

IN THE CHANCERY COURT OF JACKSON COUNTY, MISSISSIPPI

IN RE: Singing River Health System Employees' Retirement Plan and Trust
Almond, et al. v. Singing River Health System, et al.; Cause No. 2014-2653
Thompson, et al. v. Singing River Health System, et al.; Cause No. 2014-2695
Bosarge, et al. v. Singing River Health System, et al.; Cause No. 2014-2729
Aguillar, et al. v. Singing River Health System, et al.; Cause No. 2014-2753
Drury, et al. v. Singing River Health System, et al.; Cause No. 2015-0001
Broun, et al. v. Singing River Health System, et al.; Cause No. 2015-0027
Eiland, et al. v. Singing River Health System, et al.; Cause No. 2015-0030
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 February, 2019.

Update – Transition of Investment Management and Custodial Services

The transition of investment management and custodial services to FCI Advisors and Fifth Third Bank is complete. FCI Advisors is operating under the guidance of the Special Fiduciary assisted by Fiduciary Vest. Fifth Third began making benefit payments to retirees and other payees of the Plan on February 1, 2019.

Because the role of Fiduciary Vest has changed somewhat with the addition of FCI Advisors to the team, the Special Fiduciary has requested that Fiduciary Vest reconsider and reduce the agreed upon fees for their services.

Ongoing Litigation

As Counsel has recently noted, the Federal Court Class Action lawsuit is currently in the U. S. Supreme Court. We are awaiting a decision with regard to whether it will grant Cert.

Plan Investments and Funds in Escrow

The Special Fiduciary understands that there are legal complexities with regard to the release of funds currently held in escrow. These funds, as the court is aware, are contributions made by Singing River Health System in accordance with the negotiated settlement that is yet to be finalized. The amount held in escrow is now in excess of \$10.1 million.

The Special Fiduciary has done everything in her power to preserve Plan assets that are invested for the long term growth and sustainability of the Trust fund. Cash reserves have been steadily dwindling over the past year and a half as benefits and expenses are paid. The Special Fiduciary intentionally opted not to rebalance the investments in anticipation of adding the escrow funds to the Trust. Unfortunately, due to the delay in receiving those funds, cash reserves have been depleted and under the guidance of the investment advisors, funds held for investment have begun to be traded for cash in order to pay benefits each month.

Each month of delay in receiving those funds, necessitates the trading of investments for cash in order to pay benefits. Every effort is being made to mitigate the effects of the delay.

Mid-Year Actuarial Valuation

The Special Fiduciary anticipates overseeing a mid-year actuarial valuation of the Plan as of April 1, 2019. This report will be done at no additional cost and will provide an update on the status of Plan assets and liabilities.

Administration

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

This concludes the report for the 20th day of February, 2019.

Respectfully submitted,



TRACI M. CHRISTIAN