BOARD AUDIT COMMITTEE MEETING

DRAFT MINUTES

SPECIAL MEETING
TUESDAY, JULY 28, 2026
1:00 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 1:00 p.m.

1.1 Roll Call.

Committee members in attendance were: District 6 Tony 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: Aaron Baker, Audrey Beaman, Theresa Chinte, Jessica Collins, Brian Dean, Enrique De Anda, Amy Fonseca, Rachael Gibson, Walter Gonzalez, Mark Greene, Wendy Ho, Cecil Lawson, Jessica Lovering, Olive Manaloto, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Carmen Narayanan, Tony Ndah, Luz Penilla, Steve Peters, Don Rocha, Amandeep Saini, Desiree Sausele, Manpreet Sra, Kirsten Struve, and Darin Taylor.

Public in attendance were: Katja Irvin (Sierra Club), Tammy Lohr-Schweitzer and Maria Stroth (Baker Tilly), Roger Martinez and Samuel Tolentino (Vasquez and Company LLP), 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 May 20, 2026, Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of May 20, 2026 Committee meeting.

Public Comments:
None.

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

4. REGULAR AGENDA:

4.1. Receive and Discuss 2025 Water Usage and Demand Forecasting Audit Report with Management Response; Refer the Final 2025 Water Usage and Demand Forecasting Audit Report to the Board.

Recommendation: A. Receive and discuss the 2025 Water Usage and Demand Forecasting Audit Report with Management Response, and
B. Refer the final 2025 Water Usage and Demand Forecasting Audit Report to the Board.

Tammy Lohr-Schweitzer and Maria Stroth reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials contained in Attachment 2 were reviewed as follows: Tammy Lohr-Schweitzer reviewed Slides 1-5 and Maria Stroth reviewed Slides 6-11.

Copies of Handout 4.1-A, email from Katja Irvin was distributed to the Committee and made available to the public.

Tammy Lohr-Schweitzer, Maria Stroth, Darin Taylor, and Kirsten Struve were available to answer questions.

Public Comments:
Katja Irvin.

The Committee received the information, and noted the following:

- The Committee discussed ratepayers' interest in lowering their water bills and noted a recent study on water demand elasticity by Raftelis Financial Consultants, Inc. and Hazen and Sawyer, indicated that water usage tends to decrease slightly as water costs increase and increase as water costs decrease. The Committee noted that water rates are already one of the variables in the long-term demand model.
- The Committee discussed affordability metrics for households that struggle to pay their water bills and expressed interest in learning how other agencies address affordability and revisiting this topic on a future agenda.
- The Committee confirmed that staff agreed with the audit recommendations regarding the short-term and long-term water demand projections models and will respond to and implement the recommendations.
- The Committee discussed the similarities and differences between the

forecast models in this audit report by Baker Tilly and the water demand elasticity study by Raftelis Financial Consultants, Inc. and Hazen and Sawyer and noted that this audit report by Baker Tilly included recommendations to improve documentation.

- The Committee noted the next Protection and Augmentation of Water Supplies (PAWS) report will include information on the relationship between the forecast models in this audit report by Baker Tilly and the study on water demand elasticity by Raftelis Financial Consultants, Inc. and Hazen and Sawyer.
- The Committee discussed the long-term model reviewed in this audit report by Baker Tilly and noted that it is a new model that incorporates the industry's best practices and represents a significant improvement over the previous model.
- The Committee expressed interest in continuing to be updated on active audits as the Board is considering the next Annual Audit plan to avoid duplication of audit efforts.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and it was approved for the final 2025 Water Usage and Demand Forecasting Audit Report to be referred to the Board.

4.2. Receive and Discuss Information Regarding the Upcoming Fiscal Year (FY) 2025-2026 Financial Audit, Presented by Vasquez and Company LLP.

Recommendation: Receive and discuss information regarding the upcoming FY 2025-2026 financial audit, presented by Vasquez and Company LLP.

Roger Martinez and Samuel Tolentino reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials contained in Attachment 1 were reviewed as follows: Roger Martinez reviewed Slides 1-20 and Samuel Tolentino reviewed Slides 21-29.

Roger Martinez and Samuel Tolentino 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 confirmed the audit schedule, noted a presentation to the Board is targeted for December 2026, and that no potential federal government impacts are expected to affect the completion of the audit.
- The Committee confirmed that information technology (IT) components will be reviewed.

4.3. Receive and Discuss Financial Audit Reports for Fiscal Year (FY) 2025 from Valley Water's Joint Powers Authority (JPA) Partners.

Recommendation: Receive and discuss financial audit reports for FY 2025 from Valley Water's JPA partners.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachments 1–5.

Darin Taylor and George Skiles 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 available audit reports and the level of investments associated with the JPAs of which Valley Water is a member.
- The Committee expressed interest in a framework for Board members serving on JPAs and staying informed on JPA activities through informal JPA briefings, a review of the Board's Handbook for potential updates regarding JPAs and revisiting the discussion on a future agenda.

4.4. 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 discussed the information, took no formal action, and noted the following:

- The Committee expressed interest in a potential topic to help prepare Board members for the Memorandum of Understanding (MOU) negotiations as part of the upcoming risk assessment process, and without further discussion noted the update on the 2026 Annual Audit Plan.

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 discussed the information, took no formal action, and expressed interest in continuing the JPA discussion under Agenda Item 4.3 to the BAC October 21, 2026 meeting, and without further discussion, 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, and discussed the 2025 Water Usage and Demand Forecasting Audit Report with management response and approved to refer the final report to the Board, and expressed interest in learning how other agencies address affordability and revisiting this topic at a future meeting under Item 4.1; noted the upcoming FY 2025-2026 Financial Audit, Presented by Vasquez and Company LLP under Item 4.2; received and discussed the financial audit reports for FY 2025 from Valley Water's JPA partners and expressed interest in a framework for Board members serving on JPAs and staying informed on JPA activities through informal JPA briefings, a review of the Board's Handbook for potential updates regarding JPAs and revisiting the discussion on a future agenda under Item 4.3; expressed interest in a potential topic to help prepare Board members for the Memorandum of Understanding (MOU) negotiations as part of the upcoming risk assessment process under Item 4.4; and noted the update on the 2026 BAC Work Plan under Item 4.5.

6. ADJOURN:

6.1. Adjourn. The Next Regular Meeting is Scheduled at 1:00 p.m. on August 19, 2026.

Chairperson Beall adjourned the meeting at 2:30 p.m. The next regular meeting is scheduled to occur at 1:00 p.m. on August 19, 2026.

Nicole Merritt,
Deputy Clerk (Committee Meetings)

Date approved:

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