



BOARD AUDIT COMMITTEE MEETING
DRAFT MINUTES

REGULAR MEETING
WEDNESDAY, FEBRUARY 18, 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, John Bourgeois, Rita Chan, Jessica Collins, Enrique De Anda, Rachael Gibson, Walter Gonzalez, Mark Greene, Wendy Ho, Cecil Lawson, Courtney Letts, Linda Mason, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Luz Penilla, Steve Peters, Mark Poole, Amandeep Saini, Kirsten Struve, Darin Taylor, and Tina Yoke.

Public in attendance were: Katja Irvin (Sierra Club), and 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.

3. APPROVAL OF MINUTES:

3.1. Approval of January 21, 2026, Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the January 21, 2026 Committee meeting.

Public Comments:
None.

Vice Chairperson Ballard expressed support for amending the minutes to reflect her concern regarding the limitations of the water conservation audit.

It was moved by Vice Chairperson Ballard and seconded by Chairperson Beall and was unanimously carried that the minutes be approved as amended.

Director Estremera arrived.

4. REGULAR AGENDA:

- 4.1. Receive the Fiscal Year (FY) 2025-2026 Second Quarter Financial Status Update as of December 31, 2025.

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

Steve Peters, Enrique De Anda, and Luz Penilla 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 8-9, and Luz Penilla reviewed Slide 7.

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

Public Comments:
None.

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

- The Committee inquired whether projects were proceeding on schedule and noted that any adjustments would be submitted to the full Board through the Change Management Memo (CMM) process.
- The Committee confirmed there were no changes to report regarding the financial policies.

- 4.2. Receive a Status Update on the Implementation of Audit Recommendations; Authorize Staff to Close Completed Board-Directed Audits or Refer Them to the Chief Audit Executive (CAE) for Follow-Up Review; and Discuss a Timing of Next Update.

Recommendation: A. Receive a status update on the implementation of audit recommendations; and;

- B. Authorize staff to close completed Board-directed audits or refer them to the CAE for follow-up review; and
- C. Discuss timing of the next update.

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

Anthony Mendiola, Darin Taylor, Yvonne Arroyo, Patrice McElroy, and John Bourgeois were available to answer questions.

Public Comments:
None.

The Committee received and discussed the information, and noted the following:

- The Committee expressed interest in having a list for the Board of the overall expenses or fiscal implications associated with implementing the audit recommendations.
- The Committee noted positive feedback received from the public regarding the permitting process; discussed evaluating Key Performance Indicators (KPIs), monitoring customer feedback, and potential budget impacts during the audit implementation process.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and unanimously approved to close out the 2020 Safe, Clean Water (SCW) Program Grant Management Performance Audit.

George Skiles left the meeting and returned as noted below.

- 4.3. Continue Discussion on the Status of the On-Call Management Services Agreement for the Chief Audit Executive (CAE) and Recommend the Board Directors Initiate a Request for Proposal (RFP).

Recommendation: A. Continue discussion on the status of the On-Call Management Services Agreement for the CAE; and
B. Recommend the Board of Directors Initiate an RFP.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachments 1-4.

Darin Taylor was available to answer questions.

Public Comments:
None.

The Committee received and discussed the information, and noted the following:

- The Committee expressed support for obtaining the Board's feedback on the selection of the CAE and discussed potential questions and desired characteristics of the position.

- The Committee discussed the BAC's role in the CAE selection process and expressed support for Vice Chairperson Ballard serving as the committee's representative on the RFP Review Panel.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and the following Recommendation was unanimously approved:

- B. Recommend the Board of Directors Initiate an RFP.

George Skiles returned to the meeting.

- 4.4. Discuss 2026 Annual Audit Plan (Risk Assessment, Asset Management, Pacheco Reservoir Project, and Investigations Process), and Provide Feedback as Needed.

- Recommendation:
- A. Discuss 2026 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.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

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

- The Committee discussed the audit plan process and noted the potential for a phased approach for larger capital projects to reduce risk for the agency.
- The Committee expressed support for the CAE to review the Board Policy and Monitoring Committee's discussion regarding an investigation process for Board Appointed Officers (BAOs).
- The Committee expressed support for developing a follow-up process to revisit an audit if the final report is not as productive as expected.

- 4.5. 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, 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.

None.

6. ADJOURN:

6.1. Adjourn. The Next Regular Meeting is Scheduled at 1:00 p.m. on March 18, 2026.

Chairperson Beall adjourned the meeting at 2:21 p.m. The next regular meeting was scheduled to occur at 1:00 p.m. on March 18, 2026.

Nicole Merritt,
Deputy Clerk (Committee Meetings)

Date approved:

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