



**QUANTIFICATION SETTLEMENT AGREEMENT  
JOINT POWERS AUTHORITY  
VIRTUAL MEETING MINUTES  
March 20, 2023, at 3:00 p.m.**

**Commissioners and Alternates present:**

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

**QSA JPA staff present:**

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

**Others present:**

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

**PRELIMINARY MATTERS**

1. Call to Order  
Chair Marshall called the meeting to order at 3:00 p.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 November 28, 2022 (Alexi Schnell, SDCWA)  
Commissioner Barrett made a motion to approve the minutes, which was seconded by Commissioner Denham. The minutes were approved by a roll call vote.

5. Information: Annual Conflict of Interest Form 700 filings due April 3 (Alexi Schnell, SDCWA)  
CAO Schnell reminded the Commissioners that their annual Form 700 filings were due April 3, 2023, and requested that they submit their form with a wet signature to her by March 24, 2023.

#### FINANCIAL MATTERS

6. Information: Fiscal Year 2023 Audit Engagement (Wendy Joplin, SDCWA and Shannon Ayala, Davis Farr)

Ms. Joplin introduced auditor Shannon Ayala from Davis Farr, LLP to update the Commission. Ms. Ayala reviewed the Audit Engagement Letter and the SAS 114 Planning Letter. The engagement letter had no changes or fee increases from the prior year. Ms. Ayala explained that the scope of the audit was to express an opinion that the financial statement and disclosures are free of material misstatement, evaluate internal controls and the risk of material misstatement attributable to those, and indicate 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.

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

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

8. Information: Treasurer's Report ending December 31, 2022 (Alan Okewole, SDCWA)

Mr. Okewole provided a review of the Treasurer's Report ending December 31, 2022. The quarter ended with \$87.7 million in cash and investments. The majority of that was in asset-backed securities with approximately \$54 million, held by the CA Asset Management Program (CAMP). Mr. Okewole noted that 62% of the QSA JPA's portfolio is invested in CAMP which exceeds the 25% portfolio investment limit for CAMP, but the QSA JPA portfolio will comply with the limit by June 30, 2023. The effective rate of return for the portfolio was reported at approximately 1.75%, and the interest received (fiscal year (FY) to date) was \$767,151. Annual contributions were deposited this quarter in the amount of \$48.5 million, and two invoices were paid totaling approximately \$1.03 million. Mr. Okewole reported the updated total outstanding balance due was \$7.06 million, or \$6.42 million at net present value at 6%.

9. Information: Financial Report ending December 31, 2022 (Wendy Joplin, SDCWA)

Ms. Joplin provided a review of the Financial Report ending December 31, 2022. Total assets were \$92.7 million with \$1.6 million in liabilities. Unavailable mitigation contributions were \$6.42 million, and the total fund balance was \$84.7 million. Total revenues were \$53.4 million and total expenditures were \$2.55 million. Approximately 10.2% of the FY 2023 budget was spent through this period, but including invoices received after December 2022, the reported budget execution rate was approximately 50%. Ms. Joplin concluded with a summary of expenses on Tasks 2, 8 and 24, as included in the Budget Status Report.

#### IMPLEMENTATION

10. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)

Ms. Humes provided an update on various mitigation measures:

*Task 8 – Drain Habitat (Aquatic) – Managed Marsh Complex:* IID reported that it completed maintenance, including grading roads and managing tamarisk vegetation, at the Managed Marsh in preparation for bird breeding season. Additional work is anticipated at the marsh for fall 2023.

*Task 15 – Pre-Construction Activity Burrowing Owl Surveys and Relocation:* IID reported on-going pre-construction inspections as the burrowing owl breeding season starts. IID also reported that it is wrapping up annual burrowing owl training for its operators.

*Task 17 – Farmer and Public Education Program:* IID visited a local elementary school in Holtville, CA, at the beginning of 2023 for its Kid Wise Burrowing Owl Education Program, where IID staff teach students about burrowing owl conservation. Students then designed an advertisement for the program. The top four entities will be featured in the latest edition of *Imperial Valley Alive!* magazine.

*Task 18 – Desert Pupfish Abundance and Distribution Study:* IID reported that staff is taking photos of all IID drains to determine the best locations for presence/absence trapping. In April 2023, CDFW staff will train two new IID environmental specialists on pupfish trapping.

*Task 24 – Salton Sea Air Quality Mitigation:* IID completed construction of all its Clubhouse shallow groundwater wells. Minor items that should be completed in early April 2023 at the Clubhouse site include the perimeter fence and solar pump installation. IID submitted to Imperial County a conditional use permit application for use of the wells, which is expected to go before the Imperial County Planning Commission in April 2023.

Environmental documents for the three Bombay Beach shallow groundwater wells and vegetation plot project were approved by the IID board in February 2023. A major work authorization was also approved. Construction is pending a notice to proceed. IID posted two solicitations: one for 61 piezometers around the Salton Sea and another for the Clubhouse vegetation plot project that will use water from the shallow groundwater wells.

Lastly, IID reported that it is finalizing the draft FY 2024 budget for the Habitat Conservation Plan Implementation Team group's review, and IID's annual reports will be distributed by the end of March 2023.

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

*Draft Salton Sea Long-Range Plan:* The public comment period on the draft plan ended March 17, 2023. The draft plan was released for public review in December 2022. All comments received will be compiled with the draft plan and key documents for use in the next phase of the plan. Additional opportunities for public input will be available in the next phase.

*Annual Report on the SSMP:* SSMP staff distributed its March 2023 annual report summarizing program activities and progress in 2022. A public workshop is scheduled in April 2023 to review the plan.

*Request for Qualifications:* The SSMP, through the Department of Water Resources, posted a Request for Qualifications in March 2023 to invite engineering and environmental services firms to provide SSMP technical assistance in the following areas: design, environmental permit acquisition, and construction.

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

- SSMP Community Engagement Committee – April 3, 2023

- State Water Board Salton Sea Workshop – May 16 and 17, 2023  
The State Water Board held its annual workshop on the status of Phase 1 of the SSMP. The workshop was an opportunity for participants to provide input to the State Water Board regarding the status of the SSMP.

Michael Cohen (Pacific Institute) inquired if Mr. Hernández could confirm whether a new assistant secretary for Salton Sea policy had been appointed. He also asked if the SSMP team could provide detailed SSMP financial information either in the SSMP annual report or another publication.

Mr. Hernández confirmed that a new assistant secretary would be announced soon but had no details that he could share at that time. He also acknowledged Mr. Cohen’s suggestion regarding the SSMP’s financials and stated that he would bring it to the attention of his team to see if it is something they can accommodate.

12. Adjournment

Before the meeting was adjourned, Ms. Joplin provided a timeline for the annual audit. She also reviewed the audit contract awarding process, noting that fees are likely to increase and that the Request for Proposals review panel will include a representative from the QSA JPA. Ms. Joplin reminded the Commission that any interested Commissioner can let CAO Schnell know that they want to serve as the QSA JPA representative on the panel.

CAO Schnell informed meeting attendees that QSA JPA staff are working to schedule the next meeting date in June 2023. The meeting will be scheduled for 90 minutes to facilitate review of the FY 2024 QSA JPA budget.

The meeting was adjourned at 3:54 p.m.