

**SAN DIEGO CONVENTION CENTER CORPORATION  
AUDIT COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS**

**Director Alyssa Turowski, Chair  
Director Sam Nejabat  
Director Jaymie Bradford**

**THURSDAY, JUNE 20, 2024, 11:00 A.M.  
111 W. Harbor Drive, Executive Boardroom  
San Diego, California 92101**

**AGENDA**

**Telephone number for members of the public  
to observe, listen, and address the meeting telephonically:  
1(888) 251-2909 – Access code is 6724115#**

**1. Call to order: Alyssa Turowski, Chair**

**2. Non-Agenda Public Comment:**

This portion of the agenda provides an opportunity for members of the public to address the Board on items of interest within the jurisdiction of the Board that have not previously been before the Board. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.

**3. Approve Minutes of April 17, 2024, Audit Committee Meeting**

**4. Chair's Report**

**5. Action Item(s):**

**A. Recommendation to Authorize Acceptance of 2023 MPPP Audited Pension  
Financial Statements**

**6. Staff Updates:**

**A. Management Update – Rip Rippetoe**

**B. CFO/Finance Update – Mardeen Mattix**

**(1) Review of Year- to-Date Financial Variances**

**C. Human Resources Executive Director Update – Michael Milligan**

**(1) SDCCC Fraud/Complaints Update**

**7. Urgent non-agenda items (must meet the requirements of Government Code, Section 54954.2)**

8. **Audit Committee Comment** [Govt. Code §54954.2(a)(2)]

**Adjournment**

This information is available in alternative formats upon request. To request an agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device ("ALD") for the meeting, please call Pat Evans at (619) 525-5131 at least two working days prior to the meeting to ensure availability. **Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto:pat.evans@visitsandiego.com) to request a copy.**

In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting at the corporation's offices at 111 West Harbor Drive, San Diego, CA. Materials distributed to the board after the posting of this agenda also will be available. Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto:pat.evans@visitsandiego.com) if you would like to pick up a copy of any material related to an item on this agenda.

**Agenda Item 3**

**MINUTES**

**SAN DIEGO CONVENTION CENTER CORPORATION  
AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**WEDNESDAY, APRIL 17, 2024, 11:00 A.M.  
111 W. Harbor Drive, 2<sup>nd</sup> Floor, Executive Boardroom  
San Diego, California 92101**

**Director Alyssa Turowski, Chair  
Director Jaymie Bradford  
Director Sam Nejabat**

**BOARD MEMBERS PRESENT:** Chair Alyssa Turowski and Director Sam Nejabat  
**BOARD MEMBERS ABSENT:** Director Jaymie Bradford

**STAFF PRESENT:** Rip Rippetoe, Mardeen Mattix, Michael Milligan, Shannon Teem and Pat Evans (Recorder)

**ALSO PRESENT:**

**1. Call to Order:**

Chair Alyssa Turowski called the meeting to order at 10:02 a.m. in the Executive Conference Room of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, California.

Chair Turowski announced that since this meeting is being conducted on site with an open telephone line to the public, the first action is to perform a roll call to determine which Board members are present on this call.

Director Turowski - Present  
Director Bradford- Absent  
Director Nejabat– Present

Chair Turowski noted that all the Committee members were present except Director Bradford, and all votes taken at today's meeting will be recorded via roll-call vote.

2. **Non-Agenda Public Comment** – Chair Turowski requested public comment regarding any non-agenda items. Hearing none, the meeting proceeded.

3. **Approve minutes of Audit Committee Meeting of March 13, 2024.**

Chair Turowski inquired if any member of the public wished to comment on Agenda Item 3. No members of the public responded to the request for comment.

**Directors Nejabat and Turowski moved and seconded, respectively, to approve the minutes of the meeting of March 13, 2024.**

**Director Turowski – Aye  
Director Bradford – Absent  
Director Nejabat - Aye**

**Vote unanimous.**

**AYES: 2**

**NAYS: 0**

**ABSTENTIONS: 0**

4. **Chairs Report:** None

5. **Action Item (s):**

**A. Recommendation to Review and Authorize Property and Casualty Insurance through the Brokerage Services of Marsh McLennan Agency**

Chair Turowski called for a staff report regarding Agenda Item (5.A). After staff submitted its report, Chair Turowski inquired if any member of the public wished to comment on Agenda Item (5.A). No members of the public responded to the request for comment.

**After presentations by staff, Directors Turowski and Nejabat moved and seconded, respectively, to recommend Review and Authorize Placement of Property and Casualty Insurance through the Brokerage Servies of Marsh and McLennan Agency.**

**Director Turowski – Aye  
Director Bradford – Absent  
Director Nejabat - Aye**

**Vote: Unanimous**

**AYES: 2**

**NAYS: 0**

**ABSTENTIONS: 0**

6. **Staff Updates:**

**A. Management Update – None**

**B. CFO/Finance Update:**

**(1) Review of Year- to-Date Financial Variances**

- Ms. Mattix reported that the finance team is still working on closing out the month-end reports so she will be reporting preliminary figures.
- March is the month the Corporation lost an event with potential for significant revenue; however, the Corporation's other booked events have made up for the revenue from the lost event and even exceeded all revenue expectations.
- Overall event revenue continues to be strong, and the Corporation is tracking \$1.5 million more than budgeted.
- The Corporation has taken a conservative approach to spending in order to preserve reserves. Maintenance projects have not stopped; however, the Corporation is not investing as proactively in longer term projects as originally planned unless they are critical projects. The building is still being maintained.
- After reviewing the budget spread for utilities, staff has determined that the spread was incorrect and utility costs have only leveled off, they should be within budget by the end of the year.
- Ms. Mattix thanked Mr. Milligan for his oversight of the property and casualty insurance renewal process. His insurance background lent a different perspective to the process which was beneficial to the Corporation.

**C. H.R. Executive Director Update – Michael Milligan**

**(1) SDCCC Fraud/Complaint Update**

- Mr. Milligan reported that the Corporation has had no activity since the last meeting.

Chair Turowski inquired if any member of the public wished to comment on Agenda Items (6.A), (6.B), or (6.C). No members of the public responded to the request for comment.

7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2) - **None**

8. **Audit Committee Comment:** **None**

There being no further business, the meeting adjourned at 10:36 a.m.

### **CERTIFICATION**

I, Alyssa Turowski, Chair of the Audit Committee of the Board of Directors of San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Audit Committee of the Board of Directors of the San Diego Convention Center Corporation, Inc. at a duly noticed meeting held on April 17, 2024.

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Alyssa Turowski, Chair

**Agenda Item 5.A**

**SAN DIEGO CONVENTION CENTER CORPORATION  
M E M O R A N D U M**

**TO:           Audit Committee of the Board of Directors**

**FROM:       Mardeen Mattix, Chief Financial Officer**

**DATE:       For the Agenda of June 20, 2024**

**RE:           Recommend Acceptance of Money Purchase Pension Plan Audited Financial  
Report for the Plan Year Ended December 31, 2023**

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**BACKGROUND**

The San Diego Convention Center Corporation's Money Purchase Pension Plan ("Plan") was originally adopted January 1, 1986, and was most recently restated effective January 1, 2022. The Plan is the primary retirement benefit provided to eligible employees of the Corporation.

Considine & Considine was engaged to audit the financial statements and supplementary information. Per the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under Employee Retirement Income Security Act of 1974 (ERISA). ERISA is a federal law that establishes standards for health, retirement, and other welfare benefit plans in order to protect both employees and employers to ensure the plan sponsor fulfills its fiduciary duty to the plan's participants. An audit is able to:

- Identify insight into the sponsor's control environment and internal control processes
- Identify possible weaknesses, operational errors, and potential fraud risks

Annually, at the conclusion of the audit, the Corporation files a Public Retirement Systems Financial Transaction Report with the State Controller's Office of the San Diego Convention Center Corporation Money Purchase Pension Plan (MPPP) performance.

**DISCUSSION**

The accounting firm of Considine & Considine, LLP has completed the audit of the Corporation's MPPP for the plan year ended December 31, 2023. They have served as our auditors for many years. The existing contract term began November 2022, through November 2024, with a one (1) year option to extended.

The purpose of this audit to express an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and whether the supplemental schedules are fairly

Audit Committee  
Agenda Item 5.A  
June 20, 2024  
Page 2

stated in all material respects in relation to the financial statements as a whole. I am happy to report a successful audit with confirmation that our financial statements are fairly presented in conformity with U.S. GAAP, the notes include all disclosures required by laws and regulations to which the plan is subject.



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Mardeen Mattix  
Chief Financial Officer



DRAFT

**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN**

|  | <u><b>Pages</b></u> |
|--|---------------------|
| I      Index   | 1                   |
| II     Independent auditor's reports                             | 2 – 5               |
| III    Statements of net assets available for benefits           | 6                   |
| IV    Statements of changes in net assets available for benefits | 7                   |
| V     Notes to the financial statements                          | 8 – 15              |
| VI    Required supplemental information:                         |                     |
| - Schedule of assets (held at end of year)                       | 16 – 18             |

## **INDEPENDENT AUDITOR'S REPORT**

To the Trustees of  
San Diego Convention Center Corporation Money Purchase Pension Plan

### **Scope and Nature of the ERISA Section 103(a)(3)(c) Audit**

We have performed audits of the accompanying financial statements of San Diego Convention Center Corporation Money Purchase Pension Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statements of net assets available for benefits as of December 31, 2023 and 2022, and the related statements of changes in net assets available for benefits for the years then ended December 31, 2023 and 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of San Diego Convention Center Corporation Money Purchase Pension Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022 stating that the certified investment information, as described in Note 6 to the financial statements, is complete and accurate.

### **Opinion**

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section

- the amounts and disclosures in the financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

## **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Convention Center Corporation Money Purchase Pension Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the 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's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Convention Center Corporation Money Purchase Pension Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Diego Convention Center Corporation Money Purchase Pension Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Convention Center Corporation Money Purchase Pension Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Matter - Supplemental Schedules Required by ERISA**

The supplemental schedule of assets (held at the end of the year) as of December 31, 2023 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

CONSIDINE & CONSIDINE  
An accountancy corporation

May 30, 2024

**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2023 AND 2022**

Page 6

|   | <u>2023</u>                 | <u>2022</u>                 |
|---|-----------------------------|-----------------------------|
| ASSETS                                    |                             |                             |
| INVESTMENTS                               |                             |                             |
| Investments at fair value (notes 6 and 7) | \$ 24,695,162               | \$ 21,799,281               |
| CASH (note 6)                             | 17,704                      | 65,783                      |
| RECEIVABLES                               |                             |                             |
| Notes receivable from participants        | <u>456,104</u>              | <u>474,497</u>              |
| TOTAL ASSETS                              | 25,168,970                  | 22,339,561                  |
| LIABILITIES                               |                             |                             |
| Benefits payable                          | <u>714</u>                  | <u>109</u>                  |
| TOTAL LIABILITIES                         | <u>714</u>                  | <u>109</u>                  |
| NET ASSETS AVAILABLE FOR BENEFITS         | <u><u>\$ 25,168,256</u></u> | <u><u>\$ 22,339,452</u></u> |

See accompanying notes

**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MONEY PURCHASE PENSION PLAN**  
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Page 7**

|  | <u>2023</u>                     | <u>2022</u>                     |
|--|---------------------------------|---------------------------------|
| CHANGES TO NET ASSETS ATTRIBUTED TO:                         |                                 |                                 |
| INVESTMENT INCOME/(LOSS) (note 6)                            |                                 |                                 |
| Net appreciation/(depreciation) in fair value of investments | \$ 2,787,070                    | \$ (4,716,186)                  |
| Dividends  | <u>600,712</u>                  | <u>843,275</u>                  |
|  | 3,387,782                       | (3,872,911)                     |
| <br>Interest income on notes receivable from participants    | <br>24,072                      | <br>29,081                      |
| <br>CONTRIBUTIONS  |                                 |                                 |
| Employer   | <u>1,488,741</u>                | <u>1,144,501</u>                |
| <br>TOTAL CHANGES  | <br>4,900,595                   | <br>(2,699,329)                 |
| <br>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:                |                                 |                                 |
| Benefits paid to participants (note 5)                       | 1,979,241                       | 1,581,029                       |
| Administration fees (note 3)                                 | <u>92,550</u>                   | <u>100,295</u>                  |
| <br>TOTAL DEDUCTIONS   | <br><u>2,071,791</u>            | <br><u>1,681,324</u>            |
| <br>NET INCREASE/(DECREASE)                                  | <br>2,828,804                   | <br>(4,380,653)                 |
| <br>NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR     | <br><u>22,339,452</u>           | <br><u>26,720,105</u>           |
| <br>NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR           | <br><u><u>\$ 25,168,256</u></u> | <br><u><u>\$ 22,339,452</u></u> |

See accompanying notes



**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

Page 8

**NOTE 1 DESCRIPTION OF PLAN**

The following description of San Diego Convention Center Corporation Money Purchase Pension Plan ("Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution plan covering all full-time and part-time employees of The San Diego Convention Center (the "Company" or "Employer") who are not covered under a union retirement plan. Full-time employees qualify to participate in the Plan once they have completed 1,000 hours in their first year of service while part-time employees qualify to participate in the Plan once 1,000 hours have been completed each year. The Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

CONTRIBUTIONS

Contributions to the Plan are as follows:

For each plan year, the Employer is required to contribute an amount equal to 10% of the total annual compensation of all participants who qualified to participate in the Plan. Contributions for any one plan year shall be transferred to the Plan; provided, however, such contributions shall be paid no later than the due date of the Company's corporate tax returns (or any extension thereof). In the event the annual contribution is deposited after the close of the plan year, the employer shall designate the plan year to which such contributions apply. Total payroll for the years ended December 31, 2023 and 2022 was \$21,368,890 and \$17,500,130, respectively. Contributions were calculated using eligible wages of \$16,599,763 for 224 employees and \$13,707,271 for 200 employees for the years ended December 31, 2023 and 2022, respectively. The Plan was fully funded during 2023 and 2022.

The Plan does not permit voluntary contributions.

PARTICIPANT ACCOUNTS

Participants have separate accounts for contributions to the Plan. Annually, each account recognizes appropriate contributions, plan earnings or losses net of fees, and applicable forfeitures upon participant termination.

FORFEITED ACCOUNTS

Forfeitures are used to reduce the employer's liability for current or subsequent contributions to the Plan.

**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Page 9**

VESTING

Vesting in participant's accounts, based on years of service, is as follows:

| <u>Years of service</u> | <u>Vested %</u> |
|-------------------------|-----------------|
| Less than 1 year        | None            |
| 1 year but less than 2  | 20              |
| 2 years but less than 3 | 40              |
| 3 years but less than 4 | 60              |
| 4 years but less than 5 | 80              |
| 5 years of more         | 100             |

LOANS

Participant loans are permitted under the Plan, however, loan amounts may not exceed the lesser of \$100,000 or 50% of the participant's vested account balance, subject to a minimum loan amount of \$1,000. Interest charged on the loans is prime rate plus 0.5%.

INVESTMENT OPTIONS

Upon enrollment into the Plan, participants may direct their account balances in any investment alternatives approved by the trustee, including but not limited to mutual funds and the common and collective fund. All earnings and losses on the directed investments are credited directly to the participants' accounts.

PAYMENT OF BENEFITS

Vested benefits are payable in one lump-sum distribution of the entire account balance or in a single sum payment of a portion of the account balance.

For purposes of determining whether or not a withdrawal is being used to provide benefits in accordance with the Plan document, the term "benefits" is limited to amounts becoming payable to the participant due to:

- (A) termination of employment
- (B) retirement
- (C) disability
- (D) death

as defined in the plan document.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MONEY PURCHASE PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Page 10**

Withdrawals for reasons other than those listed above are allowed but may be subject to certain charges and adjustments.

In the event of a mandatory distribution greater than \$1,000, but no more than \$5,000, in accordance with the payment provisions of the Plan, if the participant does not elect to have such distributions paid directly to an eligible retirement plan specified by the participant in a direct rollover or to receive the distribution directly under any form of payment allowed under the Plan, then the distribution will be paid in a direct rollover to an individual retirement plan designated by the plan administrator. Mandatory distributions of \$1,000 or less will be paid in cash as directed by the plan administrator, unless the participant elects a direct rollover or elects to receive the distribution under another form permitted by the Plan.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The accompanying financial statements have been prepared using the accrual method in conformity with generally accepted accounting principles (GAAP) in the United States of America.

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Investments Valuation and Income Recognition** - Investments are maintained in mutual funds and in a non-fully benefit-responsive common collective trust and are stated at values certified by the institution that holds the Plan's assets as an investment manager and are under the custody of the Plan trustee. Quoted market prices are used to value investments at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year. The cost basis of the assets was \$23,701,813 and \$23,645,596 as of December 31, 2023 and 2022, respectively.

**Fair Value Measurement** - The Plan follows accounting standards consistent with the Financial Accounting Standards Board (FASB) Codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

**Classification and measurement of financial instruments** - The Plan follows Accounting Standards Update (ASU) 2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities." This ASU amends certain aspects of current guidance on the recognition, measurement and disclosure of financial instruments. Among other changes, this ASU requires most equity investments to be measured at fair value. Additionally, the ASU eliminates the requirement to disclose the method and significant assumptions used to estimate the fair value for instruments not recognized at fair value in the Plan's financial statements.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MONEY PURCHASE PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

Page 11

Notes Receivable from Participants - Loans to participants are reported at their unpaid principal balances plus any accrued but unpaid interest. Management regularly reviews the collectability of the delinquent loan balances and records an allowance based on circumstances of the individual's underlying loan. Uncollectible loans are written off against the participant's balance at the time the participant leaves the Plan. Notes receivable from participants are reported net of an allowance of \$0 as of December 31, 2023 and 2022.

Benefits - Benefits are recorded when paid. There are no unpaid benefits at December 31, 2023 and 2022.

Income Taxes - The Plan follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the Plan's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. The Plan is a governmental plan as defined in section 3(32) of ERISA, and thus exempt from Title 1 of ERISA and certain provisions of the Internal Revenue Code. The Plan is subject to the unrelated business income tax (UBIT) in any taxable year its unrelated business taxable income (UBTI) exceeds \$1,000. The Company does not believe it has conducted business which is not substantially related to the Plan's exempt purpose or invested in any non-qualified investments that would be subject to UBIT. As of December 31, 2023 and 2022, the Plan has not accrued interest or penalties related to uncertain tax positions.

Recent Accounting Pronouncements

In July 2016, FASB issued ASU 2016-13 Financial Instruments – Credit Losses (Topic 326). The new standard is effective for fiscal years beginning after December 15, 2022. The Plan adopted Topic 326 and all related amendments as of January 1, 2023. The standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to trading receivables, financing receivables, held-to-maturity debt securities, and receivables relating to repurchase agreements and securities lending agreements. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. Financial assets held by the Plan that are subject to this guidance were investments at fair value.

The Plan adopted ASC 326 using a modified retrospective transition approach. Under this approach, an entity records an adjustment to retained earnings for the cumulative effect of adopting the standard. The adjustment is made to opening retained earnings as of the start of the reporting period in which the ASU becomes effective. The Plan has performed a review of the new guidance as compared to its current accounting policies to determine the impact of this standard on their financial assets presentation. Upon completion of its review, the Plan has made a determination that there is no material impact to their financial assets presentation upon adoption of the new standard.

**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

Page 12

**NOTE 3 ADMINISTRATIVE EXPENSES**

Expenses of the Plan, to the extent that the employer does not pay such expenses, may be paid out of the assets of the Plan provided that such payment is permitted by law. Certain investment related expenses are included as a reduction of investment return and are not separately reflected. During the years ended December 31, 2023 and 2022, the majority of the administrative expenses of the Plan were paid using assets of the Plan. Amounts totaling \$92,550 and \$100,295 were paid directly by the Plan for administration fees for the years ended December 31, 2023 and 2022, respectively.

**NOTE 4 PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, the rights of all employees to account balances accrued to the date of the termination are fully vested and non-forfeitable.

**NOTE 5 BENEFITS PAID TO PARTICIPANTS**

For the years ended December 31, 2023 and 2022, \$1,979,241 and \$1,581,029, respectively, have been distributed to participants who have withdrawn from the Plan.

For the years ended December 31, 2023 and 2022, the total amount of forfeitures used for the Plan were \$31,546 and \$139,165, respectively. Forfeitures are used to reduce employer contributions to the Plan. At December 31, 2023 and 2022, there were forfeited nonvested accounts totaling \$0 and \$1,742, respectively.

**NOTE 6 INFORMATION PREPARED AND CERTIFIED BY PLAN TRUSTEE**

The following is information prepared and certified by Charles Schwab Trust Bank:

|                            | 2023                 | 2022                 |
|----------------------------|----------------------|----------------------|
| Cash                       | \$ 17,704            | \$ 65,783            |
| Investments at fair value: |                      |                      |
| Mutual funds               | 22,563,785           | 19,132,040           |
| Common and collective fund | 2,131,377            | 2,667,241            |
|                            | 24,695,162           | 21,799,281           |
|                            | <u>\$ 24,712,866</u> | <u>\$ 21,865,064</u> |

**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MONEY PURCHASE PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

Page 13

|  | 2023                | 2022                  |
|--|---------------------|-----------------------|
| Investment income/(loss):                                    |                     |                       |
| Net appreciation/(depreciation) in fair value of investments | \$ 2,787,070        | \$ (4,716,186)        |
| Dividends  | 600,712             | 843,275               |
|  | <u>\$ 3,387,782</u> | <u>\$ (3,872,911)</u> |

During 2023 and 2022, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the years) appreciated/(depreciated) in value by \$2,787,070 and (\$4,716,186), respectively.

**NOTE 7 COMMON AND COLLECTIVE FUND**

The Plan has a non-fully benefit-responsive common and collective fund with Charles Schwab Trust Bank and that is operated as a stable return fund. Charles Schwab Trust Bank maintains Plan contributions in an unallocated account which is part of the general assets of Charles Schwab Trust Bank. The fund is included in the financial statements at fair value as reported to the Plan by Charles Schwab Trust Bank at December 31, 2023 and 2022. The fund is credited with contributions made under the fund, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the fund at December 31, 2023 and 2022 was \$2,131,377 and \$2,667,241, respectively. The crediting interest rate was 2.80% at December 31, 2023 and 2.23% at December 31, 2022. The crediting interest rate is based on the rate in effect when money is deposited in the account.

**NOTE 8 FAIR VALUE MEASUREMENT**

The Plan's investments are reported at fair value in the accompanying statements of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MONEY PURCHASE PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

Page 14

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The fair value of the interest in the mutual funds is based on the closing price reported in the active market where the individual securities are traded, when available and is classified as Level 1 investments.

The common and collective fund operates as a stable return fund. The fund is valued on the basis of the relative interest of each participating investor in the fair value of the underlying assets of each of the respective common collective trusts. The values of the underlying investments are observable, and accordingly, the investments are classified as Level 2.

The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

Financial assets carried at fair value at December 31, 2023 are classified below in one of the three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis:

|                            | Level 1              | Level 2             | Level 3     | Total                |
|----------------------------|----------------------|---------------------|-------------|----------------------|
| Assets                     |                      |                     |             |                      |
| Mutual funds               | \$ 22,563,785        | \$ -                | \$ -        | \$ 22,563,785        |
| Common and collective fund | -                    | 2,131,377           | -           | 2,131,377            |
|                            | <u>\$ 22,563,785</u> | <u>\$ 2,131,377</u> | <u>\$ -</u> | <u>\$ 24,695,162</u> |

Financial assets carried at fair value at December 31, 2022 are classified below in one of the three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis:

|                            | Level 1              | Level 2             | Level 3     | Total                |
|----------------------------|----------------------|---------------------|-------------|----------------------|
| Assets                     |                      |                     |             |                      |
| Mutual funds               | \$ 19,132,040        | \$ -                | \$ -        | \$ 19,132,040        |
| Common and collective fund | -                    | 2,667,241           | -           | 2,667,241            |
|                            | <u>\$ 19,132,040</u> | <u>\$ 2,667,241</u> | <u>\$ -</u> | <u>\$ 21,799,281</u> |

**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

Page 15

**NOTE 9 RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statement of net assets available for benefits.

**NOTE 10 RELATED PARTY TRANSACTIONS**

Certain Plan investments include a common and collective fund and shares of money market funds managed by Charles Schwab Trust Bank. Charles Schwab Trust Bank is the trustee as defined by the Plan. Administrative fees incurred by the Plan to the Trustees totaled \$9,254 and \$9,616 for the years ended December 31, 2023 and 2022, respectively. Administrative fees incurred by the Plan to the third party administrator, Randall and Hurley, Inc. totaled \$38,239 and \$44,400 for the years ended December 31, 2023 and 2022, respectively. Consulting fees incurred by the Plan to RBC Capital Markets, LLC totaled \$45,057 and \$46,279 for the years ended December 31, 2023 and 2022, respectively. The Company also pays certain administrative fees of the Plan, which are not reimbursed. In addition, the Company provides administrative services to the Plan at no cost to the Plan. Substantially all of the Plan's operating expenses are paid by the Company. These transactions qualify as party-in-interest transactions.

**NOTE 11 SUBSEQUENT EVENTS**

The Plan has evaluated subsequent events through May 30, 2024, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.



**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MONEY PURCHASE PENSION PLAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT THE END OF YEAR)**  
**DECEMBER 31, 2023**

Page 16

Plan Sponsor's EIN: 33-0107636

Plan Number: 001

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current Value |
|-----|---|--|----------|-------------------|
|     | American Fds Target Date Ret 2025 R6                      | Mutual fund  | **       | \$ 4,666,345      |
|     | American Funds Target Date Ret 2040 R6                    | Mutual fund  | **       | 4,137,944         |
|     | Wells Fargo Stable Value Fund C                           | Common and collective funds  | **       | 2,131,377         |
|     | American Fds Target Date Ret 2030 R6                      | Mutual fund  | **       | 2,126,255         |
|     | MFS Mid Cap Growth CL R6                                  | Mutual fund  | **       | 1,450,047         |
|     | American Fds Target Date Ret 2035 R6                      | Mutual fund  | **       | 1,402,746         |
|     | Vanguard 500 Index F                                      | Mutual fund  | **       | 1,100,976         |
|     | American Fds Target Date Ret 2010 R6                      | Mutual fund  | **       | 1,076,926         |
|     | American Fd Target Date Ret 2050 R6                       | Mutual fund  | **       | 918,527           |
|     | American Fd 2055 Target Date                              | Mutual fund  | **       | 824,410           |
|     | Vanguard Info Tech Index Fd Admiral                       | Mutual fund  | **       | 657,912           |
|     | MFS Growth Fund CL R6                                     | Mutual fund  | **       | 638,008           |
|     | American Fd 2060 Target Date                              | Mutual fund  | **       | 613,600           |
|     | American Fd Target Date Ret 2045 R6                       | Mutual fund  | **       | 521,175           |
|     | American Fds Target Date Ret 2020 R6                      | Mutual fund  | **       | 506,253           |
|     | JP Morgan Equity Income R6                                | Mutual fund  | **       | 366,095           |
|     | T. Rowe Price Overseas Stock Fund I                       | Mutual fund  | **       | 297,860           |
|     | Pimco Rae Us Small Fund Instl                             | Mutual fund  | **       | 257,585           |
|     | PGIM Total Return Bd R6                                   | Mutual fund  | **       | 162,449           |
|     | Conestoga Small Cap Inst                                  | Mutual fund  | **       | 147,106           |

See accompanying independent auditor's report

**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MONEY PURCHASE PENSION PLAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT THE END OF YEAR)**  
**DECEMBER 31, 2023**

Page 17

Plan Sponsor's EIN: 33-0107636

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| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current Value    |
|-----|---|--|----------|----------------------|
|     | American Fds Target Date Ret 2015 R6                      | Mutual fund  | **       | 114,881              |
|     | American Funds Target Date Ret 2065 R6                    | Mutual fund  | **       | 114,252              |
|     | American Funds New Perspective R6                         | Mutual fund  | **       | 74,737               |
|     | Vanguard Real Estate In Fd Adm Shares                     | Mutual fund  | **       | 68,646               |
|     | Vanguard Total Intl Stock Index Adm                       | Mutual fund  | **       | 65,600               |
|     | Allspring Special Mid Cap Val Fund R6                     | Mutual fund  | **       | 48,807               |
|     | Vanguard FTSE Social Index ADM                            | Mutual fund  | **       | 48,267               |
|     | Vanguard Financials Index Fd Adm Shr                      | Mutual fund  | **       | 44,890               |
|     | Vanguard Extended Market Index Fund ADM                   | Mutual fund  | **       | 44,556               |
|     | Vanguard Healthcare Index Fd Adm                          | Mutual fund  | **       | 43,872               |
|     | Vanguard Emerging Markets Stock Index Fund Adm            | Mutual fund  | **       | 22,899               |
|     | Cash  | Cash   | **       | 17,704               |
|     | Vanguard Total Bond Market Index Adm                      | Mutual fund  | **       | 80                   |
|     | Fidelity Inflation Protected Bond Index                   | Mutual fund  | **       | 79                   |
|     |   |  |          | <u>\$ 24,712,866</u> |

\* Indicates an identified person known to be a party-in-interest to the Plan.

See accompanying independent auditor's report

**SAN DIEGO CONVENTION CENTER CORPORATION  
MONEY PURCHASE PENSION PLAN  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT THE END OF YEAR)  
DECEMBER 31, 2023**

Page 18

Plan Sponsor's EIN: 33-0107636

Plan Number: 001

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current Value |
|-----|---|--|----------|-------------------|
| *   | Notes receivable from participants                        | Various maturity dates<br>Interest rate 3.75% - 9.50%  | **       | \$ 456,104        |

\* Indicates an identified person known to be a party-in-interest to the Plan.

\*\* Cost has been omitted as investment is participant directed.

See accompanying independent auditor's report