

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

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

**WEDNESDAY, DECEMBER 4, 2024, 10:00 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#**

The Executive Office elevator is currently out-of-service; however, members of the public who are mobility impaired may observe and/or provide public commentary for this meeting from the Administrative Conference Room located at Hall “E”, Mezzanine Level.

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 October 23, 2024, Audit Committee Meeting

4. Chair’s Report

5. Action Item(s):

A. Recommendation to Authorize Approval of Employee Health and Welfare Benefits 2025-2026 through Marsh & McLennan

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

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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 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, OCTOBER 23, 2024, 10:00 A.M.
111 W. Harbor Drive, Administrative Boardroom
Mezzanine Level
San Diego, California 92101**

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

**BOARD MEMBERS
PRESENT:
BOARD MEMBERS
ABSENT:**

Chair Alyssa Turowski and Directors Sam Nejabat and Jaymie Bradford

STAFF PRESENT:

Rip Rippetoe, Mardeen Mattix, Michael Milligan, Shannon Teem and Pat Evans (Recorder)

ALSO PRESENT:

Linda Hurley and Miyuki Freeman, Macias, Gini & Oconnell Representatives

1. Call to Order:

Chair Alyssa Turowski called the meeting to order at 10:02 a.m. in the Administrative 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- Present
Director Nejabat– Present

Chair Turowski noted that all the Committee members were present, 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 April 17, 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 Bradford moved and seconded, respectively, to approve the minutes of the meeting of April 17, 2024.

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

Vote unanimous.

AYES: 3

NAYS: 0

ABSTENTIONS: 0

4. **Chairs Report:** None

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

A. Recommendation to Authorize Review/Acceptance of Draft FY 2024 Audited Annual Financial Report

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 and audit representatives, Directors Bradford and Nejabat moved and seconded, respectively, to recommend Authorizing Review/Acceptance of Draft FY 2024 Audited Annual Financial Report.

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

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

B. Recommendation to Authorize Approval of Reformatted Employee Handbook with New Religious Accommodation Policy

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

After presentations by staff, Directors Nejabat and Bradford moved and seconded, respectively, to recommend Authorizing Approval of Reformatted Employee Handbook with New Religious Accommodation Policy.

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

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

6. Staff Updates:

A. Management Update – Mr. Rippetoe thanked Ms. Teem and the finance team for the outstanding work performed to achieve a successful audit with no material findings. Mr. Rippetoe also reported the Convention Center was named as one of the Top Twenty-five Convention Centers of Excellence in North America.

B. CFO/Finance Update:

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

- Ms. Mattix reported that the Corporation’s financials have not been reported for the past three months pending approval of the audited financial statements.
- The financial statements for the months of July and August are in draft form and the month of September is in the process of being finalized. The reports for all three months will have a revised format.
- Revenue is right on target. The Corporation’s revenues are slightly above what was originally budgeted.
- The Corporation has been very conservative with expenditures in the first half of the year. Staff originally projected a \$3.4 million loss at this point in the year; however, the loss is approximately \$1.8 million. The reduced loss is partially attributable to some delayed projects which have been rescheduled to the beginning of the calendar year.
- The unrestricted reserves look good. The Corporation has paid its I-Bank payment and has not invested heavily in capital yet this fiscal year. The Corporation ended the year with \$27 million in reserves and, as of August 21st, the reserves are \$25.8 million.

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

(1) SDCCC Fraud/Complaint Update

- Mr. Milligan reported that the Corporation has received no fraud complaints since the last reporting period.

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 10:58 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 October 23, 2024.

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

FROM: Mardeen Mattix, Deputy Chief Executive Officer & CFO

DATE: For the Agenda of December 4, 2024

RE: Recommendation to Authorize approval of Employee Health and Welfare Benefits 2025-2026 through Marsh & McLennan

OVERVIEW

The San Diego Convention Center Corporation (SDCCC) is preparing for the annual renewal of employee Health and Welfare Benefits for the plan year starting March 1st. This includes medical, dental, vision, life, accidental death and dismemberment (AD&D), long-term disability, flexible spending, and other voluntary benefits. Key points of this memo include:

- Proposed changes to the benefits package.
- A summary of new medical plan options.
- Financial considerations for both SDCCC and employees.

Marsh & McLennan (Marsh) has been the broker since March 2018, with an option to extend it through February 2025. SDCCC proposes to extend this contract through February 2026, continuing Marsh's brokerage services for the upcoming plan year.

OBJECTIVES OF HEALTH RENEWAL

- **Comprehensive Coverage:** Offer a competitive benefits package supporting employee health.
- **Minimize Disruption:** Reduce disruption for employees by maintaining familiar providers where possible.
- **Compliance:** Ensure compliance with all regulations.
- **Financial Sustainability:** Balance cost control with maintaining quality benefits.

PROPOSED CHANGES

1. Switch Medical Carrier to Sharp

Aetna's initial renewal increase was 29.9%, with a final renegotiated reduction to 27.9%, due to high claims and member demographics.

SDCCC evaluated the impact of the premium increase, considering options to absorb the cost or pass it on to employees, while also aligning the deductible structure with industry standards. Sharp provided a more favorable network match and a lower renewal increase.

Recommendation: Switch to Sharp, which offers a better cost structure and minimal disruption, as 94% of employees already use Sharp providers. The remaining employees will need to select a new provider or continue with their existing provider by enrolling in a new plan.

2. New Sharp Medical Plans

SDCCC plans to introduce two Sharp plans: one HMO and one Point of Service (POS) plan.

- The Sharp HMO plan is cost-effective and has a provider network familiar to most employees.
- The Sharp POS plan allows access to external providers (e.g., Scripps, UCSD) with manageable cost-sharing.

The SIMNSA HMO plan will remain, catering to Mexican Nationals, with a 6% premium increase (~\$3,800).

3. Changes to Deductibles and Out-of-Pocket Limits

For the Sharp plans, the deductible will be increased to better align with market standards. The new deductible limits are \$1000 for individual and \$2,000 for family coverage, up from \$500/\$1000 limits but still below benchmark standards. Only specific services count toward the deductible, such as emergency room visits, outpatient/inpatient care, residential treatment and skilled nursing care.

***Deductibles do not apply to preventive care, routine exams, immunizations, primary care, specialist visits, urgent care, or prescription drugs. Preventive care will remain deductible-free.*

4. Rate Guarantees for Other Benefits

Dental: United Concordia and SIMNSA – No increase.

Vision: EyeMed – No increase.

Life & Disability: The Hartford Group – No increase for employer-paid policies.

Flexible Spending: IGOE – No increase for employee cost.

FINANCIAL IMPACT

SDCCC will save ~\$25,000 in premiums for 2025-2026 by switching to Sharp. The plan design also includes:

- \$25,000 implementation credit for technology and marketing costs
- \$10,000 for wellness initiatives

These savings will ensure that employee contributions for the Sharp HMO and SIMNSA plans remain unchanged through 2025.

EMPLOYEE ENROLLMENT AND COMMUNICATION

Enrollment Period: January 27 – February 7, 2025.

Employee Education: Educational campaigns will ensure understanding of new options.

Enrollment Assistance: Town halls, one-on-one meetings, virtual sessions, and a detailed benefits guide will be available.

Aetna vs. Sharp HMO Plan Comparison

MEDICAL PLANS	Aetna		Sharp Health Plan
	CURRENT / RENEWAL		Plan Option
	Aetna AVN 500 Ded/\$20/40/20% RX3		Sharp NG40L 10/25/50
	In Network Only		In Network Only
Deductible - Ind. / Family	\$500 / \$1,000		\$1,000 / \$2,000
Out of Pocket Maximum - Ind. / Family	\$3,000 / \$5,000		\$3,500 / \$7,000
Medical Services			
Preventive Care Services			
Primary Care Visit	No Charge		No Charge
Specialist Office Visit	\$20		\$20
Basic X-ray and Laboratory	\$40		\$20
Complex Imaging (MRI, CT Scan, etc.)	\$40 (X-ray) / No charge (Lab)		No charge
Inpatient Hospital	\$150		\$75
Outpatient Hospital Surgery	20% after Deductible		20% after Deductible
Emergency Room	\$150 after Deductible		\$150 after Deductible
Urgent Care	\$50		\$30
Chiropractic (Rider)	\$15 (20 visits)		\$15 (40 visits combined w/ Acu)
Acupuncture (Rider)	\$15 (20 visits)		\$15 (40 visits combined w/ Chiro)
Rehab Therapy (Physical Occ & Speech)	\$40		\$20
Prescription Drugs			
Generic / Tier 1	\$10		\$10
Formulary / Tier 2	\$30		\$25
Non-Formulary / Tier 3	\$50		\$50
Specialty / Tier 4	30% to \$250		\$25 or \$50
Mail Order Copay	2x Retail		2x Retail

Sharp POS Plan

MEDICAL PLANS	Plan Option Sharp OAMC POS 2000 (NG11L)		
	Tier 1 In	Tier 2 In	Tier 3 Out
Plan/ Network Name	Sharp Choice	Aetna Open Choice PPO	Out-of- Network
Deductible - Individual / Family	\$2,000 / \$4,000	\$2,000 / \$4,000	\$4,000 / \$8,000
Out of Pocket Maximum - Individual / Family	\$5,000 / \$10,000	\$5,000 / \$10,000	\$9,000 / \$18,000
Coinsurance	30%	30%	50%
Medical Services			
Preventive Care Services	No Charge	No Charge	Not Covered
Primary Care Visit	\$25	\$30	50%
Specialist Office Visit	\$30	\$30	50%
Laboratory / Basic X-ray	\$15 / \$25	\$30	50%
Complex Imaging (MRI, CT Scan, etc.)	30%	30%	50%
Inpatient Hospital	30%	30%	50%
Outpatient Hospital Surgery	30%	30%	50%
Emergency Room	30% after Deductible + \$100 Copay		
Urgent Care	\$30	\$30	50%
Mental Health Office Visit (Magellan Network)	\$30	\$30	50%
Chiropractic	\$10 (30 visits combined w/ Acc)		
Accupuncture	\$10 (30 visits combined w/ Chiro)		
Prescription Drugs			
Generic / Tier 1	\$10	\$10	Not Covered
Formulary / Tier 2	\$25	\$25	Not Covered
Non-Formulary / Tier 3	\$50	\$50	Not Covered
Specialty / Tier 4	Covered Under Tier 1&2		

Recommendation

That the Committee recommend the Board give authorization to replace Aetna’s two HMO plans with Sharp’s two medical insurance plans (HMO & POS) and increase the deductible and out of pocket maximum amounts in these plans. Additionally, renew the existing lines of coverage and extend the option with Marsh until February 2026.



Mardeen Mattix
 Deputy Chief Executive Officer & CFO