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 February, 2022.

Updated - Ongoing Litigation

We have two lawsuits involving the Plan that are pending.

A motion was filed per the Court's order to dismiss the case against Transamerica, the former administrator. That motion was granted without prejudice on December 3rd. Transamerica's counter claim against the Special Fiduciary was dismissed in an order dated February 15, 2022.

In Beasley et al vs SRHS et al, the Plan is a Respondent. The lawsuit alleges benefits owed from the Plan that were not paid. A hearing on that case took place November 2.

In 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 January 31 as well as a quarterly report for the quarter ending December 31. The fund finished the calendar year strongly. The new year is off to a bumpy start and volatility is expected in the coming months. Plan investments continue to perform reasonably well keeping pace with current market conditions. Subsequent reports will keep the Court apprised as to the investment performance in coming months. As of January 31, the market value of the Trust is $114.060 million.

As noted in previous reports, meetings with FCI Advisors, are held every two to three weeks as we continue to pursue opportunities to lower investment costs and to generate lower volatility around performance benchmarks. Discussions continue regarding moving more funds out of active management to the extent possible and moving more toward passive investment strategies. Such strategies are common for pension plans of this size and the goal continues to be to maintain a balance between maximizing

investment return, minimizing investment expenses and mitigating risk to the portfolio due to market volatility. This is a process that will continue indefinitely.

Financial Audit of the Fund

The audit firm of Williams Keepers conducted a financial audit of the fund for the year ended September 30, 2020. That audit report and letter are attached for the Court's review and confirm that the Plan's "financial statement disclosures are neutral, consistent, and clear." An audit for the year ended September 30, 2021 is also planned for later this year.

Audit of Actuarial Valuation as of October 1, 2021

The October 1, 2021 Actuarial Valuation was also audited by the firm of CBIZ, Inc. The purpose of this audit is to confirm that the liabilities of the Plan are properly valued. This audit report is also attached for the Court's review and confirms that the Plan's liabilities are being properly valued according to the assumptions stated and the funded status of the Plan is accurately calculated. The funded status remains slightly above 100%.

This audit resulted in several good recommendations regarding documentation that the Special Fiduciary intends to have implemented.

The audit also resulted in discussions regarding the discount rate used (currently 6.0%) and the mortality tables used – two of the key assumptions in the valuation of the Plan's liabilities. The conclusion is that these two assumptions may be more conservative than necessary. As a result, the Special Fiduciary intends to study the possibility of changing these assumptions and will report the potential impact of such changes with the upcoming April 1, 2022 interim valuation and make a recommendation for the formal valuation in October.

A change in these assumptions to be less conservative would results in a lower measurement of the Plan's liabilities and an increase in the projected funded status. Had less conservative assumptions been used for the October 1, 2021 valuation, the funded status of the Plan would have been about 104% vs the reported 101%. While that is not high enough to recommend a benefit increase, it is certainly headed in that direction and hopefully continued asset gains can get us there in the near future.

This type of audit is planned for every five years.

Administration

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

This concludes the report for the 16th day of February, 2022.

Respectfully submitted,

TRACI MILLER CHRISTIAN