

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 March, 2020.

Repeated - Ongoing Litigation

We now 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. 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.

Plan Investments

Attached for the Court's review is a report showing very recent performance. The report shows results for the month of February, Calendar Year-to-Date (2 months), Fiscal Year-to-Date (5 months), and trailing 1 year.

This calendar year is off to a rocky start as domestic and global economies struggle with uncertainties. The Special Fiduciary with the advice of the investment professionals has done her best to position the portfolio to weather these types of economic storms. An interim valuation as of April 1, 2020 is planned in order to better assess the Plan's funded status. Hopefully, the economic environment will have calmed by then. Reviews of the asset allocations and positions are always ongoing with the goal of meeting or exceeding our investment targets.

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.

A Review of the Return of Contributions Projects for Active Plan Participants

In March of 2018, The Court ordered that, “The Special Fiduciary shall institute a Return of Contributions for active participants as soon as practicable.” This was accomplished with a Plan amendment that was approved by the Court in August of 2018 and letters were sent to all Plan participants who were still working at SRHS.

For most active participants, the value of their employee contributions with interest is less than the value of their earned retirement benefit. By electing to forgo retirement benefits from the Plan and instead take a return of contributions, most of these participants voluntarily chose to receive less from the Plan than they would otherwise be entitled. As of September 30, 2018, this program paid out \$1,924,351 in employee contributions to 187 active Plan participants. In exchange for these payouts, participants elected to forgo \$4.377 million in benefits. This resulted in a savings to the Plan of almost \$2.5 million.

Over 300 participants had made such an election as of December 31, 2018 resulting in more gains to the Plan. The Court’s order and Plan amendment allowed the Special Fiduciary to continue to offer this option and active participants were notified in May, 2019 that this option is available to them going forward.

From October 1, 2018 through September 30, 2019, this program paid out another \$1,956,215 in employee contributions to 142 active Plan participants. In exchange for these payouts, participants elected to forgo \$3.765 million in benefits. This resulted in a savings to the Plan of over \$1.8 million.

The program continues to pay a return of contribution with interest to active participants who so elect. About one or two participants per month make such voluntary elections.

This program has saved the Plan over \$4.3 million while allowing younger participants who are still working to exercise choices over their retirement planning. While the savings to the Plan from this program has not had an impact that allows for other participants’ benefit restorations to be recommended, every savings helps to insure the stability of the Plan for the future.

*A Review of the Return of Contributions Projects for Non-Vested Plan
Participants*

In addition to offering active participants an opportunity to withdraw their contributions in lieu of benefits, a project began in July, 2019, per the Court's order, to make an attempt to locate non-vested participants and offer them an opportunity to withdraw their contributions.

While funds unknowingly left behind by non-vested participants helps the fund with additional investment earnings, those non-vested participants are potentially harmed as their contributions no longer earn interest credit in the Trust. It is in a non-vested participant's interest to withdraw their funds and invest them elsewhere and the Special Fiduciary felt an obligation to make an attempt to inform them.

This project has been carried out as follows:

Toward the end of 2018, prior to the changeover of custodial services from Transamerica to Fifth Third Bank, the Special Fiduciary ordered Transamerica to send a check to any non-vested terminated participant with a balance of less than \$200. There were 277 such participants out of the 902 total non vested participants as of 10/1/2018.

This pre-project move was done with purpose. Lump sum distributions of less than \$200 can be distributed in cash without a need for election forms or tax withholding. Also, Transamerica, the former custodian did not have a "per check" charge for lump sum payments. Fifth Third Bank charges \$25 to cut a lump sum check. Having Transamerica cut these checks prior to the change-over saved the Plan almost \$7,000 in fees. A small savings, but again, every dollar matters in this Plan.

All but 73 of those preliminary checks have been cashed.

Election form packets were mailed out in July of 2019 to the last known address of all other non-vested plan participants along with a statement of their balance. Many were returned as undeliverable, researched and resent.

Over 150 more non-vested terminated participants have returned packets and received their return of contributions. About 5-10 more continue to be processed each month.

The Special Fiduciary is satisfied that a genuine attempt to locate these Plan participants has been made. Requests will continue to be processed as they are returned. No further locating measures are currently planned.

Administration

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

This concludes the report for the 11th day of March, 2020.

Respectfully submitted,



TRACI M. CHRISTIAN

SRHS Employees' Pension Plan

As of 2/29/2020

	Allocation		Performance(%)			
	Market Value \$	%	1 Mo	YTD	FYTD	1 Yr
Total Plan	103,262,712	100.0	(4.6)	(5.2)	0.4	4.1
<i>Policy Benchmark</i>			-	-	-	-
<i>Total Plan (NR)</i>			(4.6)	(5.2)	0.2	3.7
<i>Total Plan (net)</i>			(4.7)	(5.3)	(0.1)	3.1
Cash	1,626,995	1.6				
Debt Securities	19,868,571	19.2	0.4	2.3	3.6	6.9
<i>Debt Securities Benchmark</i>			1.0	2.6	3.3	10.0
Lord Abbett Short Duration Income I (NR)	2,056,851	2.0	0.3	1.0	1.9	5.2
<i>ICE BofAML 1-3 Year U.S. Corporate</i>			0.6	1.2	2.0	5.5
FCI Advisors Fixed Income (GR)	8,936,151	8.7	2.3	4.8	4.6	-
<i>Blmbg. Barc. U.S. Gov't/Credit</i>			2.1	4.5	4.5	13.4
III Credit Opportunities Fund (NR)	6,978,000	6.8	(1.8)	0.2	2.5	5.7
<i>ICE BofAML High Yield Master II</i>			(1.6)	(1.5)	1.0	5.9
Domestic Equities	45,011,948	43.6	(8.2)	(8.5)	(0.2)	4.7
<i>Domestic Equities Benchmark</i>			(8.3)	(9.3)	(2.2)	2.5
Coho Partners (GR)	5,583,887	5.4	(7.7)	(11.1)	(1.9)	2.8
<i>Russell 1000 Value Index</i>			(9.7)	(11.6)	(5.1)	0.5
Schwab S&P 500 Index Fund (NR)	4,960,985	4.8	(8.2)	(8.3)	0.1	8.2
<i>S&P 500 Index</i>			(8.2)	(8.3)	0.1	8.2
Sustainable Growth Advisors (GR)	6,223,481	6.0	(6.1)	(4.0)	3.8	13.7
<i>Russell 1000 Growth Index</i>			(6.8)	(4.7)	5.4	15.1
Wedge Capital (GR) (Probation Aug 2019)	5,989,718	5.8	(12.1)	(13.2)	(10.1)	(7.2)
<i>Russell Midcap Value Index</i>			(9.9)	(11.7)	(6.0)	(1.4)
Disciplined Growth Investors (GR) (Probation Aug 2019)	5,962,687	5.8	(8.6)	(10.8)	(1.4)	(1.2)
<i>Russell Midcap Growth Index</i>			(6.9)	(6.0)	1.7	7.9
Westfield Capital (GR)	12,600,464	12.2	(7.9)	(6.5)	6.0	11.0
<i>Russell 2000 Growth Index</i>			(7.2)	(8.2)	2.2	(0.7)
Invesco Global Real Estate R5 (NR)	3,690,725	3.6	(6.7)	(7.0)	(4.0)	3.7
<i>S&P Global REIT Index</i>			(8.3)	(7.5)	(6.8)	2.7
<i>FTSE NAREIT All REITs Index</i>			-	-	-	-

NR-Net of investment mgmt fees return. GR-Gross of fees return. "Net" Total Plan returns are net of both investment mgmt fees and plan expenses. For periods longer than 12 months are annualized. Green highlighted cells indicate the manager's performance in that time period is better than its benchmark. Cells highlighted in yellow indicate the performance is lower than the benchmark.



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SRHS Employees' Pension Plan
As of 2/29/2020

	Allocation		Performance(%)			
	Market Value \$	%	1 Mo	YTD	FYTD	1 Yr
International Equities	14,223,276	13.8	(5.9)	(10.0)	(1.3)	(0.7)
<i>International Equities Benchmark</i>			<i>(8.1)</i>	<i>(10.6)</i>	<i>(2.5)</i>	<i>(0.8)</i>
Fidelity Total International Index (NR)	8,043,879	7.8	(6.8)	(9.9)	(1.8)	0.0
<i>MSCI AC World ex USA IMI (Net)</i>			<i>(8.1)</i>	<i>(10.6)</i>	<i>(2.4)</i>	<i>(0.9)</i>
DFA International Small Cap Value (NR)	1,679,602	1.6	(9.4)	(14.2)	(4.0)	(5.9)
<i>MSCI EAFE Small Cap Value (Net)</i>			<i>(10.0)</i>	<i>(13.0)</i>	<i>(3.3)</i>	<i>(2.9)</i>
Fidelity Emerging Markets Index Prem (NR)	2,412,956	2.3	(4.0)	(9.3)	1.4	(1.4)
<i>MSCI Emerging Markets (Net) Index</i>			<i>(5.3)</i>	<i>(9.7)</i>	<i>1.0</i>	<i>(1.9)</i>
Invesco Opp Developing Markets (NR)	2,086,839	2.0	(5.1)	(8.7)	2.1	2.6
<i>MSCI Emerging Markets (Net) Index</i>			<i>(5.3)</i>	<i>(9.7)</i>	<i>1.0</i>	<i>(1.9)</i>
Alternatives	24,158,917	23.4	(0.4)	(0.8)	0.2	4.6
<i>Alternatives Benchmark</i>			-	-	-	-
Gramercy Distressed Opportunities Fund II (NR) (Probation Aug 2019)	1,753,620	1.7	(0.6)	(0.6)	(8.8)	(17.5)
<i>HFN Distressed Index</i>			-	-	-	-
Invesco Balanced Risk Allocation (NR)	5,952,550	5.8	(3.3)	(4.7)	(1.6)	4.0
<i>Barclay Global Macro Index</i>			-	-	-	-
Elliott International Ltd (NR)	5,822,850	5.6	1.9	2.1	3.2	8.6
<i>Dow Jones Credit Suisse Multi-Strategy Index</i>			-	-	-	-
Regiment Capital	193,687	0.2				
Invesco Mortgage Recovery Fund-Loans	177,874	0.2				
Invesco US Income	4,727,187	4.6				
Eastern Timberland Opportunities II	5,724,836	5.5				

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