

Statement from the Special Fiduciary

I appreciate the efforts of everyone involved who worked hard for the best interests of the Plan. I realize that the outcome is not as favorable as some had hoped it might be. But I do believe that the settlement reached was fair from a legal standpoint – that it was the best compromise that could be reached. Had the case continued in litigation, the outcome could have been much worse. Moving forward, we now have a better idea of the funds we have to work with, and as always, my efforts remain on behalf of all participants to do the best we can with managing the assets of the Plan we have now, and seeing as much of the original obligations fulfilled as possible.

My role is to look out for the best interests of all members of the SRHS Pension Plan. I am charged with making sure that all Plan participants receive as much of the benefits they were promised as possible. What happened to the participants in this plan was painful and shocking. They were promised retirement benefits for life and those benefits had to be cut back because the hospital did not fully fund all of the Plan benefits that were promised. While the settlement makes up for contributions missed before 2014, it does not fully fund all of the benefits that were promised.

Objectors to the settlement sought to have the settlement overturned and hoped for an order that would fund all benefits promised. However, longer litigation would have meant potentially greater losses to the already underfunded Plan. As of March 18, I received word that the final appeal by the objectors to the Supreme Court has been denied. What that means for the Plan is, now that litigation is over, funds previously held in escrow can be moved over to the Plan's investment portfolio and future settlement payments will come directly to the Plan.

Benefit reductions went into effect last May and these reductions will stay in place for now. It was extremely unfortunate and has most certainly been a hardship, particularly on retired participants. But with the benefit reduction and the settlement in place, the plan is now better positioned to sustain benefit payments for the lifetime of every participant.

There is still other litigation pending that may impact the Plan to a smaller degree (lawsuits with Transamerica, the former Plan administrator, and the former auditor KPMG.) We are confident that the outcome of those pending suits will not affect the Plan in a negative way.

Participants, and other interested parties, can subscribe to the Plan's website at www.singnriverretirement.com and receive monthly updates on the Plan and other important news as we can make it available.