

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 July, 2018.

1. Order Concerning Motion for Amendments to the Investment Policy Statement

On June 23, 2018, the Court issued an order approving of the efforts to make changes to the positioning of Plan assets with the goal of increasing returns, mitigating investment risk and reducing fees. However, the Court requested that proposed changes to the Investment Policy Statement be presented in the form of a motion. The Special Fiduciary has conferred with the Plan's independent investment advisors and drafted a restated Investment Policy Statement for the Court's consideration. The proposed draft is attached to this report and includes language geared toward making the management of the fund easier to understand and to potentially modify in the future with minimal need for repeated motions. A motion for the adoption of this proposed Investment Policy Statement will be forthcoming.

2. Plan Audit

The Special Fiduciary has been presented with a service agreement for plan auditing services to be conducted by the current hospital auditing firm of Dixon Hughes. It appears that some of the fees outlined in the service agreement may not be for the sole benefit of the Plan itself and may be more appropriately paid for by the hospital. A conference call was held on July 6. An agreement regarding the fees is pending.

3. Request for Proposals for Investment Management Services

In an effort to more efficiently manage the Plan's assets and reduce costs, the Special Fiduciary on June 11, 2018 issued a "Requests for Proposals" (RFP) for the following services: Custody, Benefit Payments, Expense Disbursements, and/or Investment Management.

Twelve firms were invited to bid. The RFP was also posted on the Singing River Hospital website. Eleven firms responded. The Special Fiduciary has conferred with the Plan's independent investment advisors regarding the proposals submitted. Five of the eleven firms proposing were eliminated from consideration based on an initial review of all proposals. The remaining six firms will be compared using a comprehensive scoring system with the goal of either recommending a single firm or narrowing the selection down to two to three firms. If necessary, finalist firms may be invited to give secondary presentations of their proposals.

Should the Court so desire, the Special Fiduciary will make available to the Court all information regarding the selection process, any or all proposals, and secondary presentations if applicable.

The Special Fiduciary expects to complete the selection process within one to two months and make a recommendation to the Court in the form of a motion.

4. Return of Contributions Window for Active Participants

The Special Fiduciary is currently in the process of amending the Plan to comply with the Court Order in April to allow active participants to withdraw contributions in lieu of a retirement annuity benefit. This process is not yet complete but an amendment is expected within the first week of August and will be presented to the Court for approval in the form of a motion.

Individualized statements, information and election forms packets are also expected to be sent out to all actively employed participants during the first week of August.

5. Administrative

All invoices to date have been processed.

This concludes the report for the 31th day of July, 2018

Respectfully submitted,

TRACI M. CHRISTIAN