



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING
WEDNESDAY, MAY 20, 2026
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 and Vice Chairperson Shiloh Ballard, and District 4 Director Jim Beall, Chairperson presiding, constituting a quorum of the Committee.

District 6 Director Tony Estremera arrived as noted below.

Staff members in attendance were: Yvonne Arroyo, Lisa Bankosh, Jessica Collins, Enrique De Anda, Rachael Gibson, Walter Gonzalez, Cecil Lawson, Anna Lee, Linda Mason, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Steve Peters, Manpreet Sra, and Darin Taylor.

Public in attendance was: George Skiles (Sjoberg Evashenk Consulting).

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.

Director Estremera arrived.

3. APPROVAL OF MINUTES:

3.1. Approval of April 15, 2026, Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of April 15, 2026 Committee meeting.

Public Comments:
None.

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

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.

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

Lisa Bankosh, Yvonne Arroyo, Cecil Lawson, 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 noted the audit implementation was initiated in early 2023 and that progress may take additional time because three system implementations are required for the database software to interact with other software, with beta testing currently underway.
- The Committee discussed the IT program upgrades and how the digital transformation strategy is expected to help prevent similar issues through technology enhancements.
- The Committee discussed the online permitting process and the associated challenges including the large volume of permit requests and limited staffing resources.
- The Committee noted that staff will continue using the Community Projects Review Unit name for the time being.
- The Committee noted that staff are exploring the potential to incorporate customer survey feedback through the CityWorks process.
- The Committee confirmed that updates are received annually, discussed the general close-out and final audit report process and expressed interest in customer feedback on the progress.

4.2. Receive the Fiscal Year (FY) 2025-2026 Third Quarter Financial Status Update as of March 31, 2026.

Recommendation: Receive the FY 2025-2026 third quarter financial status update as of March 31, 2026.

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

Steve Peters, Enrique De Anda, Jessica Collins, and Darin Taylor, were available to answer questions.

Public Comments:
None.

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

- The Committee discussed the Local Agency Investment Fund (LAIF) and noted that Valley Water is approaching the \$75 million maximum limit.
- The Committee noted that participation with local banks is well above the 4% target level.
- The Committee discussed Valley Water's current AA+ credit rating, the state's credit ratings, reserve funds, and refinancing opportunities to achieve cost savings.
- The Committee discussed the Anderson Dam Seismic Retrofit project and the Water Infrastructure Finance and Innovation Act (WIFIA) loan emphasizing the importance of securing the best financing possible for the project.
- The Committee noted that the contingency funds are a part of the planned expenditures for the Anderson Dam Seismic Retrofit project, their use will depend on the project's progress, and no separate reserve will be established to cover the contingency.

4.3. Discuss 2026 Annual Audit Plan (Risk Assessment, Asset Management, Pacheco Reservoir Project, and Investigations Process), Receive Status of Open Board-Directed Audit Engagements, and Provide Feedback as Needed.

- Recommendation:
- A. Discuss 2026 Annual Audit Plan, Risk Assessment, Asset Management, Pacheco Reservoir Project, and Investigations Process),
 - B. Receive status of open Board-directed audit engagements and;
 - C. Provide feedback as needed.

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

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and without further discussion noted the risk assessment timeline is anticipated to begin in August 2026, and noted the update on the 2026 Annual Audit Plan.

4.4. Review and Discuss 2026 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 2026 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, expressed interest in adding audit as a general topic to an upcoming Board retreat, and noted the update on the 2026 BAC Work Plan.

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 received, discussed, and noted the Permitting Best Practices audit status under Item 4.1; received, discussed, and noted the FY 2025-2026 third quarter financial status update under Item 4.2; noted update to the 2026 Annual Audit Plan under Item 4.3; and expressed interest in adding audit as a general topic to an upcoming Board retreat and noted the update on the 2026 BAC Work Plan under Item 4.4.

6. ADJOURN:

6.1. Adjourn. The Next Regular Meeting is Scheduled at 1:00 p.m. on June 17, 2026.

Chairperson Beall adjourned the meeting at 1:49 p.m. The next regular meeting was scheduled to occur at 1:00 p.m. on June 17, 2026, but was subsequently canceled, and the next regular meeting on July 15, 2026, was rescheduled to a special meeting at 1:00 p.m. on July 28, 2026.

Nicole Merritt,
Deputy Clerk (Committee Meetings)

Date approved: July 28, 2026