



Date: April 16, 2026

To: San Mateo County Event Center Board of Directors

From: Dana Stoehr, CEO; Diane Baumann, Controller

Re: Update Pension Plan – VCP

#### Historical Information:

As you are aware, we have been working diligently with Ben Spater at Hanson and Bridgett law firm, who is representing us with the IRS on our Voluntary Correction Plan.

The IRS found SMCEC was out of compliance in two areas and has given us until January 30<sup>th</sup> to provide them with data, which includes the date of hire, date of entry into the plan, and date contributions started from 2008 to 2021 for all SMCEC employees.

One America refused in writing to assist us with the necessary compliance data; however, since we engaged Future Plan, our third-party Pension Plan Administrator, they have agreed to provide the calculations needed to comply with the IRS data request. Diane has also worked diligently to provide raw data information for all employees from 2008 to 2021, requiring extensive research. With both Diane's research and Future Plan's assistance with the calculations, we are confident we can provide the IRS with the requested information by the January 30<sup>th</sup> deadline.

#### Issue 1.

Providing monetary resolution to the eight affected employees relative to the pension contribution rate of 20% versus 5% and lost earnings (percent of lost earnings if they had been in the plan at 20% during their employment). We know the base wage differential for the affected employees and now need to work with Future Plan on the lost earnings calculations. We are hopeful that the IRS will accept the lower of the two options,

#### Issue 2.

Further, the IRS found that we are not in compliance with the correct date of contributions for 2008-2021. The majority of Profit-Sharing Plans (The SMCEC Plan is a Profit-Sharing Plan) provide a one-time contribution at year-end. In doing so, if an employee becomes eligible anytime during a plan year, they are to be compensated in pension contributions, as if they worked the entire year.



The Event Center, since the inception of the plan, required employees to work a minimum of 1,000 hours before eligibility into the plan and made biweekly payroll contributions reflecting this without variance since 2008. Corrective language was implemented in the plan in 2021 with the advice of Hanson and Bridgett, which corrected the ambiguity in the language of the plan documents. After 2021, employees do not receive contributions until they have qualified to enter the plan based on 1,000 hours worked.

On March 30, 2026, the IRS provided us with its findings:

SMCEC was found not to comply with both issues identified as Items 1 and 2 noted above. The IRS provided SMCEC with an IRS-approved DOL rate of lost earnings of 8.5 percent. This resulted in payment to current and former employees of \$1,142,279.70 and closes the VCP. On April 6<sup>th</sup>, these funds were transferred to One America for distribution. Certified letters went out to all affected current and former employees with information provided to them to contact One America. Ben Spater of Hanson and Bridgett will be available to discuss further details with the SMCEC Board during the scheduled closed session on April 23, 2026, at the SMCEC Board of Directors meeting.