



BOARD AUDIT COMMITTEE MEETING MINUTES

**REGULAR MEETING SESSION
WEDNESDAY, FEBRUARY 19, 2025
1:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference, at 1:00 p.m.

1.1 Roll Call.

Committee members in attendance were: District 2 Director Shiloh Ballard, and District 4 Director Jim Beall, Vice Chairperson presiding, constituting a quorum of the Committee.

The Board Member in attendance via Zoom utilizing AB 2449 due to illness was District 6 Director Tony Estremera.

Nicole Merritt requested that Director Estremera state for the record if there are any individuals over 18 years of age present in the room, and if so, state the general relationship to the individual and confirmed that all votes for the meeting would be roll call votes in compliance with AB 2449.

Director Estremera confirmed there were no individuals over the age of 18 present in the room.

Staff members in attendance were: Emmanuel Aryee, Sarah Berning, Kevin Brown, Jessica Collins, Enrique De Anda, Amy Fonseca, Rachael Gibson, Walter Gonzalez, Brian Hopper, Candice Kwok-Smith, Cecil Lawson, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Olive Manaloto, Tony Ndah, Max Overland, Luz Penilla, Steve Peters, Alison Phagan, Manpreet Sra, Kirsten Struve, Darin Taylor, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Valley Water District 7 Director Rebecca Eisenberg, and George Skiles (Sjoberg Evashenk Consulting).

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA:

Vice Chairperson Beall declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

2.1. Election of 2025 Board Audit Committee (BAC) Chairperson and Vice Chairperson.

Recommendation: Nominate and elect the 2025 BAC Chairperson and Vice Chairperson.

The Committee considered this Item without a staff presentation.

Public Comments:
None.

It was moved by Director Estremera and seconded by Director Ballard and unanimously carried that Vice Chairperson Beall would become the Chairperson and Director Ballard would become the Vice Chairperson.

3. APPROVAL OF MINUTES:

3.1. Approval of January 15, 2025 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the January 15, 2025 Committee meeting.

Public Comments:
None.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and was carried by unanimous vote that the minutes be approved.

4. REGULAR AGENDA:

4.1. Receive Progress Report on Implementing the Grants Management Performance Audit Recommendations.

Recommendation: Receive progress report on implementing the Grants Management Performance Audit recommendations.

Kristen Yasukawa reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachment 1.

Kristen Yasukawa was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the

following:

- The Committee confirmed the overall feedback on the new redesign is well received by grantees commenting the grant applications are easier with the requirements and the transition to the agreement process being more manageable and streamlined.
- The Committee noted the yearly grantee satisfaction survey will be completed after the grant cycle to collect feedback on the redesigned standard grants.
- The Committee noted that after the standard grant cycle closes this year, information will be available on the types of activities and organizations that are seeking funding.
- The Committee noted the update under the standard grants for education and research will increase grantee eligibility and staff's ongoing networking efforts with other public grant maker agencies.
- Chairperson Beall noted support for not removing any Diversity, Equity, and Inclusion (DEI) grants and confirmed that the DEI action plan is currently still being implemented.
- The Committee noted appreciation for staff's work on improving the grant processes.

4.2. Receive and Discuss the Single Audit Report for Fiscal Year (FY) Ending on June 30, 2024.

Recommendation: Receive and discuss the Single Audit Report for FY ending June 30, 2024.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachment 1.

Darin Taylor was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee noted the current report had no notable findings and confirmed that the previous finding's corrective action plan was accepted by the Vasquez and Company LLP and their feedback on the safeguard implementations will be presented at a future Board meeting.

4.3. Receive the Fiscal Year (FY) 2024-2025 Second Quarter Financial Status Update.

Recommendation: Receive the FY 2024-2025 second quarter financial status update as of December 31, 2024.

Steve Peters, Enrique De Anda and Luz Penilla reviewed the information on this item, per the attached Committee Agenda Memo and Attachment 1, and the corresponding presentation materials contained in Attachment 1 were reviewed by staff as follows: Steven Peters reviewed Slides 1 - 5, Enrique De Anda reviewed Slides 6 - 7 and 9 - 10, and Luz Penilla reviewed Slides 7 - 8.

Steve Peters, Enrique De Anda, and Luz Penilla were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee confirmed that the Anderson WIFIA loan noted on Page 5 of Attachment 1 is referring to the Anderson Dam Seismic Retrofit Project along with the Coyote Percolation Dam and does not include the Anderson Dam tunnel or any other Federal Energy Regulatory Commission Order Compliance Project (FOCP).
- Chairperson Beall noted interest in tracking the federal reimbursements regarding how much money Valley Water is expecting versus the actual reimbursements received for existing projects.

4.4. Discuss 2025 Annual Audit Plan, (Capital Project Delivery; Contracting Practices; Conservation Strategies; Water Usage/Demand Forecasting), and Provide Feedback as Needed.

Recommendation: A. Discuss 2025 Annual Audit Plan,
B. Provide feedback as needed.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo.

George Skiles and Darin Taylor were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee confirmed the Water Conservation Strategies audit will include evaluating Valley Water's relationships/contracts with other water retailers/districts and Chairperson Beall noted including conservation green codes for building standards as a potential strategy.
- The Committee noted the audits as being on track and confirmed this agenda item is a standing item for status updates on the audit topics and allows the time for questions or feedback on topics of interest.

4.5. Review and Discuss the 2025 Board Audit Committee (BAC) Work Plan.

Recommendation: Review and discuss topics of interest raised at prior BAC meetings and approve any necessary adjustments to the 2025 BAC Work Plan.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- Chairperson Beall noted the potential of an auditor screening audit reports of agencies partnering with Valley Water regarding audit compliance.
- The Committee confirmed results of any audit report will not be discussed or released until the audit report is finalized.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS:

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

Nicole Merritt confirmed the Committee approved electing Director Beall as the 2025 Chairperson and Director Ballard as the 2025 Vice Chairperson under Item 2.1; received and noted the progress report on implementing the Grants Management Performance Audit Recommendations under Item 4.1; received and noted the Single Audit Report for FY ending June 30, 2024 under Item 4.2; received and noted the FY 2024-2025 Second Quarter Financial Status Update with the status request of the federal reimbursements under Item 4.3; noted the on track status for the 2025 Annual Audit Plan under Item 4.4; and noted the BAC Work Plan update and the request for reviewing the potential of an auditor screening audits of other partnering agencies under Item 4.5.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 1:00 p.m. on March 19, 2025.

Chairperson Beall adjourned the meeting at 1:54 p.m., to the regular meeting at 1:00 p.m. on March 19th, 2025.

Nicole Merritt, Assistant Deputy Clerk II

Date approved: March 19, 2025

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