OneShoreline
Building Solutions for a Changing Climate

Board of Directors Meeting

San Mateo County Flood and Sea Level Rise Resiliency District

AGENDA November 23, 2026 4:00 PM

1. **Roll Call**

2. **Public Comment** Persons wishing to address the Committee 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**

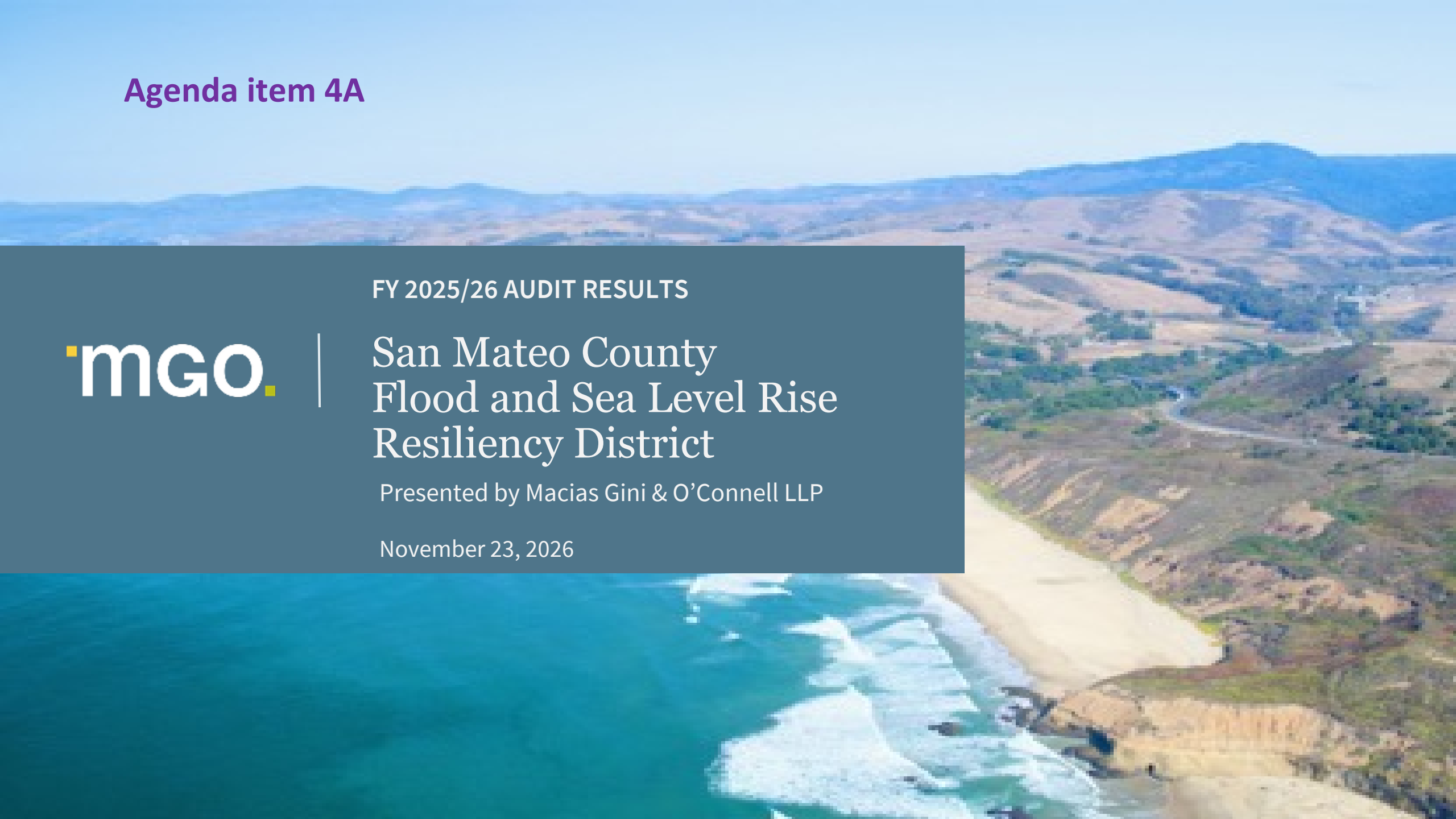
4. **Regular Business**

   A. With OneShoreline's auditor, discuss the Audited Financial Statements for the July 1, 2025 – June 30, 2026 Fiscal Year (attached)

   B. With the OneShoreline's investment advisor, discuss the performance of OneShoreline's portfolio *

5. **Adjournment**

Agenda item 4A



FY 2025/26 AUDIT RESULTS

San Mateo County Flood and Sea Level Rise Resiliency District

Presented by Macias Gini & O'Connell LLP

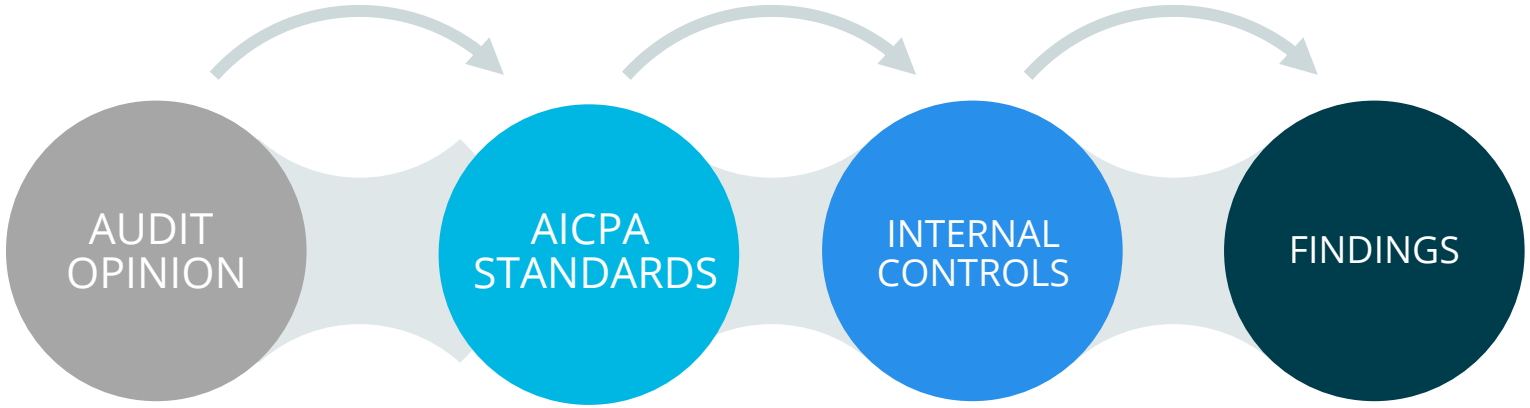
November 23, 2026

Scope of Audits

1. Annual Comprehensive Financial Report (ACFR)
2. Single Audit
    - Not applicable in FY 2025/26

Auditor Responsibility

Our responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*.



To express our opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. This does not relieve you or management of your responsibilities.

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards*, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

To obtain an understanding of the District and its environment, including internal controls over financial reporting and compliance, as a basis for designing our audit procedures, but not for the purpose of expressing an opinion on its effectiveness.

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

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Management Responsibilities

Management responsibilities – Financial statements	• Fairly presenting the financial statements, including disclosures in conformity with U.S. GAAP • Adjusting the financial statements to correct material misstatements and affirming in the representation letter that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
Management responsibilities – ICFR	• Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
Management responsibilities – Other	• To provide the auditor with: 1. access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters; 2. additional information that the auditor may request from management for the purpose of the audit; and 3. unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence • Identifying and ensuring that the entity complies with laws and regulations applicable to its activities, and for informing the auditor of any known material violations of such laws and regulations • Providing the auditor with a letter confirming certain representations made during the audit, that includes but is not limited to management's: 1. disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's financial reporting 2. acknowledgement of their responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud
Audit Committee responsibilities	• Oversight of the financial reporting process and internal control over financial reporting (ICFR) • Oversight of the establishment and maintenance by management of programs and controls designed to prevent, deter, and detect fraud
Management and the Audit Committee responsibilities	• Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards • Ensuring that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the entity's financial statements.

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Audit Results and Required Communications

Auditor's Report	Unmodified opinion
Deficiencies in internal controls	No matters to report
Significant accounting policies and practices	Discussed in note 2 to the basic financial statements. No new accounting standards for this year with significant impacts on financial reporting.
Significant accounting estimates	Fair value of investments, depreciation for capital assets No exceptions noted
Financial presentation and disclosure omissions	No matters to report
Corrected and uncorrected audit misstatements	No matters to report
Difficulties encountered in performing the audit	No matters to report
Disagreements with management	No matters to report
Management consultations with other independent accountants	No matters to report

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Condensed Government-wide Financial Statements

As of and for the year ended June 30, 2026					
Assets:			Program expenses:		
	Current and other assets	$ 57,035,513		Public protection	$ 4,762,323
	Capital assets	37,831,428		Depreciation expense	1,059,558
	Total assets	94,866,941		Interest on long-term liabilities	50,833
				Total program expenses	5,872,714
Liabilities:					
	Current liabilities	3,235,667	Program revenues:		
	Long-term liabilities	60,937		Operating grants and contributions	2,802,504
	Total liabilities	3,296,604		Capital grants and contributions	997,285
				Total program revenues	3,799,789
Net position:					
	Net investment in capital assets	37,329,424	General revenues:		
	Restricted	-		Property tax	9,011,428
	Unrestricted	54,240,913		Interest and investment income	1,812,136
	Total net position	$ 91,570,337		Gain on extinguishment of debt	1,444,372
				Other	13,742
				Total general revenues	12,281,678
			Changes in net position		10,208,753
			Net position - beginning:		81,361,584
			Net position - ending:		$ 91,570,337

Accounting Updates

Effective for fiscal year 2025
Statement No. 103, *Financial Reporting Model Improvements*
Statement No. 104, *Disclosure of Certain Capital Assets*
Effective for fiscal year 2026
Statement No. 105, *Subsequent Events*

Questions?

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Agenda item 4A District's Net Position Comparison: FY2025-26 vs. FY2024-25

	June 30, 2026	June 30, 2025	Difference ($)	Difference (%)
Assets:				
Current and other assets	$ 57,035,513	$ 60,612,057	$ (3,576,544)	-5.90%
Capital assets, net	37,831,428	36,461,593	1,369,835	3.76%
Total assets	94,866,941	97,073,650	(2,206,709)	**-2.27%**
Liabilities:				
Current liabilities	3,235,667	2,016,809	1,218,858	60.43%
Long-term liabilities	60,937	13,668,898	(13,607,961)	-99.55%
Total liabilities	3,296,604	15,685,707	(12,389,103)	**-78.98%**
Deferred inflows of resources	-	26,359	(26,359)	-100.00%
Net position:				
Net investment in capital assets	37,329,424	22,518,430	14,810,994	65.77%
Restricted	-	84	(84)	-100.00%
Unrestricted	54,240,913	58,843,070	(4,602,157)	-7.82%
Total net position	$ 91,570,337	$ 81,361,584	$ 10,208,753	**12.55%**

Agenda item 4A District's Net Position Comparison: FY2025-26 vs. FY2019-20

	June 30, 2026	June 30, 2020	Difference ($)	Difference (%)
Assets:				
Current and other assets	$ 57,035,513	$ 33,801,526	$ 23,233,987	68.74%
Capital assets, net	37,831,428	28,310,114	9,521,314	33.63%
Total assets	94,866,941	62,111,640	32,755,301	**52.74%**
Liabilities:				
Long-term liabilities	60,937	18,262,942	(18,202,005)	-99.67%
Other liabilities	3,235,667	628,750	2,606,917	414.62%
Total liabilities	3,296,604	18,891,692	(15,595,088)	**-82.55%**
Deferred inflows of resources		39,429	(39,429)	-100.00%
Net position:				
Net investment in capital assets	37,329,424	9,887,211	27,442,213	277.55%
Restricted	-	1,126,103	(1,126,103)	-100.00%
Unrestricted	54,240,913	32,167,205	22,073,708	68.62%
Total net position	$ 91,570,337	$ 43,180,519	$ 48,389,818	**112.06%**

Agenda item 4B

OneShoreline

San Mateo County Flood and Sea Level Rise Resiliency District

November 23, 2026

Justin Resuello, Institutional Sales and Relationship Manager

pfm asset management

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Current Market Themes



- U.S. growth remains resilient, supported by consumer spending and AI investment
  - Core inflation remains sticky while elevated oil prices and rising input costs leave risks skewed to the upside
  - Labor-market conditions remain balanced, although hiring momentum continues to slow
  - AI-related investment continues to support domestic demand and potential productivity growth, although its long-term impact on employment and inflation remains uncertain



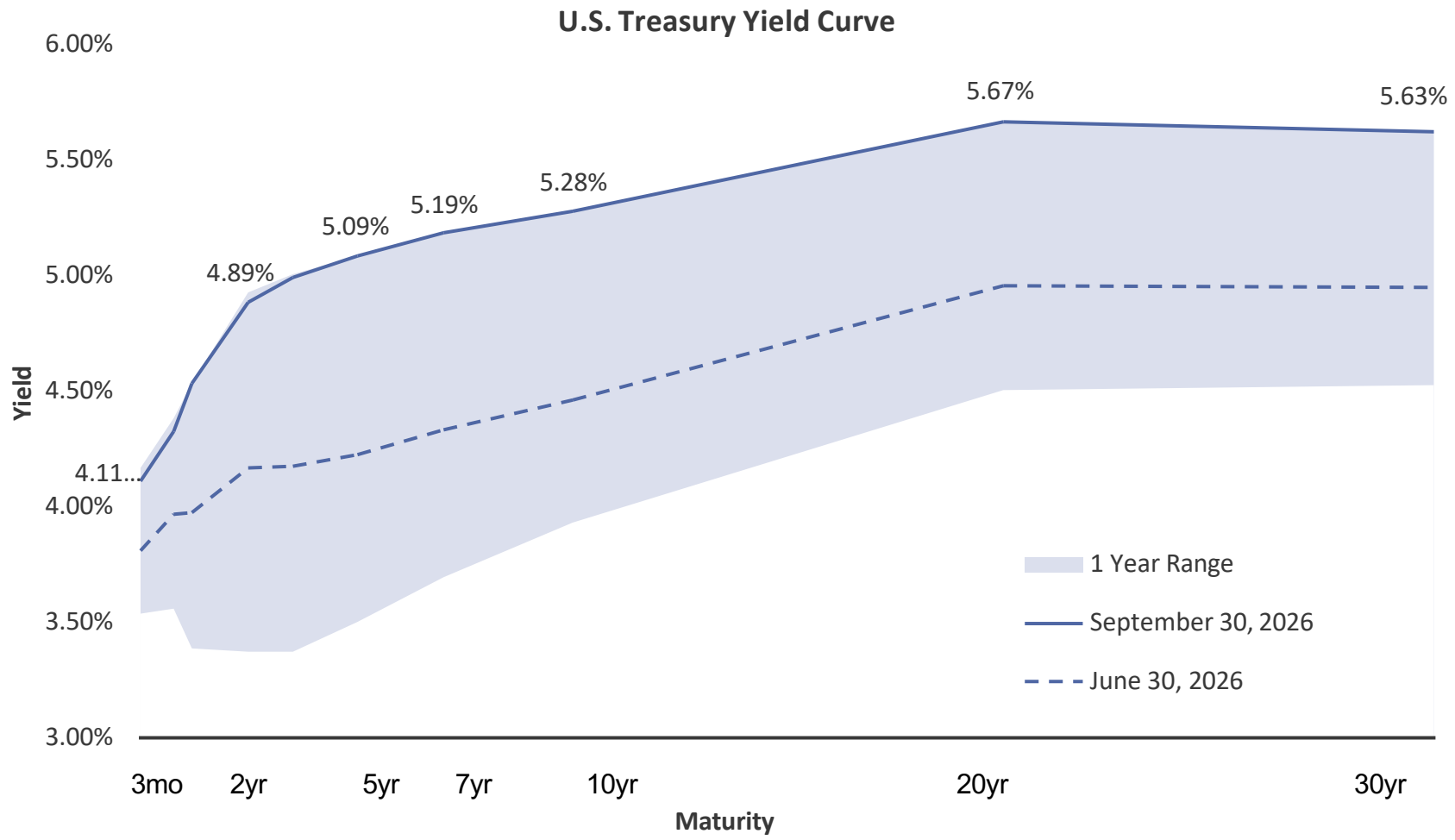
- Federal Reserve (Fed) hikes rates by 25 basis points
  - September dot plot shows 16 of 18 officials projecting one or more hikes this year
  - Economy viewed as strong enough to absorb the hike, allowing the Fed to continue to focus on inflation side of its mandate
  - Hike characterized as removing accommodation as opposed to tightening conditions



- Inflation, resilient growth, and a hawkish Fed lift yields to multi-year highs
  - All-in yields remain attractive, particularly on short end where market pricing reflects a more aggressive tightening path than our base case
  - Expanding fiscal deficits, heavy Treasury and corporate issuance, strong growth, and rising term premia pressure long-end yields
  - Credit spreads widen off historically tight levels amid a surge in rate volatility

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg FinanceL.P., as of September 30, 2026.

Treasury Yields Rise Across the Curve



Source: Bloomberg Finance L.P., as of September 30, 2026.

District's Investment Objectives

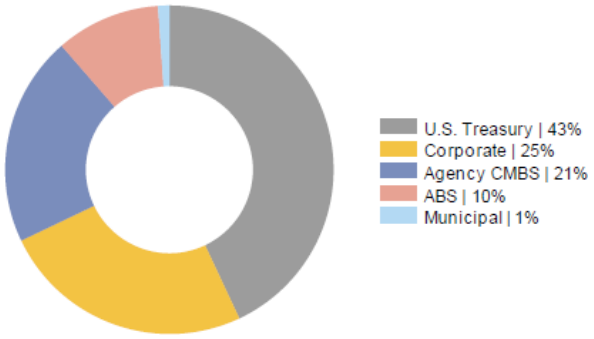
Safety	Liquidity	Return on Investment
➢ High quality investments ➢ Diversification by sector, issuer and maturity ➢ Management of credit and market risk	➢ Cash flow coordination with the staff ➢ Allocation to overnight funds	➢ Duration management ➢ Active trading and continual evaluation of relative value among allowable sectors

Portfolio Snapshot

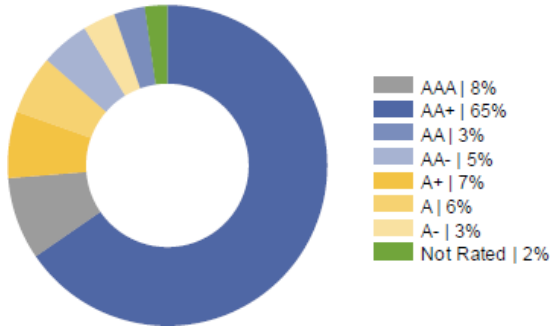
As of September 30, 2026

Portfolio Statistics				
	9/30/2026	**9/30/2025**	**5/31/2025**	**YoY Growth**
Market Value	$26,050,261	$25,787,998	$31,953,500	$262,263
Yield at Cost	4.34%	4.24%	4.07%	0.10%
Yield at Market	5.02%	3.87%	4.18%	1.15%
Effective Duration	2.51	2.49	2.48	0.02
Benchmark Duration	2.44	2.48	2.45	(0.04)

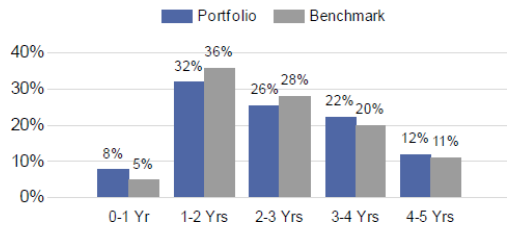
Sector Allocation



Credit Quality - S&P



Duration Distribution



Market Value includes Cash & Accrued Interest. Ratings by Standard & Poor's as of September 30, 2026. Securities in the District's portfolio are in compliance with California Government Code and the District's investment policy. Portfolio information excludes overnight funds and funds outside of PFMAM's management.

The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg Finance L.P.

ESG Risk Composition Overview

Interpreting the ESG Risk Rating

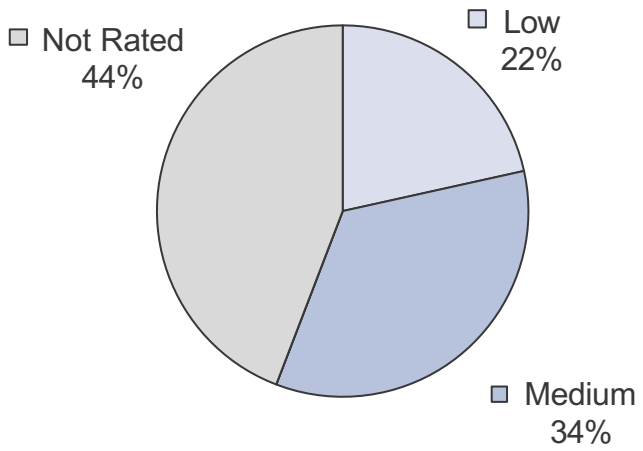
The **ESG Risk Rating** measures **economic value at risk based on ESG factors**.

A company's ESG Risk Rating is comprised of a quantitative score and a risk category. The score indicates unmanaged ESG risk. **Risk categories are absolute** and comparable across industries.

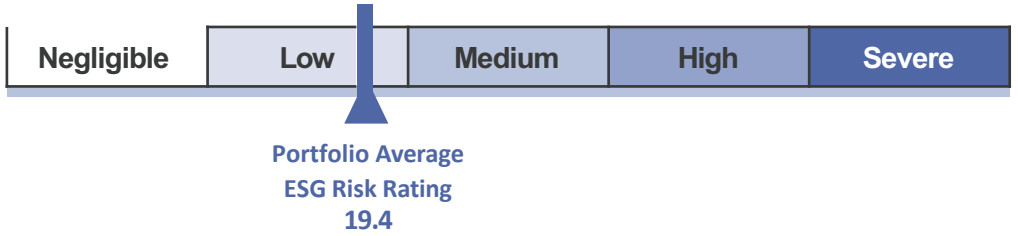
Lower scores represent less unmanaged risk. Ratings are scored on a scale of 1-100 and are assigned to one of the following ESG risk categories:

- Negligible Risk (overall score of 0-9.99 points)
- Low Risk (10-19.99 points)
- Medium Risk (20-29.99 points)
- High Risk (30-39.99 points)
- Severe Risk (40 and higher points)

Allocation by ESG Risk Rating



34/39 of portfolio issuers are rated with a total rated market value of $14.5 million (56%)



Market Value includes accrued interest as of September 30, 2026. Average ESG Risk Rating is weighted by market value. Please see important disclosures at the end of this presentation.

* U.S. Treasury and Municipal obligations are not included in the analysis.

OneShoreline's Results

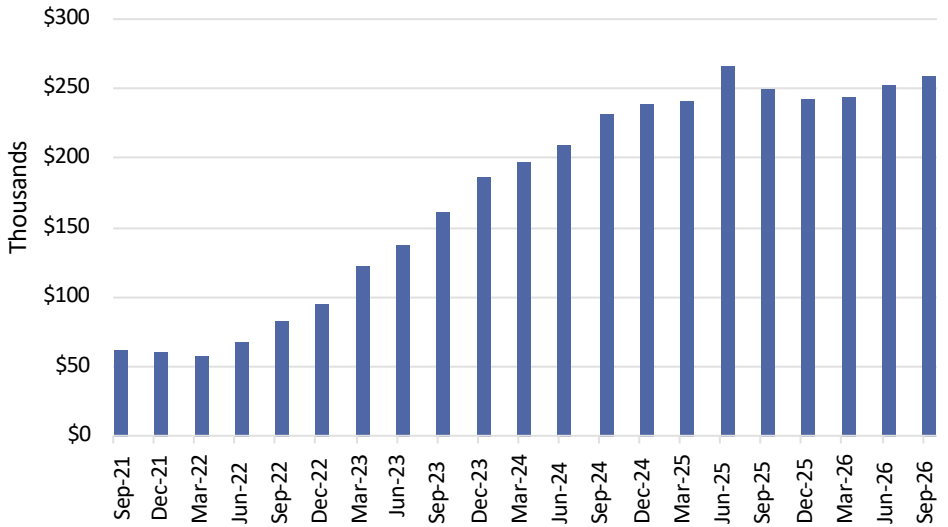
The portfolio has generated **$3,665,660** in earnings since the start of the PFMAM relationship.*

Portfolio yield at cost has increased by **over 402 basis points** since start of relationship.

Outperformed the benchmark since inception by **+43 basis points.**

Portfolio assets **remained safe** and diversified.

Interest Earnings



Total Return Performance

Total Return	3Q 2026	Past 1 Year	Since Inception
Portfolio	-0.85%	1.03%	1.71%
Benchmark	-0.82%	0.72%	1.28%
Outperformance	**-0.03%**	**0.31%**	**0.43%**

**Earnings and performance data as of September 30, 2026. Performance inception date is June 30, 2021.*
Returns for periods greater than one year are presented on an annualized basis.
The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg Finance L.P.

Outlook

OUTLOOK

- For shorter-duration strategies we prefer a modestly long duration stance, while longer-duration strategies remain neutral to benchmarks given elevated Treasury issuance, fiscal uncertainty, and rising term premia.
- We continue to find value in the front-end of the U.S. Treasury curve given the market's aggressive pricing of additional Fed tightening.

RISKS TO OUTLOOK

- Fed hikes rates by 25 basis points.
- September dot plot shows 16 of 18 officials projecting one or more hikes this year
- Economy viewed as strong enough to absorb the hike, allowing the Fed to continue to focus on inflation side of its mandate

PORTFOLIO STRATEGY

- Continue to maintain disciplined investing approach with focus on safety and liquidity
- Maintain the portfolio's broad diversification by sector, industry, and issuer to support portfolio performance
- Evaluate all opportunities as we seek to safely add value to the district's portfolio

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