

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 May, 2021.

Repeated - Ongoing Litigation

We 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 was filed and an order granting the motion was signed by Judge Forrest A. Johnson on January 6, 2021. Notices were sent in October, 2020 to all participants with a vested annuity benefit. A second and final notice was sent in February, 2021.

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.

Barbour vs SRHSERPT, where the Plan is the Respondent also alleges benefits owed from the Plan that were not paid. On December 1, 2020 Judge Harris dismissed this case. The case has been appealed to the Mississippi Supreme Court.

Plan Investments

Attached for the Court's review is a report showing asset positions and activity for the month ending April 30. Investments continue to perform well. Subsequent reports will keep the Court apprised as to the investment performance in coming months. As of April 30, the market value of the Trust is \$117.806 million.

Plan Investments (continued)

Also Attached for the Court's review is the comprehensive quarterly statement for the quarter ended March 31, 2021. Of particular interest is page 23 of that report showing the Plan's asset performance well within the range of its peer group. Page 24 shows how the Plan's asset allocation compares to its peer group. As noted, the Plan is in the middle range of all asset categories with the exception of US and Global Fixed Income (bonds). The Special Fiduciary with the advice of the Plan's two independent investment advisors continues to monitor this allocation and make changes within the Investment Policy Statement targets as the advisors deem prudent.

At the request of the Special Fiduciary, FCI Advisors, one of the Plan's investment advisors, has added a 10% discount to their fee schedule which should save the Plan close to \$25,000 annually.

Updated - Plan and Trust Documents

Counsel for SRHS has drafted a restatement to the legal Plan and Trust document. This document needs to be updated to reflect law changes, court rulings and administrative practices. The Special Fiduciary, presented this draft to the Court on May 12, 2021. The Court ordered the implementation of changes after that hearing on May 17th and a second draft document reflecting additional changes ordered by the Court is in process and will be presented in a subsequent motion.

On April 16, the Special Fiduciary filed a motion to amend the Plan's Investment Policy Statement and presented a draft to the Court at the May 12th hearing. The Court agreed with the recommended changes and that document will be executed per the Court's order of May 17th.

Administration

On April 16, the Special Fiduciary filed a motion asking for the Court's approval to hire an independent audit firm to perform a limited scope audit annually and to retain an actuarial firm to perform an actuarial audit once every 5 years. The Court agreed with this recommendation and the firm of Williams Keepers of Columbia, Missouri will be retained as the Plan's auditor per the Court's order of May 17th.

On April 16, the Special Fiduciary filed a motion asking for the Court's approval to undertake a special project of calculating and certifying all accrued benefits for active and vested terminated Plan participants. The Court agreed with this recommendation and the Plan's administrator, MCG Consulting, will work with the hospital to implement this project per the Court's order of May 17th.

Also discussed at the hearing on May 12th was the issue of locating non-vested terminated Plan participants who are due a return of their employee contributions to the Plan. Efforts to contact these participants by mail have not been successful. Per the

Administration (continued)

Court's order of May 17th, the Special Fiduciary will post to the Plan's website a list of names of missing participants so that other participants who may know some of these missing participants can encourage them to contact the Plan administrator and claim their refund.

Also discussed at the hearing on May 12th was the issue of the timing of benefit payments. Currently, monthly benefits are paid on the first business day of each month. When the 1st of the month falls on a weekend or holiday, this results in a delay of the monthly payment. Plan participants requested that this be changed to pay benefits on the first business day coincident with or before the first of each month. The Special Fiduciary has contacted the Plan custodian, Fifth Third Bank, and has learned that they are in the process of moving to a new payment platform that will allow this change. They expect that this change can become effective in August of this year with the exception being the January payments each year. For tax purposes, those payments will still be made on the first business day in January.

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

This concludes the report for the 20th day of May, 2021.

Respectfully submitted,



TRACI M. CHRISTIAN