



BOARD AUDIT COMMITTEE MEETING MINUTES

**SPECIAL MEETING SESSION
TUESDAY, JUNE 17, 2025
2:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A special 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 2:00 p.m.

1.1 Roll Call.

Committee members in attendance were: District 6 Director Estremera, District 2 Director and Vice Chairperson Shiloh Ballard, and District 4 Director Jim Beall, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were: Yvonne Arroyo, Emmanuel Aryee, Lisa Bankosh, Wade Blackard, Isela Chaparro, Jessica Collins, Enrique De Anda, Rachael Gibson, Walter Gonzalez, Brian Hopper, Diahann Hudson, Candice Kwok-Smith, Cecil Lawson, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Max Overland, Steve Peters, Alison Phagan, Don Rocha, Manpreet Sra, Charlene Sun, Darin Taylor, Cheryl Togami, Kristen Yasukawa, Tina Yoke, and Beckie Zisser.

Public in attendance were: Emer Fabro, Roger Martinez, Jay Toledo (Vasquez & Company, LLP.)

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

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

3. APPROVAL OF MINUTES:

3.1. Approval of March 19, 2025, Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the March 19, 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 by roll call vote.

4. REGULAR AGENDA:

4.1. Receive Permitting Best Practices Audit Status Update.

Recommendation: Receive an update on the status of the Permitting Best Practices audit recommendation implementation.

Yvonne Arroyo reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachment 4.

Yvonne Arroyo was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and without further discussion noted everything is in good shape and acknowledged the upcoming potential challenge of the Information Technology (IT) audit recommendation implementation.

4.2. Receive Information Regarding 2025 Information Technology (IT) Performance Audit.

Recommendation: Receive information regarding the 2025 IT Performance Audit.

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

Darin Taylor was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and without further discussion noted the significance of this audit as it will increase the viability of Valley Water's cybersecurity system.

4.3. Receive and Discuss the Subvention Audit Report for the Coyote-Berryessa Creeks, Lower Silver Creek Watershed, South San Francisco Bay Shoreline Phase 1, Upper Guadalupe River, and Upper Llagas Creek Watershed Projects.

Recommendation: Receive and discuss the Subvention Audit Report for the Coyote-Berryessa Creeks, Lower Silver Creek Watershed, South San Francisco Bay Shoreline Phase 1, Upper Guadalupe River, and Upper Llagas Creek Watershed Projects.

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 without further discussion confirmed this audit was not triggered by any specific events and is conducted regularly every 1 to 2 years.

4.4. Receive and Discuss Information Regarding the Upcoming Fiscal Year (FY) 2024-2025 Financial Audit, Presented by Vasquez and Company LLP.

Recommendation: Receive and discuss information regarding the upcoming FY 2024-2025 financial audit, presented by Vasquez and Company LLP.

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

Roger Martinez 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 Vasquez & Company LLP has been associated with Valley Water for around 4 years and noted the auditor's process for analyzing and validating that expenditures are fairly distributed across the water zones based on benefits received which includes the financial statements of the Water Utility Enterprise Funds (WUEF).
- The Committee confirmed that the auditor examines Valley Water's property tax revenue against the Santa Clara County Tax Assessor's audits and reviews the process by which Valley Water addresses its pension and other post-employment benefits (OPEB) obligations.
- The Committee noted the auditor will be meeting with the Valley Water Board members for the required one-on-one interviews to address any concerns.

4.5. Receive the Fiscal Year 2024-2025 Third Quarter Financial Status Update.

Recommendation: Receive the Fiscal Year 2024-2025 third quarter financial status update as of March 31, 2025.

Charlene Sun, Jessica Collins, and Enrique De Anda 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: Charlene Sun reviewed Slides 1 through 5, Enrique De Anda reviewed Slides 6 through 7, and 9 through 10, and Jessica Collins reviewed Slides 7 through 8.

Charlene Sun, Enrique De Anda, and Jessica Collins 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 capital expenditures rates are project driven and the lower amounts are partially due to a short-term debt strategy designed to prevent the over-issuance of funds and the support of realistic budgeting preparation by project managers.
- The Committee confirmed staff is continuing to make progress in addressing any contracting or procurement delays.

- 4.6. Discuss the Options to Extend Terms and Increase the Not-to-Exceed (NTE) amount, Allow to Expire, or Terminate the On-Call Services Agreement with Chief Audit Executive (CAE), Sjoberg Evashenk Consulting, Inc., which is Set to Expire Effective November 22, 2025.

- Recommendation:
- A. Discuss options to extend terms and increase the NTE amount, allow to expire, or terminate the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc., which is currently scheduled to expire effective November 22, 2025; and
 - B. Approve recommendation to the full Board to:
 - i. Exercise option to extend the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc. for one year, and increase the NTE from \$800,000 to \$1,400,000;
 - ii. Allow the expiration of the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc; or
 - iii. Exercise option to terminate the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc. prior to the expiration date of November 22, 2025.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachments 1 and 2.

Darin Taylor was available to answer questions.

Public Comments:
None.

The Committee received the information, and noted the following:

- The Committee expressed support of the CAE's work and confirmed the agreement options.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and the following Recommendation was carried by unanimous vote:

- B. Approve recommendation to the full Board to:
 - i. Exercise option to extend the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc. for one year, and increase the NTE from \$800,000 to \$1,400,000.

- 4.7. 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 reviewed the information on this item, per the attached Committee Agenda Memo.

Darin Taylor was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and without further discussion Chairperson Beall noted an interest in audits including the best practices for Valley Water.

- 4.8. 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 was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and without further discussion noted the updated BAC Work Plan and the upcoming July 2025 meeting.

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 there were no public comments under Item 2 and Item 3.1; the Committee received and noted the updates under Items 4.1 through 4.5; approved to recommend to the Board to exercise option to extend the on-call services agreement with the CAE for one year and increase the NTE as noted under Item 4.6; received and noted the Annual Audit Plan update under Item 4.7; received and noted the updated BAC Work Plan and the upcoming July 2025 meeting under Item 4.8.

6. ADJOURN:

6.1. Adjourn. The Next Regular Meeting is Scheduled at 1:00 p.m. on July 16, 2025.

Chairperson Beall adjourned the meeting at 3:17 p.m. The next regular meeting on July 16, 2025, was subsequently canceled with the next regular meeting scheduled to occur at 1:00pm on August 20, 2025.

Nicole Merritt, Assistant Deputy Clerk II

Date approved: August 20, 2025