

IN THE CHANCERY COURT OF JACKSON COUNTY, MISSISSIPPI

IN RE: Lay, et al. v. Singing River Health System, et al.; Cause No. 2015-0060

REPORT BY SPECIAL FIDUCIARY TRACI M. CHRISTIAN

Pursuant to the appointment of Traci M. Christian as Special Fiduciary of the Singing River Health System Employees' Retirement Plan and Trust (the "Plan"), the Court has requested a monthly report. The Special Fiduciary brings to the Court's attention the following items for the month of October, 2020.

Updated - Ongoing Litigation

We still have four other lawsuits involving the Plan that are pending. Two cases in which the Plan is Petitioner. Those suits are against Transamerica and KPMG, former administrator and auditor respectively. The Court ordered on September 14, 2020 that the Special Fiduciary is authorized to file a motion in Cause No. 2017-087-SR in the Circuit Court of Jackson County, Mississippi, requesting authorization to stay the action for up to six months while she provides notice to plan participants of the intention to dismiss her suits against Transamerica and KPMG so that vested beneficiaries may join one of the pending actions or file their own action.

Per the Court's order, that motion has been filed. A notice advising plan participants of the motion and the implications of dismissing the lawsuits was sent via US mail on October 8 to all participants with vested retirement benefits who are not in pay status. These notices were sent by the Plan's administrator, MCG Consulting Group. Notices will be mailed on October 26 to all plan participants in pay status along with their monthly checks or direct deposit advice. These notices will be sent via US mail by the Plan's custodian, Fifth Third Bank. A copy of the notice is attached for the Court's reference.

In the third lawsuit, Beasley et al vs SRHS et al, the Plan is a Respondent. The lawsuit alleges benefits owed from the Plan that were not paid. In the fourth lawsuit, Barbour vs SRHSERPT, the Plan is the Respondent. This lawsuit also alleges benefits owed from the Plan that were not paid. On the Barbour case, a hearing was held on August 7, 2020 and a decision is pending from Judge Harris.

Plan Investments

Attached for the Court's review is a report showing asset positions and activity for the month ending September 30. Investment returns are holding steady after a rebound from

Plan Investments - continued

the low point in March. Subsequent reports will keep the Court apprised as to the investment performance in coming months.

For reference: In order to maintain the required funding corridor, the Plan needed to have at least \$97 million in the Trust as of October 1, 2020. As of the valuation date of April 1, we had dropped to \$89.241M. With the recovery and continued improvement through September, as of September 30, the market value of the Trust is \$102.972.

Repeated - Plan and Trust Documents

Discussions are underway with counsel for SRHS regarding the status of the legal Plan document and Trust Agreement. Both of these documents need to be updated to reflect law changes, court rulings and administrative practices. The Special Fiduciary expects to offer a motion to the Court in the coming weeks requesting permission to move forward with these updates.

Administration

All Plan benefits due and vendor invoices to date have been authorized for payment.

The Special Fiduciary is planning a visit to Plan participants to be held via Zoom some time in November. It is anticipated that the October 1, 2020 Actuarial Valuation will be completed by early November and presented to the Court and to Plan participants with similar timing to last year. Preliminary results indicate that the Plan's funding status on a projected basis remains within the court ordered corridor of 90% - 110%. The Special Fiduciary does not anticipate making any recommendations for changes to the Plan as a result of this valuation.

This concludes the report for the 21st day of October, 2020.

Respectfully submitted,



TRACI M. CHRISTIAN

IMPORTANT NOTICE TO ALL VESTED PARTICIPANTS AND BENEFICIARIES OF THE SINGING RIVER HEALTH SYSTEM EMPLOYEES' RETIREMENT PLAN AND TRUST (the "Plan")

On October 27, 2017, Interim Special Fiduciary for the SRHS Employees' Retirement Plan and Trust, Josh Eldridge, filed Cause No. 2017-087-SR in the Circuit Court of Jackson County, Mississippi, against KPMG and Transamerica, setting out causes of action for breach of contract, breach of fiduciary duty, negligence, fraud, deceit, and misrepresentation. All counts relate to these defendants' alleged role in causing damages to the Plan and its members.

Pursuant to an Order entered on September 14, 2020, by the Chancery Court of Jackson County, Mississippi, Special Chancellor James D. Bell Presiding, please take notice that with the Court's permission given to me in that Order, **I intend to dismiss this lawsuit on behalf of the Plan against KPMG and Transamerica** pending in the Circuit Court of Jackson County, Mississippi.

The reason for this action on my part is that the Plan cannot afford to pay the legal costs of continuing to pursue this litigation. The Court agreed with this. However, individual Plan participants may still wish to pursue such claims.

As directed by the Court, I will first seek a stay (a hold) on my lawsuit for a period of up to six months. This time is intended to give all participants time to file their own lawsuits against KPMG and Transamerica and to pursue these claims if they choose to.

In that time, **if you wish to file your own lawsuit against KPMG and Transamerica, it is important that you promptly hire a lawyer to represent you.** The Court noted in its Order that W. Harvey Barton of the Barton Law Firm in Pascagoula and the firm of Reeves and Mestayer in Biloxi appear to be willing to represent Plan members on a contingency basis. A "contingency basis" means that a firm will take the cases of individual Plan participants such as yourself and advance the costs and expenses of the lawsuit instead of those costs and expenses coming out of your pocket (or from the Plan). The firms will then be reimbursed their costs and expenses only if they are successful and obtain a recovery from KPMG and Transamerica.

The statute of limitations (the deadline) for filing such lawsuits will expire very soon. Therefore, you must act quickly to preserve your rights.

You can view the Court order and additional information regarding the Plan and this notice on the Plan's website at www.singingriverretirement.com.

Feel free to contact me if you have questions. I can be reached via e-mail at Traci@mcgkc.com or by phone at 813-455-9030.

Traci Miller Christian
Special Fiduciary
Singing River Health System Employees' Retirement Plan and Trust

In (\$000's)	Beginning		Net				Asset Value		Net		Ending Market Value
	Market Value	Deposits	Withdrawals	Transfers	Fees	Expenses	Net Cash Flow	Income	Change	Performance	
Total	\$ 102,321	\$ 3,015	\$ (1,027)	-	\$ (16)	\$ (9)	\$ 1,962	\$ 138	\$ (1,449)	\$ (1,311)	\$ 102,972
Cash	2,278	3,000	(1,027)	497	-	(7)	2,463	0	-	0	4,741
Cash in Mutual Fund Account	37	-	-	-	-	(0)	(0)	0	-	0	36
FCI Advisors Fixed Income	9,297	-	-	-	-	(0)	(0)	27	(12)	15	9,312
Regiment Capital ¹	90	-	-	-	-	-	-	-	-	-	90
III Credit Opportunities Fund ²	6,195	-	-	-	-	-	-	-	141	141	6,337
Coho Partners	5,836	-	-	-	-	(0.14)	(0.14)	17	(106)	(89)	5,746
Schwab S&P 500 Index Fund	5,596	-	-	-	-	-	-	-	(213)	(213)	5,383
Sustainable Growth Advisers	4,237	-	-	-	-	(0.10)	(0.10)	5	(148)	(143)	4,094
Disciplined Growth Investors	6,822	-	-	-	-	-	-	-	(267)	(267)	6,554
Nuance Investmenents	5,026	-	-	-	(3)	(0.12)	(3)	9	(189)	(180)	4,843
Wells Fargo Special Small Cap Value	5,615	-	-	-	-	-	-	-	(266)	(266)	5,349
Westfield Capital	8,139	15	-	-	(14)	(0.20)	1	2	(35)	(32)	8,108
Invesco Global Real Estate R5	2,992	-	-	(2,997)	-	-	(2,997)	-	6	6	-
Vanguard Real Estate Index	-	-	-	2,500	-	-	2,500	18	(50)	(32)	2,468
Fidelity Total International Index	8,662	-	-	-	-	-	-	-	(173)	(173)	8,490
DFA International Small Cap Value	1,689	-	-	-	-	-	-	2	(45)	(42)	1,646
Fidelity Emerging Markets Index Prem	2,670	-	-	-	-	-	-	-	(31)	(31)	2,638
Invesco Opp Developing Markets	2,310	-	-	-	-	-	-	-	(49)	(49)	2,260
Gramercy Distressed Opportunities Fund II ²	1,604	-	-	-	-	-	-	-	(28)	(28)	1,576
Invesco Balanced Risk Allocation ²	6,322	-	-	-	-	-	-	-	(83)	(83)	6,238
Elliott International Ltd. ²	6,171	-	-	-	-	-	-	-	43	43	6,214
Invesco Mortgage Recovery Fund-Loans ¹	170	-	-	-	-	-	-	-	-	-	170
Invesco US Income	4,524	-	-	-	-	-	-	57	55	112	4,636
Eastern Timberland Opportunities II ¹	5,533	-	-	-	-	-	-	-	-	-	5,533
Eastern Timberland Opportunities III ¹	509	-	-	-	-	-	-	-	-	-	509

¹Valuation date: 6/30/2020

²Valued using estimated monthly investment performance

³Fifth Third fee shown include both fees deducted from the Distribution account and expenses deducted from the manager accounts.

⁴Investment services credit represents the reimbursement to the Plan of the revenue sharing associated with certain mutual funds.

⁵Direct cost. Fees deducted from Fifth Third account by investment manager.

⁶Indirect cost. Fees deducted from ending dividend or ending market value.

Withdrawals represent "Employee Benefit Payments".

Fees represent investment management fees.

Expenses represent withdrawals from manager accounts for custodian fees and additional plan services expenses.

Beg market value may vary from previous month ending market values due to adjustments made during current month.

All values are preliminary.

Monthly Fee Overview (in \$000's):

Fifth Third ³	\$ (3.5)	custody fee
BKD	\$ (5.2)	audit fee
Nuance ⁵	\$ (2.5)	investment management fee
Westfield ⁵	\$ (13.7)	investment management fee