AGENDA  December 12, 2022  4:00 PM

1. Roll Call

2. Public Comment  Persons wishing to address the Board on District-related matters not on this Agenda may speak for up to two minutes; comments on Agenda items shall be heard during that item for up to two minutes.

3. Action to Set the Agenda and Approve the Consent Agenda
   A. Adopt Resolution 2022-12-12 to continue conducting meetings of the Board of Directors remotely due to public health concerns caused by the COVID-19 pandemic
   B. Authorize the Chief Executive Officer to execute the First Amendment to the Memorandum of Understanding for the Bay Area Flood Protection Agencies Association (“BAFPA”) to enable the District to join BAFPA

4. Regular Business
   A. Approve the 2023 Schedule of Regular meetings of the Board of Directors
   B. Approve the appointment of a new at-large member to the Colma Creek Citizens Advisory Committee
   C. Accept the District’s Audited Financial Statements for July 1, 2021 – June 30, 2022 and authorize the Chief Executive Officer, or Designee, to transmit the Audit to appropriate governmental agencies
   D. Receive an update on the performance of District investments and consider amendments to the District’s Investment Policy recommended by the Board Finance Committee

5. Chair’s Report *

6. CEO’s Report * Planning Guidance Policy, grant application to protect portions of San Bruno and South San Francisco, Bayfront Canal & Atherton Channel Project

7. Board Member Reports and Items for a Future Agenda *

8. Adjournment
BAFPAA was established in 2007 to provide a forum to promote the sharing of ideas, technologies, permitting and funding strategies, and State and federal advocacy, for the planning and implementation of flood protection services in the region. To enable this work, in 2011 BAFPAA members executed a Memorandum of Understanding (“MOU”) that defined roles and responsibilities, and established an expenditure account.

BAFPAA Member Agencies now wish to amend the original MOU to add new members, including OneShoreline. At this time, the other agencies that intend to participate include:

- Alameda County Flood Control and Water Conservation District
- Zone 7 of Alameda County Flood Control and Water Conservation District
- Contra Costa County Flood Control and Water Conservation District
- Marin County Flood Control and Water Conservation District
- Napa County Flood Control and Water Conservation District
- Santa Clara Valley Water Agency
- Santa Cruz County Flood Control and Water Conservation District, Zone 7
- Sonoma County Water Agency
- Vallejo Flood and Wastewater District

RECOMMENDATION TO BOARD: Authorize the CEO to execute the First Amendment to the BAFPAA MOU to allow District participation as a Member Agency and take advantage of BAFPAA services.
Agenda item 4A

Approve the 2023 Schedule of Regular meetings of the Board of Directors

Proposed 2023 Board meeting schedule:

- January 30
- February 27
- March 27
- April 24
- May 22
- June 26
- July 24
- August 28
- September 18
- October 23
- November 20
- December 18

All meetings are on Monday and scheduled to begin at 4:00 p.m.

While most meetings are proposed for the 4th Monday of the month, the meetings in January, September, November, and December are proposed for other Mondays.

All meetings are anticipated to be hybrid (in-person and remote by video/phone) and any updates to this approach or to the in-person location will be reflected in meeting agendas.
Agenda Item 4B

Appoint a new at-large member to the Colma Creek Citizens Advisory Committee

- The Colma Creek Citizens Advisory Committee provides input and recommendations regarding operations, maintenance, and capital improvements within the Colma Creek Flood Zone. The Committee has nine voting members: five appointed by the City Council and four “at-large” members appointed by the District Board.

- As mentioned at the last Board meeting, with the passing of Richard Irli, a long-time Committee member from SSF resident, Committee members and OneShoreline staff sought out a new at-large member to serve the remainder of Mr. Irli’s term, which expires March 31, 2025.

- OneShoreline staff interviewed three candidates and now recommends the appointment of Lissette Morales. Ms. Morales currently resides and owns property within the Colma Creek Flood Zone. She has lived in the South San Francisco community for over 18 years and is a civil engineering and project manager on water resource issues. She is very active in youth, parenting and foster parenting programs in San Mateo County.
Agenda item 4C
Accept the FY 2021-22 Audit and authorize the CEO to transmit it to governmental agencies

FY 2021/22 AUDIT RESULTS
San Mateo County Flood and Sea Level Rise Resiliency District
PRESENTED BY:
Macias Gini & O'Connell LLP
December 12, 2022

Scope of Audits
1. Basic Financial Statements
2. Single Audit
   • Not applicable in FY 2021/22
Responsibilities

Management Responsibilities
- Prepare and fairly present financial statements in accordance with U.S. general accepted accounting principles (U.S. GAAP)
- Design, implement, and maintain effective internal controls over financial reporting
- Communicate matters of governance interest to those charged with governance

Auditor Responsibilities
- Communicate with those charged with governance and management the responsibilities of the auditor regarding the scope and timing of the audit
- Obtain from those charged with governance information relevant to the audit
- Establish overall audit strategy and the audit plan
- Form and express an opinion about whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework

Audit Results, Required Communications, and Other Matters

<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Auditor’s report</td>
<td>Unmodified opinion</td>
</tr>
<tr>
<td>Material weaknesses and significant deficiencies in internal controls</td>
<td>No matters to report</td>
</tr>
<tr>
<td>Corrected and uncorrected audit misstatements</td>
<td>No matters to report</td>
</tr>
<tr>
<td>Financial presentation and disclosure omissions</td>
<td>No matters to report</td>
</tr>
<tr>
<td>Significant unusual transactions</td>
<td>No matters to report</td>
</tr>
<tr>
<td>Significant financial statement disclosures</td>
<td>Note 3 – Fair value of investments</td>
</tr>
<tr>
<td>Difficulties encountered in performing the audit</td>
<td>No matters to report</td>
</tr>
<tr>
<td>Disagreements with management</td>
<td>No matters to report</td>
</tr>
<tr>
<td>Management consultations with other independent accountants</td>
<td>No matters to report</td>
</tr>
</tbody>
</table>
# FY 2021/22 AUDIT RESULTS

## Condensed Government-wide Financial Statements

**As of and for the year ended June 30, 2022**

### Assets:
- **Current and other assets**: $40,230,389
- **Capital assets**: $35,250,810
- **Total assets**: $75,481,199

### Liabilities:
- **Long-term liabilities**: $16,560,237
- **Other liabilities**: $1,791,947
- **Total liabilities**: $18,352,184

### Deferred inflows of resources:
- **Total deferred inflows of resources**: $34,201

### Net position:
- **Net investment in capital assets**: $18,061,076
- **Restricted**: $73
- **Unrestricted**: $39,033,665
- **Total net position**: $57,094,814

### Program expenses:
- **Public protection**: $3,646,184
- **Depreciation expense**: $785,142
- **Interest on long-term liabilities**: $593,630
- **Total program expenses**: $5,024,956

### Program revenues:
- **Operating grants and contributions**: $2,242,915
- **Capital grants and contributions**: $7,278,352
- **Total program revenues**: $9,521,267

### General revenues:
- **Property tax**: $6,370,033
- **Interest and investment income (loss)**: $(1,294,776)
- **Other**: $10,720
- **Total general revenues**: $5,085,977

### Changes in net position:
- **Changes in net position**: $9,582,288
- **Net position - beginning**: $47,512,526
- **Net position - ending**: $57,094,814
Investment Objectives: safety, liquidity, return, and environmental/social/governance

Elements of OneShoreline’s current Investment Policy:

• Authority and guidelines regulating transactions

• Covered OneShoreline funds: General Fund, and Capital Projects, Debt Service, Trust and Agency funds

• Internal controls, performance reporting requirements, required reviews

• Authorized investments: Local Agency Investment Fund, SMC Investment Pool, U.S. Treasury & Gov’t, CA obligations and Asset Management Program, highly-rated Commercial Paper and CDs.
  
  • PROPOSED new authorized investments: Supranationals & Asset Backed Securities
OneShoreline
San Mateo County Flood and Sea Level Rise Resiliency District

December 12, 2022
415.393.7259

Monique Spyke, Managing Director

pfmam.com

PFM Asset Management LLC

NOT FDIC INSURED: NO BANK GUARANTEE: MAY LOSE VALUE
Current Market Themes

- The U.S. economy is characterized by:
  - High inflation
  - A deteriorating housing market
  - Worsening economic outlook that is propped up by a strong labor market

- The Federal Reserve faces significant challenges
  - Uncertainty around the level of interest rates
  - Potential for slower pace of rate hikes, but with a higher terminal rate
  - Increased pace of quantitative tightening

- Rapidly rising rates negatively impacting valuations and inducing market volatility
  - Yields across curve reached their highest levels in 14 years
  - Treasury yield curve remains inverted
  - Elevated volatility across all major asset classes
OneShoreline’s Strategy at a Glance

Optimized for Current Interest Rate Environment – Ready to Adapt to Changing Conditions

Portfolio Characteristics
- High quality
- Well diversified
- Designed to maximize income
- Low volatility for earnings

PFMAM-Managed Portfolio Statistics

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Total Market Value</strong></td>
<td>$28 million</td>
</tr>
<tr>
<td><strong>Duration</strong></td>
<td>2.41 years</td>
</tr>
<tr>
<td><strong>YTM at Cost</strong></td>
<td>1.02%</td>
</tr>
<tr>
<td><strong>YTM at Market</strong></td>
<td>4.30%</td>
</tr>
<tr>
<td><strong>Avg Credit Quality</strong></td>
<td>AA</td>
</tr>
</tbody>
</table>

Credit Quality - S&P

- AAA | <1%
- AA+ | 85%
- AA  | 1%
- AA- | <1%
- A+  | 2%
- A   | 3%
- A-  | 6%
- BBB+| 2%
- Not Rated | <1%

Duration Distribution

- SMCFD:
  - 0-1 Yr: 12%
  - 1-2 Yrs: 4%
  - 2-3 Yrs: 36%
  - 3-4 Yrs: 28%
  - 4-5 Yrs: 26%

- ICE BofAML 1-5 Year U.S. Treasury Index:
  - 0-1 Yr: 16%
  - 1-2 Yrs: 21%
  - 2-3 Yrs: 14%
  - 3-4 Yrs: 12%
  - 4-5 Yrs: 12%

As of September 30, 2022. Market values including accrued interest and cash.

*An average of each security’s credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.
OneShoreline's Results

Our Active Management, Dynamic Sector Rotation, and Focus on Relative Value Has Delivered Strong Returns

The portfolio has generated $115,310 in earnings since the start of the PFMAM relationship.*

Outperformed the benchmark since inception by +33 basis points.

Portfolio assets remained safe amidst the current market turmoil.

Reduced ESG Risk.

Accrual Basis Earnings

Total Return Performance

<table>
<thead>
<tr>
<th></th>
<th>Total Return</th>
<th>3Q 2022</th>
<th>YTD</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio</td>
<td>-2.05%</td>
<td>-5.77%</td>
<td>-5.12%</td>
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<tr>
<td>Benchmark</td>
<td>-2.28%</td>
<td>-6.13%</td>
<td>-5.45%</td>
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<tr>
<td>Outperformance</td>
<td>+0.22%</td>
<td>+0.37%</td>
<td>+0.33%</td>
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</tbody>
</table>

2. Performance inception date is June 30, 2021.
3. Returns for periods greater than one year are presented on an annualized basis.
4. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Treasury Index. Source: Bloomberg.

*Represents Accrual Basis Earnings.
Investment Policy Review

Expanding Investment Opportunities

- Incorporated a broader range of Code-permitted investment options
- Expanded use of credit sectors (Supranationals and ABS) supported by PFMAM's extensive credit resources
- Transitioned away from out-of-Code investment industries

<table>
<thead>
<tr>
<th>Sector</th>
<th>Government Code Maximum</th>
<th>OneShoreline's Current Policy</th>
<th>OneShoreline's Proposed Policy</th>
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</thead>
<tbody>
<tr>
<td>U.S. Treasuries</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Federal Agencies</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Supranationals</td>
<td>30%</td>
<td>Not permitted</td>
<td>30%</td>
</tr>
<tr>
<td>Municipals:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• California</td>
<td>100%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>• Other 49 States</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Commercial Paper</td>
<td>25%</td>
<td>20%</td>
<td>20%</td>
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<tr>
<td>Negotiable CDs</td>
<td>30%</td>
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<td>30%</td>
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<tr>
<td>Corporate Notes</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
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<tr>
<td>Asset-Backed (ABS)</td>
<td>20%</td>
<td>Not permitted</td>
<td>20%</td>
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<tr>
<td>LAIF</td>
<td>$75 million</td>
<td>$75 million</td>
<td>$75 million</td>
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<td>LGIPs</td>
<td>100%</td>
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<tr>
<td>Money Market Funds</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: OneShoreline as of September 30, 2022.
Update on OneShoreline guidance policy for planning & development along the Bay shoreline

• OneShoreline interviewed two firms with strong proposals and relevant experience

• Executed contract with Good City based on the team’s experience working directly with many of the cities that would implement the Planning Guidance

• Good City has reviewed and summarized existing SLR and flooding policies in long-range planning documents in San Mateo County and nationwide

• OneShoreline and Good City are currently drafting the Planning Guidance document, and will get input from staff from the County, several Bayside cities, and BCDC

• A draft Planning Guidance Policy will be out for public comment in the first quarter of 2023.
Based on a Notice of Interest submitted by OneShoreline in September, CalOES invited us to apply for a FEMA-funded Flood Mitigation Assistance grant.

The proposed project seeks to reduce existing flooding in San Bruno and South San Francisco - hazards that will only increase with more extreme storms and sea level rise. It would extend along the shoreline from the water treatment plant at the mouth of Colma Creek to the mouth of San Bruno Creek, and along San Bruno Creek to the Caltrain tracks.

In early December, OneShoreline requested $900,000 to be matched by $300,000 from the San Bruno Creek and Colma Creek Flood Zones. Proposed tasks include:

- close key data gaps
- engage stakeholders and the public
- develop project alternatives, cost estimates, and the conceptual design of a preferred alternative
- develop a project description for a CEQA document
- develop an application for further FEMA funding
Since our last Board meeting:

• The commissioning of the electrical equipment (dewatering pump - Nov 15, trash racks - Dec 6) has been completed in coordination with the technical working group, equipment manufacturers, Contractor, Construction Manager, and Engineer of Record.

• A video recording inside the underground culverts was performed on November 30 to understand the locations and rate of groundwater infiltration and to evaluate potential mitigation measures. With this information, we will coordinate with the Contractor to reduce the observed groundwater infiltration.

• OneShoreline and Redwood City staff continue to discuss operations and maintenance going forward.
Next Scheduled Board meeting

January 30, 2023

4:00 p.m.