make on behalf of Contractor or any officer, employee, agent, or subcontractor of Contractor, or any employee of Contractor construed to be an employee of the QSA JPA, for work or services done under this contract.

This is a continuing obligation that survives the Contractor's completion of services and termination of this contract.

10. FAIR EMPLOYMENT PRACTICES:

(a) Administrative Code Provisions. Unless otherwise specifically set forth in this contract or in the QSA JPA's joint powers agreement, Contractor acknowledges and agrees to abide by the following provisions of the Administrative Code of the San Diego County Water Authority Section 2.24.010 relating to fair employment practices:

“(a) It is the policy of the Authority to protect and safeguard the right and opportunity of all persons to seek, obtain, and hold employment without discrimination or abridgment on account of race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and Contractors shall not knowingly deny an Authority opportunity or benefit, discriminate against or harass, any Authority employee, applicant for employment, contractor, vendor, or recipient of Authority services on account of the person's race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and Contractors shall not knowingly give preferential treatment to any applicant for employment, bidder, contractor, vendor, or recipient of Authority services on the basis of race, color, ethnicity, national origin, ancestry, religion, creed, physical disability, mental disability, medical condition, marital status, sex, or sexual orientation.

“(b) This section shall be interpreted in a manner that is consistent with the California and United States Constitutions and applicable state and federal statutes governing workplace discrimination. The terms used in this section shall have the same meaning as defined in state statutes governing the same subject matter.

“(c) Nothing in this section shall be interpreted as prohibiting bona fide occupational qualifications consistent with applicable state and federal law and reasonably necessary to the normal operation of Authority employment or contracting. Nothing in this section shall be interpreted as prohibiting regulations and policies to prevent nepotism or conflicts of interest.

“(d) Nothing in this section shall be interpreted as prohibiting action taken to establish or maintain eligibility for any federal program, where ineligibility would result in a loss of federal funds to the Authority.”

(b) Employment Related Laws and Programs. Contractor agrees to comply with Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, the

Americans with Disabilities Act of 1990, any other applicable federal and state laws and regulations hereinafter enacted.

(c) QSA JPA Discrimination/Harassment Policy. Contractor and its officers, employees, agents and subcontractors shall comply with the QSA JPA's Discrimination/Harassment Prohibition Policy in performance of this contract.

(d) Indemnification. To the fullest extent permitted by law and without limitation of the provisions of Section 19 relating to insurance, the Contractor shall also indemnify, defend and hold harmless the QSA JPA, and its directors, officers, employees and agents from and against all liability (including without limitation all claims, damages, penalties, fines, and judgments, associated investigation and administrative expenses, and defense costs, including but not limited to reasonable attorneys' fees, court costs, and costs of alternative dispute resolution) resulting from any claim of discrimination or harassment, including but not limited to sexual harassment, arising from the conduct of the Contractor or any of the Contractor's officers, employees, agents, licensees, or subcontractors. In the event of a discrimination or harassment complaint against any employee, agent, licensee or subcontractor of the Contractor or its subcontractors, the Contractor shall take immediate and appropriate action in response to such complaint, including, but not limited to termination or appropriate discipline of any responsible employee, agent, licensee or subcontractor. The provisions of this Section survive Contractor's completion of the services and termination of this contract.

11. CONDUCT AND BEHAVIOR AT QSA JPA PROPERTY:

If Contractor and Contractor's officers, employees, agents and subcontractors are on QSA JPA property they shall comply with the QSA JPA's Substance-Free Work Place Policy, Information and Communications Systems Policy, and all other rules and regulations governing work place safety, conduct, and behavior, for any portion of the services or work performed on the premises of the QSA JPA or using QSA JPA facilities or equipment.

12. OWNERSHIP OF WORK PRODUCT:

Upon delivery, the work product, including without limitation, all original reports, writings, recordings, drawings, files, and detailed calculations developed under this contract are the property of the QSA JPA. Contractor agrees that all copyrights which arise from creation of the work pursuant to this contract shall be vested in the QSA JPA and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the QSA JPA. QSA JPA acknowledges that its use of the work product is limited to the purposes contemplated by the scope of work and that the Contractor makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

13. FORMAT OF DOCUMENTS:

Documents submitted to the QSA JPA in electronic format shall be formatted according to specifications provided by the QSA JPA, or if not otherwise specified, in Microsoft Word, Excel,

PowerPoint or other Microsoft Office format as appropriate for the particular work product or, if directed by the Contract Manager, in Adobe Acrobat pdf format.

14. CHANGES IN WORK:

No payment for changed or additional work shall be made unless the changed or additional work has first been approved in writing by the Contract Manager and the parties have agreed upon the appropriate adjustment, if any, to the payment schedule and maximum payment amount for the changed or additional work. The Contract Manager may order changes or additions to the scope of work. Whether a change or addition to the scope of work is proposed by the Contractor or ordered by the Contract Manager, the parties shall in good faith negotiate an appropriate adjustment, if any, to the payment schedule and maximum payment for the changed or additional work. An approved change or addition, along with the payment adjustment, if any, will be effective upon an amendment to this contract executed by both parties. The amendment shall not render ineffective or invalidate unaffected portions of this contract. All changes in work that increase the amount of payment shall be subject to Section 4.04.040 of the Administrative Code of the San Diego County Water Authority.

15. CONFIDENTIALITY:

(a) Confidential Nature of Information. Contractor shall treat all information obtained from the QSA JPA in the performance of this contract as confidential and proprietary to the QSA JPA. Contractor shall treat all records and work product prepared or maintained by Contractor in the performance of this contract as confidential. Contractor warrants that it has systems in place to assure its compliance with applicable state and federal laws relating to the collection and management of personal and confidential information.

(b) Limitation on use and disclosure. Contractor agrees that it will not use any information obtained as a consequence of the performance of work for any purpose other than fulfillment of Contractor's scope of work. Contractor will not disclose any information prepared for the QSA JPA, or obtained from the QSA JPA or obtained as a consequence of the performance of work to any person other than the QSA JPA, or its own employees, agents or subcontractors who have a need for the information for the performance of work under this contract unless such disclosure is specifically authorized in writing by the QSA JPA.

(c) Security plan. Contractor shall prepare a security plan to assure that information obtained from the QSA JPA or as a consequence of the performance of work is not used for any unauthorized purpose or disclosed to unauthorized persons. Contractor shall establish, implement, and maintain safeguards reasonably designed to ensure the security of personal and confidential information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of the information. Contractor shall provide to its employees, subcontractors, and any personnel working with QSA JPA data, reasonable information security awareness training. Contractor shall immediately advise the QSA JPA of any request for disclosure of information or of any actual or potential unauthorized disclosure of confidential or personal information. Contractor is responsible for taking reasonable responsive security and

identity protection measures should an unauthorized disclosure occur at the sole cost to the Contractor.

(d) Survival. Contractor's obligations under this paragraph shall survive the termination of this contract.

(e) Contractor will provide the disclosure statement or "brochure" and "brochure supplement" also known as Part 2A and Part 2B of Form ADV, required to be delivered pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (Brochure). Client will acknowledge receipt of Chandler's Privacy Policy, as required by Regulation S-P.

16. PROHIBITED INTEREST:

No official or employee of the QSA JPA who is authorized in such capacity on behalf of the QSA JPA to negotiate, make, accept, or approve, or take part in negotiating, making, accepting, or approving this contract, shall become directly or indirectly interested in this contract or in any part thereof. No officer or employee of the QSA JPA who is authorized in such capacity and on behalf of the QSA JPA to exercise any executive, supervisory, or similar functions in connection with the performance of this contract shall become directly or indirectly interested personally in this contract or any part thereof.

17. CONFLICT OF INTEREST:

(a) Local Conflict of Interest Code Compliance. The QSA JPA has determined, based on the scope of the services to be provided by Contractor under this contract, that this contract does not confer on Contractor or any of Contractor's employees the status of a "designated employee" or "Consultant" of the QSA JPA for the purposes of the QSA JPA's Local Conflict of Interest Code and the California Political Reform Act. This contract does not require or permit Contractor to make a governmental decision as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(1), or serve in a staff capacity as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(2).

(b) Disqualification. Contractor shall not make or participate in making or in any way attempt to use Contractor's position to influence a governmental decision in which Contractor knows or has reason to know Contractor has a direct or indirect financial interest other than the compensation promised by this contract. Contractor will not have such interest during the term of this contract. Contractor will immediately advise the General Counsel of the QSA JPA if Contractor learns of a financial interest of Contractor's during the term of this contract. If Contractor's participation in another QSA JPA project would create an actual or potential conflict of interest, in the opinion of the QSA JPA, the QSA JPA may disqualify Contractor from participation in such other project during the term of this Contract.

18. INDEMNIFICATION:

(a) To the fullest extent permitted by law, the Contractor shall (1) immediately defend, and (2) indemnify the QSA JPA, and its directors, officers, and employees from and against all liabilities regardless of nature or type arising out of or resulting from Contractor's performance

of services under this contract, or any negligent or wrongful act or omission of the Contractor or Contractor's officers, employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Contractor's obligation to indemnify applies regardless of whether a liability is a result of the negligence of an indemnified party or any other person, unless it is adjudicated that its liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, the Contractor's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party.

(b) The duty to defend is a separate and distinct obligation from the Contractor's duty to indemnify. The Contractor shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the QSA JPA, the QSA JPA and its directors, officers, and employees, immediately upon tender to the Contractor of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination of comparative active negligence or willful misconduct by an indemnified party does not relieve the Contractor from its separate and distinct obligation to defend QSA JPA. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if the Contractor asserts that liability is caused in whole or in part by the negligence or willful misconduct of the indemnified party. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of an indemnified party, Contractor may submit a claim to the QSA JPA for reimbursement of reasonable attorneys' fees and defense costs.

(c) The review, acceptance or approval of the Contractor's work or work product by any indemnified party shall not affect, relieve or reduce the Contractor's indemnification or defense obligations. This Section survives completion of the services or the termination of this contract. The provisions of this Section are not limited by and do not affect the provisions of this contract relating to insurance.

19. INSURANCE:

(a) Requirement. Contractor shall procure and maintain during the period of performance of this contract and for 12 months following completion, insurance from insurance companies authorized to do business in the State of California, as set forth in this section. These policies shall be primary insurance as to the QSA JPA so that any other coverage held by the QSA JPA shall not contribute to any loss under Contractor's insurance.

General liability: (with coverage at least as broad as ISO form CG 00 01 10 01) coverage in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

Automobile liability: (with coverage at least as broad as ISO form CA 00 01 10 01, for “any auto”) coverage in an amount not less than \$1,000,000 per accident for personal injury, including death, and property damage.

Professional liability: (errors and omissions) for damage alleged to be as a result of errors, omissions or negligent acts of Contractor coverage in an amount not less than \$2,000,000 per claim.

Workers' compensation and employer's liability: coverage shall comply with the laws of the State of California, but not less than an employer's liability limit of \$1,000,000.

A deductible or retention may be utilized, subject to approval by the QSA JPA. All policies that include a self-insured retention shall include a provision that payments of defense costs and damages (for bodily injury, property damage, personal injury or any other coverages included in the policy) by any party including additional insureds or insurers, shall satisfy the self-insured retention limits.

(b) Endorsements. The insurance policies shall be endorsed as follows:

For the commercial general liability insurance, the QSA JPA (including its directors, officers, employees, and agents) shall be named as additional insured, and the policy shall be endorsed with a form equivalent to ISO form CG 20 10 10 93, that contains the provisions required by this contract.

Contractor's insurance is primary to any other insurance available to the QSA JPA with respect to any claim arising out of this Agreement. Any insurance maintained by the QSA JPA shall be excess of the Contractor's insurance and shall not contribute with it. The Contractor's endorsement of insurance shall include a waiver of any rights of subrogation against the QSA JPA, and its directors, officers, employees and agents.

Contractor's insurance will not be canceled, limited, amended, reduced in coverage amount, or allowed to expire without renewal until after thirty (30) days' written notice has been given to the QSA JPA, or after ten (10) days' written notice in the case of cancellation for non-payment of premium.

(c) Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by the QSA JPA, which satisfies the following minimum requirements: An insurance carrier admitted to do business in California and maintaining an agent for process within the state. Such insurance carrier shall maintain a current A.M. Best rating classification of "A-" or better and a financial size of "\$10 million to \$24 million (Class V) or better", or a Lloyds of London program provided by syndicates of Lloyds of London and other London insurance carriers, providing all participants are qualified to do business in California and the policy provides for an agent for process in the state. Workers' Compensation and Employer's Liability shall be provided by an A-V rated carrier or by the California State Compensation Fund. If provided by a carrier other than California State Compensation Fund, Contractor shall provide proof of the carrier's A-V rating to QSA JPA.

(d) Provision of Insurance Prior to Commencement of Services. Before commencing any services, Contractor shall furnish certificates of insurance and endorsements affecting coverage on forms provided by QSA JPA, or on equivalent ISO forms that contain provisions required by this contract.

20. ACCIDENT REPORTS:

Contractor shall immediately report (as soon as feasible, but not more than 24 hours) to the QSA JPA any accident or other occurrence causing injury to persons or property during the performance of this Contract. If required by the QSA JPA's Risk Manager, the report shall be made in writing and shall include, at a minimum: (a) the names, addresses, and telephone numbers of the persons involved, (b) the names, addresses and telephone numbers of any known witnesses, (c) the date, time and description of the accident or other occurrence.

21. COVENANT AGAINST CONTINGENT FEES:

Contractor agrees that its firm has not employed or retained any company or person, other than a bona fide employee working for Contractor, to solicit or secure this contract, and that Contractor has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this contract. For breach or violation of this provision, the QSA JPA shall have the right to terminate this contract without liability, or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fees, gift, or contingent fee.

22. TERMINATION OR ABANDONMENT:

(a) QSA JPA's Rights. The QSA JPA has the right to terminate or abandon any portion or all of the work by giving ten (10) days' written notice. Upon receipt of a notice of termination, Contractor shall perform no further work except as specified in the notice. Before the date of termination, Contractor shall deliver to QSA JPA all work product, whether completed or not, as of the date of termination and not otherwise previously delivered. The QSA JPA shall pay Contractor for services performed in accordance with this contract before the date of termination. If this contract provides for payment of a lump sum for all services or by task and termination occurs before completion of the work or any defined task which according to the performance schedule was commenced before the notice of termination, the fee for services performed shall be based on an amount mutually agreed to by the QSA JPA and Contractor for the portion of work completed in conformance with this contract before the date of termination. In addition, the QSA JPA will reimburse Contractor for authorized expenses incurred and not previously reimbursed. The QSA JPA shall not be liable for any fees or costs associated for the termination or abandonment except for the fees, and reimbursement of authorized expenses, payable pursuant to this section.

(b) Contractor's Rights. Contractor, if Contractor is not in default or breach, may terminate Contractor's obligation to provide further services under this contract upon thirty (30) days'

written notice only in the event of a material default by the QSA JPA, which default has not been cured within thirty (30) days following the written notice.

23. SUCCESSORS OR ASSIGNS:

All terms, conditions, and provisions of this contract shall apply to and bind the respective heirs, executors, administrators, successors, and assigns of the parties. Nothing in this paragraph is intended to affect the limitation on assignment.

24. DAMAGE OR LOSS OF EQUIPMENT OR FACILITIES:

General Obligation. Contractor shall pay to the QSA JPA the replacement cost of any equipment or repair cost of any facilities provided by the QSA JPA for Contractor's use in performance of services that is lost or damaged by Contractor or Contractor's officers, employees, agents or subcontractors.

25. ELECTRONIC COMMUNICATIONS:

During the course of this contract, communications may occur through sending, receiving or exchanging electronic versions of documents and e-mails using commercially available computer software and Internet access. Contractor and the QSA JPA acknowledge that the Internet is occasionally victimized by the creation and dissemination of so-called viruses, or similar destructive electronic programs. Contractor and the QSA JPA view the issues raised by these viruses seriously and have invested in document and e-mail scanning software that identify and reject files containing known viruses. Contractor agrees to update its system with the software vendor's most current releases at regular intervals. Because of the virus scanning software, the respective computer systems of the parties may occasionally reject a communication. The parties acknowledge that this occurrence is to be expected as part of the ordinary course of business. Because the virus protection industry is generally one or two steps behind new viruses, neither party can guarantee that its respective communications and documents will be virus free. Occasionally, a virus will escape and go undetected as it is passed from system to system. Although each party will use all reasonable efforts to assure that its communications are virus free, neither party warrants that its documents will be virus free. Each party agrees to advise the other if it discovers a virus in its respective system that may have been communicated to the other party.

Contractor shall identify reasonably foreseeable internal and external risks to the privacy and security of personal information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of the information. Contractor shall regularly assess the sufficiency of any safeguards and information security awareness training in place to control reasonably foreseeable internal and external risks, and evaluate and adjust those safeguards in light of the assessment.

Contractor shall maintain its own e-mail system. Neither Contractor, its employees, its subcontractors, or subcontractor's employees shall be given a QSA JPA e-mail address.

26. LAWS AND VENUE:

This contract and disputes arising out of or relating to the contract or the parties' relationship are governed by the laws of the State of California. Any action or proceeding arising out of or relating to the contract or the parties' relationship shall be brought in a state or federal court situated in the County of San Diego, State of California.

27. ADMINISTRATION:

(a) Contractor's principal place of business and agent for service of process. Contractor's principal place of business is 9255 Towne Centre Drive, Suite 600, San Diego, CA 92121. Contractor's agent for service of process is Nicole Dragoo.

(b) QSA JPA's Representative. The QSA JPA's representative for administration of this contract is Christopher Woidzik, who is the designated Contract Manager. The QSA JPA may change the Contract Manager at any time upon notice to the Contractor.

(c) Contractor's Representative. The Contractor's representative for administration of this contract is Mia Corral Brown, who is designated as the Project Manager. The Contractor may change the Project Manager upon written notice to and approval by the Contract Manager.

(d) Notices. Any notice or instrument required to be given or delivered by law or this contract shall be effective upon receipt thereof and shall be by personal service or delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, addressed to:

Quantification Settlement Agreement Joint Powers Authority
4677 Overland Avenue
San Diego, CA 92123-1233
Attn: Alexi Schnell, Chief Administrative Officer

Chandler Asset Management
9255 Towne Centre Drive, Suite 600
San Diego, CA 92121
Attn: Mia Corral Brown, Project Manager

Either party may change the address or identity of the person for notices under this paragraph by written notice to the other delivered in accordance with this paragraph.

(e) Routine Administrative Communications. Routine administrative communication required to be in writing may be by personal delivery, mail, facsimile transmission or electronic mail as agreed between the Contractor and Contract Manager.

28. INTEGRATION AND MODIFICATION:

This contract represents the entire understanding of the QSA JPA and Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This contract may not be modified, amended, or altered except in writing signed by the QSA JPA and Contractor.

29. ADVICE OF COUNSEL:

The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this contract, and that the decision of whether or not to seek the advice of counsel with respect to this contract is a decision which is the sole responsibility of each of the parties hereto. This contract shall not be construed in favor or against either party by reason of the extent to which each party participated in the drafting of the contract.

30. INDEPENDENT REVIEW:

Each party hereto declares and represents that in entering this contract it has relied and is relying solely upon its own judgment, belief and knowledge of the nature, extent, effect and consequence relating thereto. Each party further declares and represents that this contract is being made without reliance upon any statement or representation not contained herein of any other party, or any representative, agent, or attorney of any other party.

31. TIME:

Time is of the essence in this contract. Any reference to days means calendar days unless otherwise specifically stated.

32. ASSIGNMENT OF ANTI-TRUST CLAIMS:

The Contractor offers and agrees to assign to the QSA JPA all rights, title and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act [Chapter 2 (commencing with § 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, services, or materials pursuant to the contract. This assignment shall become effective at the time the QSA JPA tenders final payment to Contractor, without further acknowledgment by the parties. The Contractor shall have the rights set forth in Sections 4553 and 4554 of the Government Code.

33. TAXES:

The Contractor shall pay all applicable federal, state, and local excise, sales, consumer use, and other similar taxes required by law for the execution of the work.

34. SIGNATURES:

The individuals executing this contract represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This contract may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which shall be deemed to be an original when executed, and all of which taken together shall continue one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this contract on the following date.

DATED: _____, 2026

Quantification Settlement Agreement Joint Powers
Authority

By: Alexi Schnell
Chief Administrative Officer

Chandler Asset Management

By: Nicole Dragoo
Chief Executive Officer

ATTACHMENT A SCOPE OF WORK

Contractor's specific responsibilities shall include, but not be limited to:

1. Contractor is hereby granted authority to invest and reinvest all assets under its management in securities permitted by the QSA JPA's Investment Policy, subject to the prior approval of the Water Authority's Treasurer. Such approval may be granted orally or by email.
2. Actively manage a non-discretionary portfolio of permitted investments pursuant to California Government Code, which includes both short and long-term investments. Active management of the portfolio includes the investment and reinvestment of assets subject to prior approval by the QSA JPA.
3. Annually work with the QSA JPA to develop an Investment Policy Statement for the portfolio and identify an appropriate performance benchmark to ensure the portfolio structure matches the QSA JPA's objectives. Provide written comments and recommend changes as needed per California Government Code or to incorporate best practices as provided by relevant statewide and national organizations.
4. Conduct and maintain up-to-date credit analysis of portfolio investments and potential investments.
5. Provide timely and detailed recommendations for the investment/reinvestment of funds.
6. Monitor portfolio performance against the selected performance benchmark(s).
7. Provide monthly statements and reports on portfolio compliance with applicable policies and laws, and the QSA JPA's Investment Policy. Reports shall include the following, at a minimum:
 - a. Detailed portfolio holdings, including purchase price, accrued interest, amortized cost, market and book values, purchase date, maturity date, potential call date, assigned security ratings by a nationally recognized statistical rating organization, principal and interest payments, effective earnings rate, yield to maturity, and days to maturity
 - b. Portfolio Summary Statistics
 - c. Performance Reports
 - d. Quarterly Investment Reports including a description of market conditions, investment strategies employed, performance, and suggested changes to investment strategy. The performance numbers shall be presented as required by the Chartered Financial Analyst (CFA) Institute's Global Investment Performance Standards.
 - e. Maturity/duration indicators
 - f. Summary and detail of transactions
 - g. Mark-to-market Report

8. Provide the market value of all portfolio investments and all the necessary financial statement note disclosures that are needed for the QSA JPA's Annual Comprehensive Financial Report, in accordance with standards established by the Governmental Accounting Standards Board.
9. Evaluate market risk and develop and recommend strategies to manage its impact on the portfolio and specific positions.
10. Manage the portfolio in strict compliance with the QSA JPA's Investment Policy.
11. Vote proxies on behalf of QSA JPA unless otherwise instructed. Contractor has adopted and implemented written policies and procedures and will provide QSA JPA with a description of the proxy voting procedures upon request. Provide information regarding how QSA JPA proxies were voted upon request.
12. Perform broker/dealer due diligence and review for investment broker/dealers.
13. Serve as general resource to QSA JPA staff for requested information, advice, or training.
14. Attend Board meetings on a quarterly basis to provide portfolio and market updates. The updates shall include data comparing the QSA JPA's portfolio performance against the benchmark(s) approved by the QSA JPA, in addition to any other benchmarks the Contractor views as relevant.

ATTACHMENT B
PAYMENT AND FEE SCHEDULE

Contractor will be paid monthly an amount calculated on the average market value of the QSA JPA's portfolio, including accrued interest, in accordance with the following schedule:

| Assets Under Management | Annual Investment Management Fee |
|-----------------------------------|---|
| First \$50 million | 0.08 of 1% (8 basis points) |
| Next \$75 million | 0.06 of 1% (6 basis points) |
| Next \$125 million | 0.04 of 1% (4 basis points) |
| Assets in excess of \$250 million | 0.03 of 1% (3 basis points) |

The fees expressed above do not include any custody fees that may be charged by the QSA JPA's bank or other third-party custodian.

Fees shall be prorated to the effective date of termination on the basis of actual days elapsed, and any unearned portion of prepaid fees shall be refunded.

There are no start-up fees, closing fees, or penalty fees.

Fees shall be invoiced monthly in arrears directly to the QSA JPA.

F
Y 2027



QSA JPA
Fiscal Year 2027
Budget & Work Plan
Proposed June 11, 2026

Quantification Settlement Agreement Joint Powers Authority

4677 Overland Avenue, San Diego, CA 92123



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QSA JPA FISCAL YEAR 2027 BUDGET

SECTION 1: BACKGROUND

The Quantification Settlement Agreement Joint Powers Authority (QSA JPA) administers funding of environmental mitigation requirements related to the QSA water transfers. The QSA JPA collects, holds, invests, and disburses funds needed for the mitigation projects. The QSA JPA is comprised of designated representatives from the California Department of Fish and Wildlife (CDFW), Coachella Valley Water District (CVWD), Imperial Irrigation District (IID), and San Diego County Water Authority (Water Authority) that serve as Commissioners and staff.

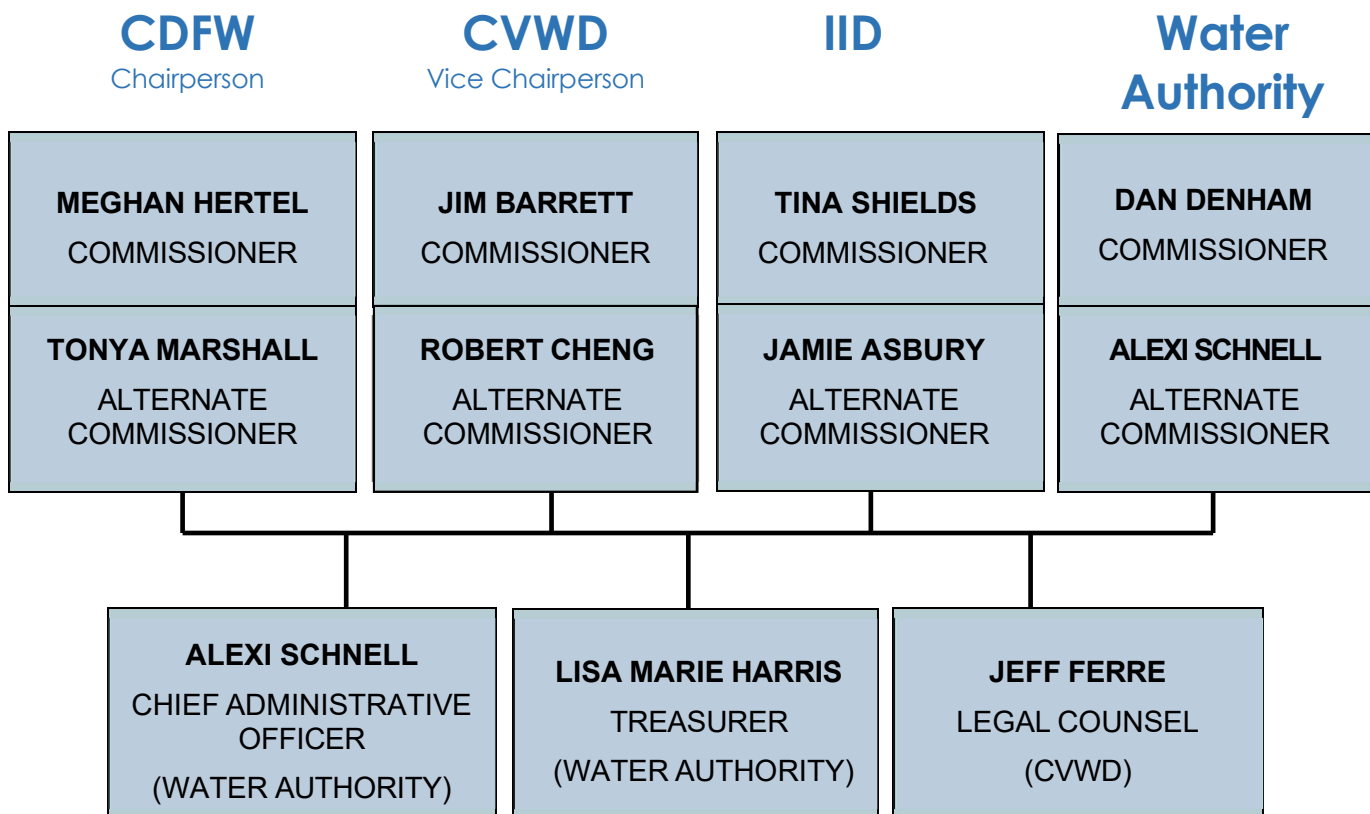


Figure 1. QSA JPA Organization Chart

Under the terms of the *Quantification Settlement Agreement Joint Powers Authority Creation and Funding Agreement* (JPA Agreement), the water agencies (CVWD, IID and the Water Authority) have a collective financial obligation, capped at \$133 million (in 2003 dollars) to pay for the QSA JPA mitigation program. The State of California is responsible to pay for any QSA water transfer environmental mitigation costs that exceed \$133 million. The water agencies have previously satisfied their collective financial obligation to the JPA, and only the state’s financial obligation remains.

SECTION 2: BUDGET OVERVIEW

The QSA JPA Commission adopts an annual budget for the payment of environmental costs for QSA conserved water transfer mitigation projects in the Imperial Valley. The budget is developed by IID in coordination with the QSA Implementation Team (IT), which consists of CDFW, IID, and the U.S. Fish and Wildlife Service (USFWS). The annual budget provides revenues generated from agency contributions and interest earnings to meet anticipated fiscal year (FY) mitigation expenditures. Mitigation projects are implemented by IID under direction from the IT. Specific mitigation measures are implemented per environmental permitting requirements and involve various timeframes for completion. Detailed QSA JPA annual spending through FY 2025 by mitigation task is provided in Appendix 1.

The JPA Agreement provides a schedule of annual agency contributions that are due on December 31 of each calendar year. As a means of managing cash flow requirements for future mitigation activities, the JPA Agreement permits agencies to adjust their payment schedules by rescheduling future payments from outer years to the near term. Under the *Modification of Payment Schedules Pursuant to the QSA JPA Agreement (Advanced Funding Agreement)*, advanced payments by the agencies are due on July 1 and are discounted at six percent from the date of the scheduled payment to the date of the advance.

The QSA JPA has advanced payments from the original JPA Agreement payment schedules to cover expected environmental mitigation expenses. In 2007, the water agencies modified their payment schedules to advance \$13.2 million in FYs 2007 and 2008 to cover mitigation requirements through 2013. In 2015, the Board of Directors (BOD) of the individual water agencies authorized advanced payments to the QSA JPA totaling \$40.5 million, consisting of \$10 million from the Water Authority, \$5 million from CVWD, and \$25.5 million from IID, scheduled over six years beginning in FY 2016.

In 2022, IID's BOD authorized a payoff of \$48.5 million for its remaining payments to the QSA JPA, consistent with the JPA Agreement. Following IID's payoff, the Water Authority and CVWD expressed interest in paying off their respective financial obligations to the QSA JPA in 2023. In January 2023, based on IID's payoff and the potential for payoffs by the Water Authority and CVWD in 2023, the Commission submitted a written notice to the state that it anticipated that the \$133 million environmental cost limitation would be exceeded within two years. The written notice is required pursuant to the JPA Agreement and provides the state time to prepare to take over financial responsibility for any environmental mitigation costs in excess of \$133 million. The Water Authority and CVWD paid off their remaining financial obligations to the QSA JPA of \$3.33 million and \$3.29 million, respectively, in July 2023.

SECTION 3: REVIEW OF ACTIVITIES IN FY 2026 AND FY 2025

On June 13, 2025, the QSA JPA Commission adopted the FY 2026 budget in the amount of \$18,668,078. Table 1 shows the FY 2026 budgeted and projected spending by mitigation task, based on approved invoice totals to date and remaining FY projections of IID expenditures. Major expenses in the FY 2026 budget include the Salton Sea Air Quality Mitigation Program (Task 24), Managed Marsh Areas (Task 8), and the QSA IT Biologists (Task 2).

Table 1. Detailed FY 2026 Projected Expenditures

| TASK | TASK DESCRIPTION | BUDGETED FY 2026 | PROJECTED FY 2026 | BUDGET SAVINGS |
|--------------------------|---|----------------------|----------------------|------------------------|
| 2 | QSA Implementation Team Biologists | \$ 1,442,311 | \$ 1,301,730 | \$ (140,581) |
| 4 | Salton Sea Salinity and Elevation Program | \$ 6,000 | \$ 1,540 | \$ (4,460) |
| 6 | Tamarisk Scrub Habitat - Surveys and Mitigation | \$ 58,136 | \$ 2,130 | \$ (56,006) |
| 8/8A/8B | Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas | \$ 454,636 | \$ 645,060 | \$ 190,424 |
| 15 | Pre-Construction Activity Burrowing Owl Surveys and Relocation | \$ 500 | \$ 60 | \$ (440) |
| 17 | Farmer and Public Education Program | \$ 5,000 | \$ 3,800 | \$ (1,200) |
| 18 | Desert Pupfish Abundance and Distribution Study | \$ 12,283 | \$ 11,610 | \$ (673) |
| 19/19A | Pupfish Selenium Drain Studies | \$ 112,100 | \$ 120,890 | \$ 8,790 |
| 20 | Pupfish Construction and Maintenance Conservation Measures | \$ 100,000 | \$ 38,290 | \$ (61,710) |
| 24 | Salton Sea Air Quality | \$ 16,352,500 | \$ 4,042,180 | \$ (12,310,320) |
| 36 | JPA Audit Fees | \$ 10,090 | \$ 10,090 | \$ - |
| 37 | JPA Bank Fees | \$ 9,500 | \$ 9,500 | \$ - |
| 38 | Financial Advisor | \$ 42,000 | \$ 42,000 | \$ - |
| 42 | Brown Pelican - Sea | \$ 55,916 | \$ - | \$ (55,916) |
| 44 | Pupfish Refugium | \$ 7,106 | \$ 1,290 | \$ (5,816) |
| Total¹ | | \$ 18,668,078 | \$ 6,230,170 | \$ (12,437,908) |

The projected budget savings and delayed expenditures for FY 2026 of \$12,437,908 are mostly due to the deferral of items under the Salton Sea Air Quality Mitigation Program (Task 24). Table 2 summarizes the FY 2026 budget projections.

Table 2. FY 2026 Budget Summary²

| FY 2026 BUDGET | PROJECTED FY 2026 EXPENDITURES | PROJECTED FY 2026 SAVINGS/DELAYS |
|-------------------|--------------------------------------|--|
| \$ 18,668,078 | \$ 6,230,170 | \$ 12,437,908 |

¹ May not foot due to rounding.

² May not foot due to rounding.

On October 8, 2025, the QSA JPA Commission accepted an audit of its basic financial statements by Davis Farr Certified Public Accountants for FYs ending June 30, 2025, and 2024. Audited FY 2025 environmental mitigation expenditures totaled \$9,274,500, as depicted in Appendix 1. Based upon the audited cash balance of \$70,998,859 at the end of FY 2025, FY 2026 projected interest earnings of \$2,400,000, and projected FY 2026 budget spending of \$6,230,170, the QSA JPA projects a positive cash balance of \$67,168,689 at the end of FY 2026 (Table 3).

Table 3. FY 2026 Projected Fund Balance

| DESCRIPTION | | CASH FLOW |
|--|------------------------------------|----------------|
| FY 2025 Audited Fund Balance (6-30-25) | | \$ 70,998,859 |
| Sources | Projected Interest Income | \$ 2,400,000 |
| Uses | Projected Environmental Mitigation | \$ (6,230,170) |
| FY 2026 Projected Fund Balance (6-30-26) | | \$ 67,168,689 |

SECTION 4: FY 2027 BUDGET

FY 2026 projected revenues of \$2,400,000 will be used to meet anticipated expenditures from July 1, 2025, through June 30, 2026, of \$6,230,170, resulting in a net loss of \$3,830,170 from the previous fiscal year. FY 2027 will begin with the projected year-end FY 2026 fund balance of \$67,168,689. Information summarizing the FY 2027 projected fund balance is presented in Table 5. Following the FY 2023 payoff by IID and then the FY 2024 payoffs by CVWD and the Water Authority, no further contributions are required from the QSA JPA water agencies. Table 4 provides the total contributions made by each water agency to the JPA.

Table 4. Summary of Mitigation Contributions by Water Agency

| AGENCY | TOTAL CONTRIBUTIONS ³ |
|-----------------------------------|----------------------------------|
| CVWD | \$66,761,133 |
| IID | \$104,058,578 |
| Water Authority ⁴ | \$90,751,175 |
| Total Agency Contributions | \$261,570,886 |

³ As of July 2023, the last water agency contributions to the JPA were completed. No further water agency contributions are required.

⁴ Water Authority contributions were reduced by credits for payments made to the U.S. Bureau of Reclamation for implementation of Conservation and Mitigation Measures for the Colorado River.

Revenue sources for FY 2027 include interest income estimated at \$2,100,000. Projected spending in FY 2027 is \$12,926,983, primarily for environmental mitigation, shown by mitigation task in Table 6. Based upon the projected cash balance of \$67,168,689 at the end of FY 2026, estimated FY 2027 interest income of \$2,100,000, and projected FY 2027 budget spending of \$12,926,983, the QSA JPA projects a positive fund balance of \$56,341,706 at the end of FY 2027 (Table 5). Projected uses exceed sources, indicating a decrease of \$10,826,983 in cash reserves for FY 2027.

Table 5. FY 2027 Projected Fund Balance

| DESCRIPTION | | CASH FLOW |
|--|------------------------------------|-----------------|
| FY 2026 Projected Cash Balance (6-30-26) | | \$ 67,168,689 |
| Sources | Projected Interest Income | \$ 2,100,000 |
| Uses | Projected Environmental Mitigation | \$ (12,926,983) |
| FY 2027 Projected Fund Balance (6-30-27) | | \$ 56,341,706 |

SECTION 5: FY 2027 WORK PLAN

The FY 2027 budget totaling \$12,926,983 includes funding for environmental mitigation activities for compliance with environmental permits and regulatory requirements, and designated administrative costs. A detailed breakdown of anticipated expenditures by task is provided in Table 6. Mitigation measures are implemented consistent with environmental permit requirements of the QSA conserved water transfers. Major expenditure categories for mitigation measures to be implemented in FY 2027 are shown in Table 7 and include: the Salton Sea Air Quality Mitigation Program (Task 24), the QSA Implementation Team Biologists (Task 2), and the Managed Marsh Areas (Task 8).

Table 6. Detailed FY 2027 Projected Expenditures

| ACTIVELY FUNDED TASKS | | |
|------------------------------|---|-----------------------|
| TASK | TASK DESCRIPTION | FY 2027 BUDGET |
| 2 | QSA Implementation Team Biologists | \$ 1,510,511 |
| 4 | Salton Sea Salinity and Elevation Program | \$ 6,000 |
| 6 | Tamarisk Scrub Habitat – Surveys and Mitigation | \$ 58,136 |
| 8/8A/8B | Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas | \$ 644,636 |
| 15 | Pre-Construction Activity Burrowing Owl Surveys and Relocation | \$ 500 |
| 17 | Farmer and Public Education Program | \$ 5,000 |
| 18 | Desert Pupfish Abundance and Distribution Study | \$ 12,283 |
| 20 | Pupfish Construction and Maintenance Conservation Measures | \$ 100,000 |
| 24 | Salton Sea Air Quality | \$ 10,472,000 |
| 36 | JPA Audit Fees | \$ 10,395 |
| 37 | JPA Bank Fees | \$ 9,500 |
| 38 | Financial Advisor | \$ 35,000 |
| 42 | Brown Pelican Sea | \$ 55,916 |
| 44 | Pupfish Refugium | \$ 7,106 |
| Total | | \$ 12,926,983 |

| NOT ACTIVELY FUNDED TASKS | | |
|----------------------------------|--|-----------------------|
| TASK | TASK DESCRIPTION | FY 2027 BUDGET |
| 1 | QSA Implementation Team | \$ - |
| 3 | Environmental Reporting and Monitoring | \$ - |
| 5 | Salton Sea Mitigation Water to Salton Sea | \$ - |
| 7 | Drain Habitat - Initial Vegetation and Habitat Surveys | \$ - |
| 9 | Drain Habitat Restrictions/Requirements for Construction and Maintenance | \$ - |
| 10/10A | Worker Education Program Covered Species Training and Manual | \$ - |
| 11 | Desert Habitat Survey and Mapping of Right of Way | \$ - |
| 12 | Desert Habitat Create/Maintain Desert Habitat | \$ - |
| 13 | Changes to Operations on IID Canals to Avoid Covered Species | \$ - |
| 14 | Burrowing Owl Worker Annual Education and Manual | \$ - |
| 16 | Burrowing Owl Relative Abundance and Distribution Surveys | \$ - |
| 19/19A | Pupfish Selenium Drain Studies | \$ - |
| 21 | Salvage of Razorback Suckers when Dewatering Canals | \$ - |
| 22 | Maintain Habitat on Fallowed Parcels | \$ - |
| 23 | Covered Species Baseline and Monitoring Surveys | \$ - |
| 25 | Minimize Dust Emissions from Fallowed Lands | \$ - |
| 26 | Drain Connectivity to Salton Sea Elevation Decrease | \$ - |
| 27 | Grade Spoil/Roads from Drain Maintenance | \$ - |
| 28 | Power Line Markers for Pumpback and Seepage Recovery Systems | \$ - |
| 29 | Prepare and Implement Management Plan for Abandoned Portions of AAC | \$ - |
| 30 | Southwestern Willow Flycatcher Surveys and Habitat Monitoring | \$ - |
| 31 | Elf Owl Surveys | \$ - |
| 32 | Desert Tortoise Survey and Avoidance | \$ - |
| 33 | Least Tern Surveys | \$ - |
| 34 | Rail and Bittern Surveys | \$ - |
| 35 | Management and Planning | \$ - |

| | | |
|----|--------------------------------------|------|
| 39 | Bond Counsel Fees | \$ - |
| 40 | 2001 Biological Opinion Measures | \$ - |
| 41 | Brown Pelican Coast | \$ - |
| 43 | Salton Sea Shoreline Strand Study | \$ - |
| 45 | Recreation Facilities at Salton Sea | \$ - |
| 46 | QSA JPA Website Maintenance Services | \$ - |

Table 7. Major Projected Expenditures in FY 2027

| TASK | TASK DESCRIPTION | FY 2027 BUDGET | PERCENT OF TOTAL BUDGET |
|--------------|---|-----------------------|--------------------------------|
| 24 | Salton Sea Air Quality | \$ 10,472,000 | 81% |
| 2 | QSA Implementation Team Biologists | \$ 1,510,511 | 12% |
| 8 | Drain Habitat (Aquatic) – Create, Manage, Monitor "Managed Marsh" Areas | \$ 644,636 | 5% |
| -- | Other Tasks | \$ 299,836 | 2% |
| Total | | \$ 12,926,983 | 100% |

Implementation of the Salton Sea Air Quality Mitigation Program (Task 24) is the largest budgeted expenditure for FY 2027 totaling \$10,472,000 or 81% of the total FY 2027 budget. Air quality mitigation includes activities related to annual emissions inventory, air quality network operations and maintenance, proactive dust control planning, groundwater development, air quality mitigation planning, and restricting public access to the Salton Sea playa.

The QSA IT Biologists (Task 2) is the second largest budgeted expenditure making up \$1,510,511 or 12% of the total FY 2027 budget. This item includes funding for nine full-time staff and expenses for their fleet of vehicles used for environmental mitigation implementation.

The Managed Marsh Areas (Task 8) is the third largest budgeted expenditure totaling \$644,636 or 5% of the total FY 2027 budget. Expenditures for FY 2027 include operations and maintenance activities for all three phases of the marsh.

Other tasks make up the remaining 2% of the projected FY 2027 expenditures, totaling \$299,836. The budget also includes reimbursements to the Water Authority for designated financial costs such as bank fees, audit fees, and financial consultants (investment management).

Audited historical spending by task is included as Appendix 1. Detailed summaries for individual mitigation measures by task, including a detailed breakdown of FY 2027 expenditures and planned and completed work, are included in Appendix 2.

Appendix 1 – Audited Historical QSA JPA Spending, FY 2004 - FY 2025

| Task | Task Description | Total FYs 2004-2025 | FY 2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FYs 2004-2017 |
|----------|--|---------------------|-------------|-------------|-------------|-----------|-------------|-------------|-------------|-------------|---------------|
| 1 | QSA Implementation Team | \$383,879 | | | | | | | | | \$383,879 |
| 2 | QSA Implementation Team Biologists | \$13,524,842 | \$1,380,419 | \$1,294,211 | \$1,243,889 | \$920,524 | \$982,168 | \$910,337 | \$1,081,358 | \$1,026,602 | \$4,685,334 |
| 3 | Environmental Reporting and Monitoring | \$82,458 | | | | | | | | | \$82,458 |
| 4 | Salton Sea Salinity and Elevation Program | \$61,361 | \$5,586 | \$5,261 | \$5,128 | \$15,326 | \$8,447 | \$4,129 | \$4,895 | \$7,100 | \$5,489 |
| 5 | Salton Sea Mitigation Water to Salton Sea | \$96,666,141 | | | | | | \$7,043,618 | \$34,142 | \$9,851,798 | \$79,736,583 |
| 6 | Tamarisk Scrub Habitat - Surveys and Mitigation | \$160,307 | \$50,900 | \$24,437 | \$62,816 | \$7,678 | | \$4,928 | | | \$9,548 |
| 7 | Drain Habitat - Initial Vegetation and Habitat Surveys | \$209,123 | | | | | | | | | \$209,123 |
| 8/8A /8B | Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas | \$27,445,301 | \$416,292 | \$482,173 | \$9,544,631 | \$403,912 | \$2,615,125 | \$2,206,448 | \$1,911,610 | \$439,409 | \$9,425,701 |
| 9 | Drain Habitat Restrictions/Requirements for Construction and Maintenance | \$8,473 | | | | | | | | | \$8,473 |
| 10/ 10a | Worker Education Program Covered Species Training and Manual | \$35,302 | | | | | | | | | \$35,302 |
| 11 | Desert Habitat Survey and Mapping of Right of Way | \$379,191 | | | | | | | | | \$379,191 |

Appendix 1 – Audited Historical QSA JPA Spending, FY 2004 - FY 2025

| Task | Task Description | Total FYs 2004-2025 | FY 2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FYs 2004-2017 |
|------------|--|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| 12 | Desert Habitat Create/Maintain Desert Habitat | \$17,300 | | | | | | | | | \$17,300 |
| 13 | Changes to Operations on IID Canals to Avoid Covered Species | \$0 | | | | | | | | | \$0 |
| 14 | Burrowing Owl Worker Annual Education and Manual | \$10,411 | | | | | | | | | \$10,411 |
| 15 | Pre-Construction Activity Burrowing Owl Surveys and Relocation | \$929,488 | \$1,777 | \$21 | \$135 | \$3,933 | | | | \$7,164 | \$916,458 |
| 16 | Burrowing Owl Relative Abundance and Distribution Surveys | \$3,519,615 | | | \$2,762 | | \$46,155 | \$206,984 | \$224,314 | | \$3,039,400 |
| 17 | Farmer and Public Education Program | \$31,018 | \$4,341 | \$2,783 | \$5,646 | \$2,493 | \$1,600 | \$2,437 | \$2,150 | \$1,600 | \$7,968 |
| 18 | Desert Pupfish Abundance and Distribution Study | \$84,758 | \$21 | \$297 | \$9,238 | -\$17,165 | \$60,307 | \$17,653 | \$116 | \$8 | \$14,283 |
| 19/ 19A | Pupfish Selenium Drain Studies | \$2,815,442 | \$47,294 | \$158,121 | \$90,053 | \$58,234 | \$167,559 | \$118,586 | \$157,978 | \$36,468 | \$1,981,149 |
| 20 | Pupfish Construction and Maintenance Conservation Measures | \$309,900 | \$47,631 | \$10,668 | \$4,722 | \$65,382 | \$4,273 | \$4,234 | \$124,105 | \$11,653 | \$37,232 |
| 21 | Salvage of Razorback Suckers when Dewatering Canals | \$9,534 | | | | | | | | | \$9,534 |
| 22 | Maintain Habitat on Fallowed Parcels | \$0 | | | | | | | | | \$0 |
| 23 | Covered Species Baseline and Monitoring Surveys ¹ | \$5,395,188 | | | | | | | | \$800 | \$5,394,388 |
| 24 | Salton Sea Air Quality | \$50,606,977 | \$7,267,508 | \$6,390,939 | \$3,957,503 | \$4,588,075 | \$5,478,183 | \$4,553,484 | \$4,024,938 | \$3,483,968 | \$10,862,379 |

¹ Includes Avian Studies from FY 2006, 2007, and 2008.

Appendix 1 – Audited Historical QSA JPA Spending, FY 2004 - FY 2025

| Task | Task Description | Total FYs 2004-2025 | FY 2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FYs 2004-2017 |
|------|--|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|---------------|
| 25 | Minimize Dust Emissions from Fallowed Lands | \$57,775 | | | | | | | | | \$57,775 |
| 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 | \$1,960 | | | | | | | | | \$1,960 |
| 29 | Prepare and Implement Management Plan for Abandoned Portions of AAC | \$0 | | | | | | | | | \$0 |
| 30 | Southwestern Willow Flycatcher Surveys and Habitat Monitoring ² | \$62,938 | | | | | | | | | \$62,938 |
| 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 | \$336,979 | | | | | | | | \$1,367 | \$335,612 |
| 36 | JPA Audit Fees | \$210,468 | \$10,090 | \$10,090 | \$10,770 | \$10,560 | \$10,770 | \$10,560 | \$10,350 | \$10,350 | \$126,928 |

² Includes Task 46 from previous years.

Appendix 1 – Audited Historical QSA JPA Spending, FY 2004 - FY 2025

| Task | Task Description | Total FYs 2004-2025 | FY 2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FYs 2004-2017 |
|--|-------------------------------------|----------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|---------------------|----------------------|
| 37 | JPA Bank Fees | \$50,989 | \$7,802 | \$7,915 | \$1,855 | \$1,776 | \$2,082 | \$2,495 | \$1,405 | \$1,526 | \$24,133 |
| 38 | Financial Advisor | \$133,123 | \$34,040 | \$31,672 | \$16,117 | \$12,567 | \$9,230 | | | | \$29,497 |
| 39 | Bond Counsel Fees | \$25,000 | | | | | | | | | \$25,000 |
| 40 | 2001 Biological Opinion Measures | \$3,349,126 | | | | | | | | | \$3,349,126 |
| 41 | Brown Pelican Coast | \$0 | | | | | | | | | \$0 |
| 42 | Brown Pelican Sea | \$5,517 | | | | \$329 | \$4,017 | \$1,171 | | | \$0 |
| 43 | Salton Sea Shoreline Strand Study | \$0 | | | | | | | | | \$0 |
| 44 | Pupfish Refugium | \$85,696 | \$799 | \$3,844 | \$14,187 | \$3,051 | | | \$3,174 | | \$60,641 |
| 45 | Recreation Facilities at Salton Sea | \$22,603 | | | | | | | \$3,911 | \$10,999 | \$7,693 |
| 46 | QSA JPA Website | \$9,340 | | | | \$9,340 | | | | | \$0 |
| Total | | \$207,037,523 | \$9,274,500 | \$8,422,432 | \$14,969,452 | \$6,086,015 | \$9,389,916 | \$15,087,064 | \$7,584,446 | \$14,890,812 | \$121,332,886 |
| Biological Opinion Measures Credited to Water Authority | | \$3,349,126 | | | | | | | | | \$3,349,126 |
| Total JPA Expenditures | | \$203,688,397 | \$9,274,500 | \$8,422,432 | \$14,969,452 | \$6,086,015 | \$9,389,916 | \$15,087,064 | \$7,584,446 | \$14,890,812 | \$117,983,760 |

Work Task 1: QSA Implementation Team

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$383,879 |

Description and Purpose: The Quantification Settlement Agreement (QSA) Implementation Team (IT) is to hold quarterly IT meetings consisting of representatives from Imperial Irrigation District (IID), U.S. Fish and Wildlife Service (USFWS), and California Department of Fish and Wildlife (CDFW), to guide implementation of the Habitat Conservation Plan (HCP) and In-Valley California Endangered Species Act (CESA) Permit for the duration of the HCP and CESA Permit.

Permit Reference: HCP; CESA Permit 4(a)(ii) and MMRP 8

Accomplishments Through FY 2025: Held quarterly implementation team meetings and reviewed annual budget.

FY 2026 Activities: Quarterly implementation team meetings were held virtually at no cost to the QSA JPA.

Proposed FY 2027 Activities: No expense to the QSA JPA is expected for this item due to quarterly implementation team meetings being held virtually.

Work Task 2: QSA Implementation Team Biologists

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$1,510,511 | \$1,301,730 | \$1,442,311 | \$13,524,842 |

Description and Purpose: Salary and expenses for IT Biologists.

Permit Reference: HCP, General 1; CESA Permit 4(a)(i) and MMRP 7

Accomplishments Through FY 2024: Covered environmental mitigation staff expenses and fuel and maintenance for vehicles used for environmental mitigation implementation.

FY 2025 Activities: Fund environmental mitigation staff and fuel and maintenance for vehicles used for environmental mitigation implementation.

Proposed FY 2026 Activities: Continue to fund environmental mitigation staff and fuel and maintenance for vehicles used for environmental mitigation implementation as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|-----------------------------------|---|---------------------|
| IT Biologist | Environmental compliance, supervisor | 225,141.80 |
| Environmental Specialist I | Six environmental specialist I positions for JPA year | 822,635.40 |
| Environmental Specialist II | Two environmental specialist II positions for JPA year | 309,031.35 |
| Clerical Technician | One clerical technician (part-time) | 66,300.00 |
| Vehicle (2x4) - TPU2 (Class 02) | Includes fuel and maintenance for one vehicle at 168 hours per month for 12 months | 10,463.04 |
| Vehicle (4x4) - TUP24X (Class 05) | Includes fuel and maintenance for six vehicles at 168 hours per month for 12 months | 53,948.16 |
| Vehicle (SUV) - TPU24X (Class 05) | Includes fuel and maintenance for one vehicle at 168 hours per month for 12 months | 8,991.36 |
| Off-Road Vehicle O&M | Expenses for annual license, fuel, and upkeep for vehicle and trailer donated by IID | 2,000.00 |
| Off-Road Vehicle Trailer | Trailer operation and maintenance (O&M) (tire replacement and inspection), registration fees | 1,000.00 |
| Off-Road Vehicle | O&M of four-seat, off-road vehicle for hauling material and equipment onto project sites, annual license/registration, fuel, tires and oil changes as needed. | 4,000.00 |
| General Expenses | General supplies and trainings | 7,000.00 |
| Total Budget | | 1,510,511.11 |

Work Task 3: Environmental Reporting and Monitoring

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$82,458 |

Description and Purpose: Report annually to USFWS and CDFW the amount of water conserved, transferred, and allowed to flow to the Salton Sea.

Make available to USFWS and CDFW valley-wide statistics regarding agricultural production and implementation of water conservation measures, including total acreage in agricultural production in the IID water service area, acres of each crop grown, acres of land fallowed, acres of participating farms, and total amount of water conserved and transferred.

Submit annual report to SWRCB on actions taken to comply with the mitigation measures and conservation strategies included in the Final EIR/EIS and HCP and all other state and federal permits and regulatory requirements.

Prepare Adaptive Management Plan for monitoring effectiveness of mitigation measures. Submit reports of the previous year's activities to USFWS, CDFW and SWRCB, including details of fish and wildlife conservation actions implemented, monitoring/surveying activities, and water conservation activities.

Permit Reference: HCP Chp 4; In-Valley Biological Opinion, TC Reporting Requirements; CESA Permit Conditions of Approval, General Conditions (a) and (b) and MMRPs; SWRCB Section 4

Accomplishments Through FY 2025: Annual report sent by March 31 of each year for the previous calendar year.

FY 2026 Activities: There was no expense for this item due to annual reports being submitted electronically and posted on IID's website.

Proposed FY 2027 Activities: No expense expected for this item due to annual reports being submitted electronically and posted on IID's website.

Work Task 4: Salton Sea Salinity and Elevation Program

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$6,000 | \$1,540 | \$6,000 | \$61,361 |

Description and Purpose: To demonstrate compliance with the Salton Sea Habitat Conservation Strategy and monitor salinity and elevation of the Salton Sea.

Permit Reference: SWRCB-6; CESA Permit MMRP 40

Accomplishments Through FY 2025: Collected salinity measurement data at the Salton Sea for lab analysis and completed annual selenium salinity monitoring.

FY 2026 Activities: Collected salinity measurement data at the Salton Sea for lab analysis.

Proposed FY 2027 Activities: Continue to fund salinity measurements at the Salton Sea for lab analysis as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|--|---|-----------------|
| Salinity Measurement around the Salton Sea | Conduct salinity measurements around the Salton Sea and perform lab analysis of samples | 6,000.00 |
| Total Budget | | 6,000.00 |

Work Task 5: Salton Sea Mitigation Water to Salton Sea

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$96,666,141 |

Description and Purpose: To implement refined Salton Sea Habitat Conservation Strategy (SSHCS), which requires provision of mitigation water to the Salton Sea for the first 15 years of the project to mitigate reductions in inflow due to the transfer of water to the Water Authority.

Mitigation water will be delivered in accordance with the schedule in Table 1-3 of the 9/03 Addendum.

Permit Reference: SWRCB CESA Permit 4(c)(i) and MMRP 13

Accomplishments Through FY 2025: Delivered 46,546 AF of mitigation water to the Salton Sea to resolve 2010 pre-delivery payback in FY 2020. Mitigation task is complete.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 6: Tamarisk Scrub Habitat - Surveys and Mitigation

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$58,136 | \$2,130 | \$58,136 | \$160,307 |

Description and Purpose: To develop preconstruction survey checklists and protocols in consultation with the IT, to identify proposed construction and impacted vegetation and covered species. Specific survey protocol will be developed to monitor and quantify changes in the amount/quality of habitat in consultation with USFWS and CDFW.

Includes the evaluation of all potential cottonwood-willow and tamarisk stands for Southwestern Willow Flycatcher breeding habitat suitability, prior to IID water conservation activities that could impact tamarisk habitat.

Permit Reference: HCP-TREE 1-3; In-Valley Biological Opinion, Willow Flycatcher Measures 1-4; CESA Permit 4(f) and MMRPs 21-27, 29-36, 41, 42

Accomplishments Through FY 2025: Installed native tree habitat in Managed Marsh Complex buffer zones.

FY 2026 Activities: Carry out O&M activities for native tree habitat, including repairs to flood irrigation, invasive species control, and supplemental planting.

Proposed FY 2027 Activities: Continue O&M activities for native tree habitat, including repairs to flood irrigation, invasive species control, and other related expenses as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|---|---|------------------|
| O&M of Native Tree Habitat at Managed Marsh Complex (Located within Buffer Zones) | Maintenance of created habitat includes repairs to flood irrigation, invasive species control, and other related expenses (Phase I, II, and additional sites) | 54,636.35 |
| Irrigation Water | Irrigation water purchased through Task 8 at \$20/AF | 3,500.00 |
| Total Budget | | 58,136.35 |

Work Task 7: Drain Habitat - Initial Vegetation and Habitat Surveys

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$209,123 |

Description and Purpose: To complete drain vegetation database, conduct covered species baseline surveys as necessary, and participate in a comprehensive planning process to address selenium impacts. Includes the evaluation of all potential cottonwood-willow and tamarisk stands for southwestern willow flycatcher breeding habitat suitability, based on characterizations provided in the draft Southwestern Willow Flycatcher Recovery Plan.

Permit Reference: HCP, Drain Habitat 1; In-Valley Biological Opinion Willow Flycatcher Measures 1-4; CESA Permit, 4(g) and MMRPs

Accomplishments Through FY 2025: Completed baseline drain survey.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 8/8A/8B: Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$644,636 | \$645,060 | \$454,636 | \$27,445,301 |

Description and Purpose: To create 959 acres of managed marsh habitat over a 15 year period, 1/3 of the total within the first five years. The specific amount will be determined by the IT, and approved by USFWS and CDFW, based upon the drain vegetation survey (an amount equal to the total amount of habitat in the drains), as well as the acreage required to compensate for selenium effects. Due diligence will be conducted on land chosen for Managed Marsh and land will be purchased for managed marsh. Additionally, reimburse IID for the appraised value of the land underlying the Managed Marsh Areas and for direct costs incurred by hiring a third-party appraiser (contractor) to determine the value of the land.

Permit Reference: HCP Drain Habitat; In-Valley Biological Opinion-Rail CM 1-2; CESA 4(g)(i) and MMRPs 45, 46, 47, 88, 101, 102, 103

Accomplishments Through FY 2025: Phase I built in 2009 - 365 acres. Phase II built in 2014 - 360 acres. Phase III design and construction completed. Buffer zones double as native tree habitat for construction projects. Reimbursed IID for use of its land for the Managed Marsh Areas and its third-party appraiser.

FY 2026 Activities: Conducted O&M of Phases I, II, and III of Managed Marsh Complex.

Proposed FY 2027 Activities: Continue O&M of Managed Marsh Complex Phases I, II, and III as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|-------------------------------------|---|-------------|
| Irrigation Water | Irrigation water purchased through O lateral, P lateral, and Q laterals | 205,000.00 |
| O&M Phase I-III | Road grading, structure/pipe replacement, and washout maintenance (includes Northend Maintenance time) | 85,000.00 |
| Invasive Species Control | Chemical Control - includes in-house PCA and expenses, Eynon Weed Control Contract for Spraying & Chemicals Mechanical Control - includes IID maintenance staff time for vegetation removal and conservation corps for hand removal | 100,000.00 |
| Adaptive Management Plan-Monitoring | HCP Team to conduct field monitoring for habitat and wildlife analysis; quarterly water sampling for selenium analysis; and annual water, sediment, and tissue sampling Expenses include lab analysis (conducted by outside consultant), equipment, and satellite imagery. | 54,636.35 |

Appendix 2 – Work Plan by Mitigation Task

(Proposed June 2026)

| | | |
|-----------------------|--|-------------------|
| Supplemental Planting | Supplemental planting willows, cottonwoods, palo verde, mulefat, and mesquite of in Phases II and III (done by landscape contractor) | 200,000.00 |
| Total Budget | | 644,636.35 |

Work Task 9: Drain Habitat Restrictions/Requirements for Construction and Maintenance

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$8,473 |

Description and Purpose: To implement the listed measures when conducting scheduled construction activities within rights-of-way along the AAC, East Highline, and portions of the Westside Main, Thistle, and Trifolium Extension Canals containing desert habitat (these measures may be modified during the permit term with the approval of USFWS and CDFW or based on survey results or adaptive management).

Permit Reference: HCP-Drain 3; CESA Permit 4(f)(i, ii, iii, and ix), 4(g), 4(i)(iv) and MMRPs 36, 49, 50, 70, 71, 76, 77, 89

Accomplishments Through FY 2025: Completed pre-construction surveys for construction activities.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 10/10A: Worker Education Program Covered Species Training and Manual

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$35,302 |

Description and Purpose: To implement an annual worker education program for workers conducting O&M and construction activities to ensure compliance with the Desert Habitat Conservation Strategy. A worker education manual is to be prepared with the concurrence of USFWS and CDFW; copies are to be distributed to each person conducting O&M activities along the AAC, East Highline, Westside Main, Thistle, or Trifolium canals.

Includes review of worker education manual, updates as appropriate, and distribution to workers; copies are to be given to USFWS and CDFW. Workers' compliance is to be monitored with worker education manual procedures, and any infractions will be reported by the IT Biologist to the worker's supervisor.

Permit Reference: HCP-Desert 1; CESA Permit 4(i) MMRPs 58, 59, and 60

Accomplishments Through FY 2025: Annual worker education trainings conducted at the beginning of each calendar year and then an additional training mid-year for new employees. In-person trainings have been transitioned to online video trainings. No future expenses are expected.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 11: Desert Habitat Survey and Mapping of Right of Way

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$379,191 |

Description and Purpose: To conduct a desert habitat survey encompassing IID's rights-of-way along the AAC (from the intersection with the East Highline Canal to the desilting basins at Imperial Dam) and the Westside Main, East Highline, Thistle, and Trifolium Extension Canals where the rights-of-way contain or are adjacent to desert habitat. Includes Identifying and mapping habitat and habitat features. A report of the results of the desert habitat survey is to be reported to USFWS and CDFW. The worker education manual will be updated to include a habitat map and map(s) of known locations of each of the covered species within the canal rights-of-way.

Permit Reference: HCP DH 4; CESA Permit 4(i)(v) MMRP 64

Accomplishments Through FY 2025: Habitat survey conducted as part of initial habitat mapping at the beginning of the QSA.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 12: Desert Habitat Create/Maintain Desert Habitat

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$17,300 |

Description and Purpose: To determine the amount of habitat lost, and work with the IT to identify a replacement property (in a 1:1 ratio to the lost acreage) to be acquired or covered with a conservation easement if desert habitat used by covered species would be permanently lost due to O&M or construction activities. IID may not permanently remove more than 100 acres of desert habitat and/or tamarisk scrub habitat over the permit term.

Permit Reference: HCP-DH 5; CESA Permit 4(i)(vi) and MMRPs 66, 67, 68

Accomplishments Through FY 2025: Developed revegetation plan for disturbed desert habitat, as needed.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 13: Changes to Operations on IID Canals to Avoid Covered Species

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To implement the listed "interim" practices in connection with O&M activities. These measures may be modified during the permit term based upon survey results or adaptive management.

Permit Reference: HCP, Desert 2; CESA Permit, Conditions 4(i)(iii), 4(i)(vii) to (xiv) and MMRPs 50, 60, 62, 63, 70, 71, 76 and 77

Accomplishments Through FY 2025: No major modifications to O&M activities to date.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 14: Burrowing Owl Worker Annual Education and Manual

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$10,411 |

Description and Purpose: To develop and implement an annual worker education program to ensure workers are familiar with Burrowing Owl mitigation measures. Also to ensure new workers are informed of and understand the HCP requirements. A worker education manual is to be prepared and distributed to each person conducting drain cleaning or canal maintenance procedures and refresher instruction is to be conducted. Copies of the manual are to be provided to USFWS and CDFW and approval of the workers' manual from USFWS and CDFW must be obtained. The IT Biologist will conduct random checks of workers to ensure compliance with the HCP.

Permit Reference: HCP, Owl 1

Accomplishments Through FY 2025: The Burrowing Owl Worker Education and Manual have been combined with Task 10/10A: Worker Education Program to conduct one annual worker education program. All Water Department O&M and construction workers are trained in January of each year. Zanjeros and water patrolmen are trained in February/March of each year. A mid-year make-up training is conducted for anyone who missed trainings at the beginning of the year or who have been hired since trainings occurred. Annual education program has been rolled into Task 10/10A.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 15: Pre-Construction Activity Burrowing Owl Surveys and Relocation

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$500 | \$60 | \$500 | \$929,488 |

Description and Purpose: To implement the following in connection with construction and O&M activities:

- Conduct visual inspection of banks and indicate location of burrows; avoid collapsing or filling burrows, exercise care in removing sediment, and avoid moving the excavator bucket directly over a burrow.
- Develop standard operating procedures through teamwork of IT biologist and maintenance workers for drain/canal cleaning.

Permit Reference: HCP-Owl 2-8

Accomplishments Through FY 2025: Annual inspections of canals and drains prior to all O&M activities and relocation of burrowing owl burrows, as needed, for construction or O&M activities.

FY 2026 Activities: Conducted annual inspections of canals and drains for burrows prior to all O&M activities.

Proposed FY 2027 Activities: Continue annual inspections of canals and drains for burrows prior to all O&M activities and replace or purchase equipment as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|---------------------|--|---------------|
| Equipment | Replacement of or purchasing equipment: GPS, cameras, etc. as needed | 500.00 |
| Total Budget | | 500.00 |

Work Task 16: Burrowing Owl Relative Abundance and Distribution Surveys

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$3,519,615 |

Description and Purpose: To prepare and conduct a study design for a relative abundance and distribution survey of burrowing owls in the HCP area; prepare in consultation with a statistician; obtain IT approval of the study design.

Permit Reference: HCP, Owl 7

Accomplishments Through FY 2025: Population studies conducted in 2007/2008. Sub-sampling conducted in 2011/2012. "Efficacy study" on burrowing owl marking protocol in 2015/2016. Two-year subsampling effort in 2019 and 2020.

FY 2026 Activities: N/A. No surveys planned.

Proposed FY 2027 Activities: N/A. No surveys planned.

Work Task 17: Farmer and Public Education Program

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$5,000 | \$3,800 | \$5,000 | \$31,018 |

Description and Purpose: To implement a farmer and public education program on burrowing owls; periodically include information on burrowing owls in water bills to farmers.

Permit Reference: HCP, Owl 9

Accomplishments Through FY 2025: Designed advertisements to educate the public on burrowing owls and conducted public outreach presentations to various groups.

FY 2026 Activities: Engaged with school-age students to design local magazine advertisements for burrowing owls and provide public outreach presentations.

Proposed FY 2027 Activities: Continue public outreach presentations, design an ad, and related activities as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|----------------------------|--|-----------------|
| Design an Ad | Classroom presentation on burrowing owls and other programs, students design ads for publication in local magazine (quarterly) | 4,000.00 |
| Career Day & Science Fairs | Participation in career days and science fairs | 500.00 |
| Display Costs | Costs for display materials | 500.00 |
| Total Budget | | 5,000.00 |

Work Task 18: Desert Pupfish Abundance and Distribution Study

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$12,283 | \$11,610 | \$12,283 | \$84,758 |

Description and Purpose: To develop in coordination with the IT a protocol for monitoring pupfish presence in drains currently maintained, and in drain channels constructed, to increase the amount of potential pupfish drain habitat under Pupfish 3.

Permit Reference: HCP, Pupfish 4; In-Valley Biological Opinion, Pupfish CM 3; CESA Permit

Accomplishments Through FY 2025: Developed desert pupfish distribution monitoring protocol, purchased monitoring equipment, and, to date, implemented pupfish monitoring. Trained IID environmental mitigation staff to survey for pupfish within drains around the Salton Sea.

FY 2026 Activities: Conducted pupfish distribution surveys.

Proposed FY 2027 Activities: IID staff will continue to monitor pupfish within IID drains at the Salton Sea and purchase necessary monitoring equipment and consumables as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|------------------------------|--|------------------|
| Pupfish distribution surveys | Purchase meter equipment as needed, minnow traps, and consumables (buckets, ropes, cat food, etc.) | 12,283.25 |
| Total Budget | | 12,283.25 |

Work Task 19/19A: Pupfish Selenium Drain Studies

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$0 | \$120,890 | \$112,100 | \$2,815,442 |

Description and Purpose: To operate and maintain drains in a manner that minimizes the effects of water conservation on water quality. To implement the selenium drain monitoring study. To work together with the IT to determine the best means for managing the drain channels to minimize potential selenium effects on pupfish, based upon the findings of studies conducted by USFWS or others and continue funding of the Selenium Toxicity Study.

Permit Reference: HCP-Pupfish 4; CESA Permit Conditions 4(j)(ii), 4(j)(vi), 4(j)(vii), 4(j)(x); MMRPs 80, 81, 87, 94; In-Valley Biological Opinion; SWRCB Order

Accomplishments Through FY 2025: Completed the USGS Selenium Study in 2009. Recommendations from USGS study were used to create Selenium Work Plan for the RWQCB Ag Waiver completed; the first year of three year study began in late 2018. IID staff collected water quality samples in drains to conduct selenium analysis each year.

FY 2026 Activities: All tasks completed in FY 2025 with final invoices paid in FY 2026.

Proposed FY 2027 Activities: N/A.

Work Task 20: Pupfish Construction and Maintenance Conservation Measures

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$100,000 | \$38,290 | \$100,000 | \$309,900 |

Description and Purpose: To implement the listed measures in connection with construction activities (i.e., in-channel modifications) that directly affect pupfish drains and require dewatering or removal of drain sections.

Permit Reference: HCP-Pupfish 6; CESA Permit MMRPs 80, 86, 89, 90, 94, 95, 96, 97; In-Valley Biological Opinion

Accomplishments Through FY 2025: Any required drain maintenance activities have been consulted with CDFW. Pupfish trapping occurred five consecutive days with no pupfish caught before work has started.

FY 2026 Activities: Work to develop a Pupfish Habitat Connectivity Plan with consultant, USFWS, CDFW, and Coachella Valley Water District (CVWD) for IID and CVWD drains. Draft Pupfish Habitat Connectivity Plan being reviewed by the IT.

Proposed FY 2027 Activities: Develop a Pupfish Drain Connection Plan & Design as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|--|---|-------------------|
| Pupfish Drain Connection Plan & Design | ECORP Consulting and time for IID engineer (Engineering Tech I) | 100,000.00 |
| Total Budget | | 100,000.00 |

Work Task 21: Salvage of Razorback Suckers when Dewatering Canals

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$9,534 |

Description and Purpose: The IT will develop a procedure for salvaging and returning fish to the Colorado River and ensure that a person qualified to capture and handle razorback suckers, and approved by USFWS and CDFW, will be present during dewatering of main canals or reservoirs.

Permit Reference: HCP-Razorback Sucker 1; CESA Permit 4(k)(i) and MMRP 99

Accomplishments Through FY 2025: No relocation efforts have been conducted to date.

FY 2026 Activities: No razorback suckers were found.

Proposed FY 2027 Activities: No relocation of razorback suckers is expected.

Work Task 22: Maintain Habitat on Fallowed Parcels

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: N/A

Permit Reference: N/A

Accomplishments Through FY 2025: Task has no value. Fallowed parcels are privately owned with residual cover from previous crops. Fallowed parcels are scattered around the valley, so no one area has had a significant percentage of fallowed lands. Fallowing is no longer conducted as a conservation measure post 2017.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 23: Covered Species Baseline and Monitoring Surveys

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$5,395,188 |

Description and Purpose: To work with the IT to define specific surveys and studies to be conducted as part of a study program for the "Other Species" listed in Table 3.9-1 of the HCP within the HCP area. The use of created or acquired native tree habitat is to be monitored. A baseline desert survey will be conducted.

Permit Reference: HCP-OTHER Species 1 and 2; CESA Permit 4(i)(v) and MMRPs 35, 48, 64, 65; HCP; CESA Permit 4(i)(v) and MMRP 64; HCP DH 2, DH3, DH4

Accomplishments Through FY 2025: Completed baseline survey of covered species in 2009. Purchased imagery for Imperial Valley agricultural area. Conducted annual marsh bird protocol surveys and southwestern willow flycatcher surveys.

FY 2026 Activities: Survey covered species, primarily marsh birds at the Managed Marsh Complex and southwestern willow flycatchers.

Proposed FY 2027 Activities: Continue surveys of covered species, primarily marsh birds at the Managed Marsh and southwestern willow flycatchers.

Work Task 24: Salton Sea Air Quality

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$10,472,000 | \$4,042,180 | \$16,352,500 | \$50,606,977 |

Description and Purpose: To continue implementation of the 4-step air quality plan: (1) Restrict Access, (2) Research and Monitoring, (3) Emission Reduction Credits, (4) Direct Emissions Reductions.

Permit Reference: SWRCB-8; EIR/EIS STEP 2, AQPLAN-AQ 7

Accomplishments Through FY 2025: Conducted activities related to annual emissions inventory, air quality network O&M, proactive dust control planning, groundwater development, air quality emissions inventory.

FY 2026 Activities: Started construction of the Clubhouse Vegetation Project and advanced permitting for the Bombay Beach Vegetation Project.

Proposed FY 2027 Activities: Continue to carry out activities related to annual emissions inventory, air quality network O&M, proactive dust control planning, groundwater development, air quality mitigation planning, and public access restrictions on Salton Sea playa as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|---|---|--------------|
| Annual Emissions Estimate | Develop fiscal year annual emissions estimate: map playa exposure, monitor playa characteristics, Portable In-Situ Wind Erosion Laboratory (PISWERL), estimate annual emissions and identify areas for proactive dust control projects | 757,300.00 |
| AQ Network Operations & Maintenance | O&M for six air quality stations, O&M for portable MET/camera stations and O&M for Roundshot camera network | 515,000.00 |
| Planning and Design | Annual PDCP, Planning, Characterization & Design: identifying priority playa and completing site characterization to support dust control planning, planning and design of Alamo South Maintenance (Phase I), planning and design of Alamo South Maintenance (Phase II), planning and design of surface roughening expansion and O&M, stakeholder support, and permitting | 1,799,700.00 |
| Performance Monitoring of Implemented Sites | Monitoring of implemented sites for operation and maintenance | 300,000.00 |
| Clubhouse Vegetation Project | Construction closure, O&M (including groundwater wells) \$30,000 per acre - 10% veg cover | 300,000.00 |
| Red Hill Bay BACM Project | Construct Red Hill Bay BACM project to comply with Imperial County Air Pollution Control District Stipulated Order | 3,000,000.00 |

Appendix 2 – Work Plan by Mitigation Task

(Proposed June 2026)

| | | |
|---|--|----------------------|
| Bombay Beach Vegetation Project | Construct Bombay Beach Vegetation Project (includes permit fees) | 2,000,000.00 |
| Wister Frink Surface Roughening | Construct surface roughening (assumes \$1,000 per acre for implementation) Milestones: 275 acres 1st year and 325 acres 2nd year | 100,000.00 |
| Expansion and O&M of Implemented Surface Roughening Sites | Maintenance on implemented surface roughening sites as needed due to degradation or storm damage (assumes \$1,000 per acre for implementation) | 250,000.00 |
| Alamo South Phase I O/M | Replace some surface roughening with bales | 1,000,000.00 |
| Groundwater Resource Monitoring | Piezometer monitoring and reporting (O&M as needed) | 300,000.00 |
| Restrict Access | Restrict public access on playa using signs, gates, concrete blocks | 50,000.00 |
| Other Air Quality as Needed Technical & Field Services | Unanticipated support from outside services may include: regulatory support, field monitoring, and instrumentation replacement. | 100,000.00 |
| Total Budget | | 10,472,000.00 |

Work Task 25: Minimize Dust Emissions from Fallowed Lands

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$57,775 |

Description and Purpose: To implement at least one of the Best Management Practices ("BMPs") to minimize PM10 emissions prior to and after fallowing.

Permit Reference: SWRCB-8; EIR/EIS-AQ 3

Accomplishments Through FY 2025: Fallowed fields are required to have a crop left in place for dust mitigation at the owners expense. No cost to the JPA.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 26: Drain Connectivity to Salton Sea Elevation Decrease

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To ensure an appropriate level of connectivity between pupfish populations within individual drains that connect to the Sea and are below the first check (at the north and south ends of the Sea) if Salton Sea conditions become unsuitable for pupfish. To maintain created pupfish habitats for the duration of the term of the take permits.

Permit Reference: HCP-SS 2; In-Valley Biological Opinion; CESA Permit MMRP 79, 80

Accomplishments Through FY 2025: Drain connectivity for pupfish due to salinity levels is included in Task 20.

FY 2026 Activities: Included in Task 20.

Proposed FY 2027 Activities: Included in Task 20.

Work Task 27: Grade Spoil/Roads from Drain Maintenance

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: When grading spoils from drain or canal cleaning, the soil to be graded will first be rolled away from the channel and broken up into small clods and slowly rolled back towards the channel. Care will be taken to not roll the soil back down the slope.

Permit Reference: Owl-3, HCP

Accomplishments Through FY 2025: IID protocols for drain and canal cleaning include spoil to be graded away from the channel. Costs for burrowing owl marking included in Task 15.

FY 2026 Activities: Included in Task 15.

Proposed FY 2027 Activities: Included in Task 15.

Work Task 28: Power Line Markers for Pumpback and Seepage Recovery Systems

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$1,960 |

Description and Purpose: To install markers in accordance with industry standards in order to reduce bird strikes and to alert birds to the presence of the lines if IID builds additional power lines to provide power to pumps for tailwater return systems. If additional lines are erected, submit a report to USFWS and CDFW.

Permit Reference: HCP-AG 1; CESA Permit MMRPs 55, 57

Accomplishments Through FY 2025: N/A

FY 2026 Activities: N/A

Proposed FY 2027 Activities: N/A

Work Task 29: Prepare and Implement Management Plan for Abandoned Portions of AAC

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To prepare and implement a Management Plan for abandoned portions of AAC.

Permit Reference: CESA Permit MMRP 78

Accomplishments Through FY 2025: N/A.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 30: Southwestern Willow Flycatcher Surveys and Habitat Monitoring

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$62,938 |

Description and Purpose: To carry out Southwestern Willow Flycatcher Surveys.

Permit Reference: CESA Permit 4(f) and MMRP 41, 42; HCP; In-Valley Biological Opinion, Willow Flycatcher Measures

Accomplishments Through FY 2025: Included in Task 23.

FY 2026 Activities: Included in Task 23.

Proposed FY 2027 Activities: Included in Task 23.

Work Task 31: Elf Owl Surveys

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To carry out pre-construction surveys of potential habitat with a 0.25 mile radius for nesting owls.

Permit Reference: CESA Permit 4(f)(ix) and MMRP 44

Accomplishments Through FY 2025: Included in Task 23.

FY 2026 Activities: Included in Task 23.

Proposed FY 2027 Activities: Included in Task 23.

Work Task 32: Desert Tortoise Survey and Avoidance

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To carry out pre-construction surveys and avoidance or minimization.

Permit Reference: CESA Permit 4(i) and MMRP 71 to 75; HCP DH 2 and DH 3

Accomplishments Through FY 2025: Included in Task 23.

FY 2026 Activities: Included in Task 23.

Proposed FY 2027 Activities: Included in Task 23.

Work Task 33: Least Tern Surveys

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: Permittee is to use fencing or other techniques to protect nesting terns if least terns begin nesting at the Salton Sea.

Permit Reference: CESA Permit 4(e) and MMRP 20

Accomplishments Through FY 2025: Included in Task 23.

FY 2026 Activities: Included in Task 23.

Proposed FY 2027 Activities: Included in Task 23.

Work Task 34: Rail and Bittern Surveys

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To carry out Managed Marsh monitoring and initial baseline monitoring of suitable agricultural drain habitat.

Permit Reference: CESA Permit 4(g) and MMRPs 51, 52, 54; In-Valley Biological Opinion, Rail Measures; HCP

Accomplishments Through FY 2025: Included in Task 23.

FY 2026 Activities: Included in Task 23.

Proposed FY 2027 Activities: Included in Task 23.

Work Task 35: Management and Planning

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$336,979 |

Description and Purpose: Management and Planning.

Permit Reference: N/A

Accomplishments Through FY 2025: Funded costs for monthly accounting, invoicing, and budget development.

FY 2026 Activities: Monthly accounting, invoicing, and budget development are managed internally by IID staff at no expense to the QSA JPA.

Proposed FY 2027 Activities:

No expense to the QSA JPA is expected for this item. Monthly accounting, invoicing, and budget development will continue to be managed internally by IID staff.

Work Task 36: JPA Audit Fees

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$10,395 | \$10,090 | \$10,090 | \$210,468 |

Description and Purpose: To pay for JPA audit fees.

Permit Reference: N/A

Accomplishments Through FY 2025: Paid for JPA auditor services.

FY 2026 Activities: Pay for JPA auditor services.

Proposed FY 2027 Activities: Pay for JPA auditor services.

Work Task 37: JPA Bank Fees

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$9,500 | \$9,500 | \$9,500 | \$50,989 |

Description and Purpose: To pay for JPA bank fees.

Permit Reference: N/A

Accomplishments Through FY 2025: Paid for JPA bank fees.

FY 2026 Activities: Pay JPA bank fees.

Proposed FY 2027 Activities: Pay for JPA Bank Fees.

Work Task 38: Financial Advisor

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$35,000 | \$42,000 | \$42,000 | \$133,123 |

Description and Purpose: To pay for financial advisor services.

Permit Reference: N/A

Accomplishments Through FY 2025: In FY 2007, the QSA JPA hired First Southwest Company as a financial advisor tasked with analyzing projected expenditures and existing payment schedules to develop options for an upcoming deficit. This led to the 2007 Advanced Payment Agreement. In FY 2020, the QSA JPA hired Chandler Asset Management as an investment advisor.

FY 2026 Activities: Pay for investment management services (Chandler Asset Management).

Proposed FY 2027 Activities: Pay for investment management services (Chandler Asset Management).

Work Task 39: Bond Counsel Fees

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$25,000 |

Description and Purpose: To pay for bond counsel fees.

Permit Reference: N/A

Accomplishments Through FY 2025: In FY 2007, the QSA JPA hired Orrick, Herrington, and Sutcliffe to advise on the potential issuance of bonds.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 40: 2001 Biological Opinion Measures

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$3,349,126 |

Description and Purpose: The Bureau of Reclamation’s implementation of “on-river” measures including backwater marsh creation, razorback sucker stocking, willow flycatcher habitat, and bonytail chub rearing. Costs for this task have been credited to the Water Authority.

Permit Reference: 2001 LCR BO; CESA

Accomplishments Through FY 2025: Section 9.5 of the JPA Agreement provides for a \$3.118 million credit to the Water Authority for certain on-river mitigation activities that are implemented by the Bureau of Reclamation (BOR). Specifically, the language states “SDCWA shall receive credit toward its payment obligations under this Agreement, not to exceed a present value of \$3,118,000, for payments made to BOR for satisfaction of Environmental Mitigation Requirements pursuant to that agreement among BOR, Metropolitan Water District of Southern California (MWD), and SDCWA, dated October 10, 2003, regarding responsibility for implementation of Conservation and Mitigation Measures for the Colorado River described in a U.S. Fish and Wildlife Service Biological Opinion dated January 12, 2001.”

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 41: Brown Pelican Coast

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To construct, maintain, and monitor major coastal roost sites in San Diego Bay and Santa Barbara Harbor.

Permit Reference: CESA 4(d); 2002 In-Valley BO BP CM-1

Accomplishments Through FY 2025: N/A.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 42: Brown Pelican Sea

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$55,916 | \$ - | \$55,916 | \$5,517 |

Description and Purpose: To construct, maintain, and monitor roost sites at the Salton Sea.

Permit Reference: CESA 3(c); 2002 In-Valley BO BP CM-1; HCP SS-1

Accomplishments Through FY 2025: N/A.

FY 2026 Activities: IID and CDFW continue to consult on the scope of this task.

Proposed FY 2027 Activities: Develop a construction cost estimate for this task as detailed below. Consultation with CDFW is ongoing.

| Task Activities | Activity Description | Budget (\$) |
|---|---|------------------|
| Two roost sites within IID reservoirs near Salton Sea | Engineers time (hourly rate at estimated 350 hours) to design concept roosts (will coordinate design with IT before moving to final design) | 55,916.00 |
| Total Budget | | 55,916.00 |

Work Task 43: Salton Sea Shoreline Strand Study

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$ - |

Description and Purpose: To survey for and mitigate, if required, impacts to tamarisk scrub upon completion of Salton Sea mitigation deliveries.

Permit Reference: HCP SS-3; HCP 4(f)

Accomplishments Through FY 2025: N/A.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A. No imagery is expected to be purchased and existing IID equipment will be used.

Work Task 44: Pupfish Refugium

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$7,106 | \$1,290 | \$7,106 | \$85,696 |

Description and Purpose: To construct and maintain one refugium pond.

Permit Reference: HCP SS-2; 2002 In-Valley BO DP CM-1; CESA 4(j)

Accomplishments Through FY 2025: Pupfish refugium built in 2010 and stocked in 2016. Environmental mitigation staff began O&M activities for the refugium in summer 2022.

FY 2026 Activities: Conduct pupfish refugium O&M activities, including water monitoring, cleaning, and maintenance.

Proposed FY 2027 Activities: Continue pupfish refugium O&M activities, including water monitoring, cleaning, and maintenance as detailed below.

| Task Activities | Activity Description | Budget (\$) |
|---------------------|--|-----------------|
| O&M | Water monitoring, cleaning, maintenance, and expenses for water quality analysis | 7,000.00 |
| Irrigation Water | Assumes five acre-feet annually | 106.09 |
| Total Budget | | 7,106.09 |

Work Task 45: Recreation Facilities at Salton Sea

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$22,603 |

Description and Purpose: To relocate boat launch site and/or maintain boat launch connection to Salton Sea.

Permit Reference: SWRCB Order Measure R-7; 2002 EIS/EIR Measure R-7

Accomplishments Through FY 2025: Inventory of recreational facilities around the Salton Sea.

FY 2026 Activities: N/A.

Proposed FY 2027 Activities: N/A.

Work Task 46: QSA JPA Website Maintenance Services

| PROPOSED FY 2027 | PROJECTED FY 2026 | BUDGETED FY 2026 | SPENT THROUGH FY 2025 |
|---------------------|----------------------|---------------------|--------------------------|
| \$ - | \$ - | \$ - | \$9,340 |

Description and Purpose: Maintain the QSA JPA website.

Permit Reference: N/A

Accomplishments Through FY 2025: The QSA JPA website was developed.

FY 2026 Activities: Water Authority staff operate and maintain the QSA JPA website to minimize costs to the JPA.

Proposed FY 2027 Activities: No expense to the QSA JPA is expected for this item. Will continue operation and maintenance of QSA JPA website using Water Authority staff.

RECOMMENDATION

Adopt the QSA JPA Fiscal Year 2027
Budget & Work Plan in the amount of
\$12,926,983.



QSA JPA PROJECTED CASH FLOW AS OF JUNE 2026

Negative Cash Balance



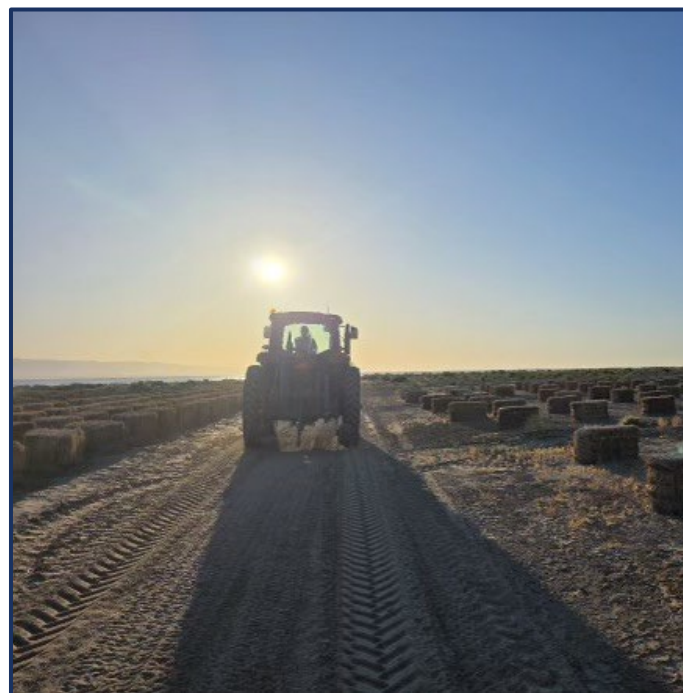
| 100% Budget Execution | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | FY 33 | FY 34 | FY 35 |
|-----------------------|--------------|--------------|--------------|-------------|---------------|----------------|----------------|----------------|----------------|
| Cash Balance | \$56,359,706 | \$36,073,250 | \$21,659,349 | \$9,695,200 | \$(2,834,023) | \$(15,974,604) | \$(29,443,699) | \$(43,249,522) | \$(57,400,491) |

| 75% Budget Execution | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | FY 33 | FY 34 | FY 35 |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|----------------|----------------|
| Cash Balance | \$59,591,452 | \$44,896,260 | \$34,621,074 | \$26,199,259 | \$17,370,178 | \$8,035,847 | \$(1,824,899) | \$(12,179,266) | \$(22,792,493) |

| 61% Budget Execution | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 | FY 33 | FY 34 | FY 35 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Cash Balance | \$61,401,229 | \$49,837,146 | \$41,879,640 | \$35,441,532 | \$28,684,530 | \$21,529,311 | \$13,959,042 | \$5,956,262 | \$(2,497,141) |



TASK 24—SALTON SEA AIR QUALITY



TASK 8—DRAIN HABITAT (MANAGED MARSH AREAS)

