

**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION**

THOMAS JONES, et al	*		PLAINTIFFS
	*		
VS.	*	CIVIL ACTION NO. 1:14cv447 LG-RHW	
	*	c/w 1:15-cv1-LG-RHW	
	*	1:15-cv44-LG-RHW	
	*		
SINGING RIVER HEALTH SERVICES FOUNDATION, et al	*		DEFENDANTS

**MOTION FOR PRELIMINARY APPROVAL OF
CLASS SETTLEMENT AGREEMENT**

COME NOW the Jones Plaintiffs and move this Court to issue a preliminary approval of the settlement of Case No. 1:14-cv-447-LG-RHW. In support of this motion, the Jones Plaintiffs state as follows:

1. The following parties and/or interested entities have entered into a Stipulation and Agreement of Compromise and Pro Tanto Settlement (“Settlement Agreement”), which is attached as Exhibit 1:

- (a) Thomas Jones, Joseph Charles Lohfink, Sue Beavers, Rodolfoa Rel, Hazel Reed Thomas (“Jones Plaintiffs”), Regina Cobb, Susan Creel, Phyllis Denmark (“Cobb Plaintiffs”), and Martha Ezell Lowe (“Lowe Plaintiff”), individually and as representatives of an agreed-upon class of similarly situated persons, who collectively are the plaintiffs (“Federal Plaintiffs” or “Representative Plaintiffs”) in the above-captioned federal proceedings, respectively;
- (b) Donna B. Broun, Alisha Dawn Smith, Johnys Bradley, Cabrina Bates, Vanessa Watkins, Bart Walker, Linda D. Walley, and Virginia Lay, individually as beneficiaries of and derivatively for and on behalf of Singing River Health System Employee’s Retirement Plan And Trust (“State Plaintiffs”) (State Plaintiffs and Federal Plaintiffs are collectively referred to as “Plaintiffs”);

- (c) Singing River Health System Employees' Retirement Plan and Trust and Special Fiduciary (collectively, the "Plan" or "Trust")¹;
- (d) Singing River Health System, its current and former Board of Trustees (individually and in their official capacities), agents, servants and/or employees ("SRHS");
- (e) Singing River Health Services Foundation, Singing River Health System Foundation f/k/a Coastal Mississippi Healthcare Fund, Inc., Singing River Hospital System Foundation, Inc., Singing River Hospital System Benefit Fund, Inc., and Singing River Hospital System and all of their current and former employees, agents, and inside and outside counsel and their firms (the "Other SRHS Defendants"); and
- (f) current and former Trustees of the Trust (in their individual and official capacities) ("Plan Trustees").

Jackson County, Mississippi and the Jackson County Board of Supervisors (collectively, "Jackson County") approved the Settlement Agreement as to form and to acknowledge Jackson County's rights and responsibilities under the Settlement Agreement. The Settlement Agreement completely resolves this matter with respect to the claims or potential claims between the signatories.²

2. The proposed settlement is the culmination of over a year of litigation, mediation, and negotiation regarding SRHS's alleged failure to make actuarially determined Annual Required Contributions ("ARC") to the Trust between 2009 and 2014. SRHS's practice of failing to contribute to the Trust was challenged by the filing of the initial Complaint in *Jones, et al v. Singing River Health Services Foundation, et al.*, Case No. 1:14-cv-447-LG-RHW, which was later

¹ The Special Fiduciary has indicated his intent to sign the Agreement following the resolution of pleadings that he intends to file in the Jackson County Chancery Court.

² Solely for the purposes of the Settlement Agreement, and without any prejudice to the parties to take a contrary position in future litigation, Transamerica Retirement Solutions Corporation ("Transamerica"), KPMG, LLP ("KPMG"), FiduciaryVest, LLC, and Trustmark National Bank (and any of its related affiliates), are not "agents" or "employees" of SRHS as those terms are used in the Settlement Agreement. The signatories to the Settlement Agreement wish to make clear their intent that any claims that have been or could be made against Transamerica, KPMG, FiduciaryVest, LLC, and Trustmark National Bank (and any of its related affiliates) are not released as part of the Settlement Agreement.

consolidated with *Cobb, et al. v. Singing River Health System, et al.*, Case No. 1:15-cv-1-LG-RHW and *Lowe v. Singing River Health System, et al.*, Case No. 1:15-cv-44-LG-RHW.

3. After extensive formal and informal discovery, the parties reached a settlement that requires SRHS to pay \$156,400,000 (less a negotiated amount of attorneys' fees) to the Trust over time ("Settlement Payment") for the benefit of Class Members. After subtracting the negotiated amount of attorneys' fees, the Settlement Agreement requires SRHS to deposit \$149,950,000 of the Settlement Payment into the Trust over time, which is equivalent to the Jones Plaintiffs' Counsels' calculation of the present value of the annual required contributions that SRHS failed to make between 2009 and 2014.³ If this Settlement Agreement is approved: (1) the

³ The calculation of the present value of the missed contributions to the Plan for years ending September 30, 2009 through September 30, 2014 consists of taking the actuarially determined Annual Required Contribution ("ARC") to the Trust for each year, and subtracting from that the SRHS contributions made, subtracting the amortization amounts of the prior years' unfunded contributions that are included in the ARC (previous funding shortfalls are amortized over 30 years and included in the ARC; therefore, these amounts must be removed), and subtracting interest on amortization amounts of the unfunded contributions that was added into the ARC for each year.

Plaintiffs' Counsels' calculation of the present value of the missed contributions between 2009 and 2014 is \$55,714,784. Plaintiffs' Counsels' calculation of the present value of the \$149,950,000 that the Settlement Agreement requires that SRHS deposit into the Trust for the benefit of the Class members over time is \$55,950,875. Attorneys' fees will be paid by SRHS in addition to the amount that is required to fully refund the missed annual required contributions to the Trust.

SRHS Matter
Analysis of Annual Required Contributions, Amortization and Interest
2009 - 2014

Year ending 9/30	Annual Required Contribution (ARC)	Employer Contributions	Amortization of prior year funding loss included in ARC	Less interest* on Amortized Amounts included in ARC	ARC, net of employer contributions, amortization & interest	Beginning Balance on 10/1 (Including Interest)	Calculated Interest	Interest Rate per LaPorte	Ending Balance on 9/30 (Including Interest)
FY 2009	\$ 4,522,625	\$ (2,000,000)	\$ -	\$ -	\$ 2,522,625	\$ -	\$ -		\$ 2,522,625
FY 2010	\$ 4,409,160	\$ -	\$ (180,705)	\$ (16,263)	\$ 4,212,192	\$ 2,522,625	\$ 31,028	1.23%	\$ 6,765,845
FY 2011	\$ 7,283,090	\$ -	\$ (518,792)	\$ (44,097)	\$ 6,720,201	\$ 6,765,845	\$ 705,001	10.42%	\$ 14,191,047
FY 2012	\$ 8,964,565	\$ -	\$ (1,111,830)	\$ (94,506)	\$ 7,758,229	\$ 14,191,047	\$ (147,587)	-1.04%	\$ 21,801,689
FY 2013	\$ 11,434,823	\$ -	\$ (1,918,149)	\$ (163,043)	\$ 9,353,631	\$ 21,801,689	\$ 3,704,107	16.99%	\$ 34,859,427
FY 2014	\$ 18,388,795	\$ -	\$ (2,456,284)	\$ (159,658)	\$ 15,772,853	\$ 34,859,427	\$ 5,082,505	14.58%	\$ 55,714,784
Total	\$ 55,003,058	\$ (2,000,000)	\$ (6,185,760)	\$ (477,567)	\$ 46,339,731		\$ 9,375,054		

* - Interest rate used is the same as used in the calculation of the ARC (see annual actuarial reports)

Class Members will be returned to the same position in which they would have been had SRHS made all of the annual required contributions to the Trust between 2009 and 2014; and (2) the negotiated amount of the attorneys' fees of \$6,450,000 and expenses of \$125,000 will be paid by SRHS in addition to the \$149,950,000 that is required to fully refund the missed annual required contributions to the Trust.

4. The principal features of the Settlement Agreement include all of the following:
 - SRHS must deposit \$149,950,000 into the Trust over time and pay a negotiated amount of attorneys' fees up to \$6,450,000 and \$125,000 in expenses (subject to the approval of the Court). The amount to be deposited into the Trust over time is equivalent to the Jones Plaintiffs' Counsels' calculation of the present value of the annual required contributions that SRHS failed to make between 2009 and 2014.
 - To support indigent care and principally to prevent default on a bond issue by supporting the operations of SRHS, Jackson County will pay \$13,600,000 to SRHS between 2016 and 2024.
 - Should SRHS default on its obligation to make a payment to the Trust at any time over the next 35 years pursuant to the schedule outlined in the Settlement, there shall be a summary proceeding in the Jackson County Chancery Court ("Chancery Court") through which the Chancery Court may enter judgment on 10 days' notice in favor of the Trust and against SRHS for the unpaid balance of the Settlement Payment.
 - The Chancery Court has appointed a Special Fiduciary for the Trust ("Special Fiduciary"), whose sole fiduciary responsibility is and shall be to the Trust. The settlement provides that the Special Fiduciary will report to the Chancery Court on a quarterly basis regarding the financial condition of SRHS, the pension plan and the status of the repayment schedule.
 - The Settlement Payment may require modification of the Plan to equitably distribute the benefits paid. The settlement provides that any adjustment to the Plan can only be done with Special Fiduciary recommendation and Chancery Court approval after sixty (60) days' notice to the Class Members and opportunity for hearing. If the Chancery Court orders any modification and/or termination of the Plan, then the Class Members will be bound by the Court's/Special Fiduciary's findings, subject to their rights to appeal any order of said court.

- This Settlement does not change the terms of the Plan distributions that are unrelated to this Settlement, which may be modified or terminated only with the approval of the Special Fiduciary and the Chancery Court. Except as provided in the Settlement, the current status of the Plan shall remain unchanged until the Chancery Court orders otherwise.
- SRHS also agreed to pay incentive rewards totaling \$12,500, to be split between the Representative Plaintiffs in the federal court actions and some of the plaintiffs in the Jackson County Chancery Court actions.⁴

5. The Settlement Agreement is based upon the certification of the following mandatory class pursuant to Rule 23(b)(1)(A) or (B) or (b)(2) of the Federal Rules of Civil Procedure:

All current and former employees of Singing River Health System who participated in the Singing River Health System Employees' Retirement Plan and Trust, including their spouses, alternate payees, death beneficiaries, or any other person to whom a plan benefit may be owed.

The Settlement Agreement provides substantial relief for the claims asserted by the Plaintiffs. The terms of the settlement are fair, reasonable and adequate, and the Settlement Agreement is the product of extensive and vigorous negotiation conducted during multiple separate mediation sessions as well as numerous telephonic and in-person meetings between the signatories.

7. In determining whether to give final approval to the proposed settlement, the cardinal rule is that the Court must find that the settlement is fair, adequate and reasonable, and is not the product of collusion. In determining whether the settlement meets these goals, the Court will examine six criteria, described below. *Newby v. Enron Corp.*, 394 F.3d 296, 301 (5th Cir. 2004) (citing *Reed v. Gen. Motors Corp.*, 703 F.2d 170, 172 (5th Cir.1983); *Parker v.*

⁴ See *Smith v. Tower Loan of Mississippi, Inc.*, 216 F.R.D. 338, 367-68 (S.D. Miss. 2003) (approving special payments totaling \$45,500 to Class Members other than the Class Representatives of the present action, including class representatives in other related federal class actions and individual plaintiffs in related state court actions, given that those other plaintiffs "contributed to the settlement.").

Anderson, 667 F.2d 1204, 1209 (5th Cir.1982)). Each of these factors supports the conclusion that this settlement is fair, adequate and reasonable.

- (a) **The existence of fraud or collusion behind the settlement.** The settlement was the result of rigorous arms-length bargaining among multiple parties and other interested entities that took place over the last year. Additionally, the settlement negotiations were conducted under the direction of an experienced mediator, former Chief United States Bankruptcy Judge for the North District of Mississippi, David M. Houston, who was appointed by this Court. *See* Doc. No. 102.
- (b) **The complexity, expense and duration of the litigation.** This settlement is the result of over a year of litigation. The length of time necessary to reach a final result would have occupied many more years of judicial resources and vast amounts of attorney time. The pleadings and briefs already filed in this Court demonstrate that this case has been, and would have continued to be, difficult and expensive to resolve. Settlement of this action is in the best interests of judicial economy and the Settlement Class.
- (c) **The stage of proceedings and the amount of discovery concluded.** This settlement was reached after lengthy formal and informal discovery. Numerous consulting experts were retained to thoroughly and independently examine and evaluate the thousands of pages of financial documents produced in this case. The parties were in a good position to assess the respective weaknesses and strengths of the claims, and this Court has a sound basis to judge whether the settlement is fair at this stage in the proceedings. Moreover, Trust assets are currently being depleted. The Plan continues to pay all retirees and other beneficiaries as set forth in the Plan and continues to accrue retirement liabilities on its monthly interim financial statements. *See* Doc. No. 21. However, the three percent deduction from active employees' pay has been eliminated. *Id.* A settlement at this stage of the litigation preserves the maximum amount of Trust assets available for the beneficiaries while restoring those that Plaintiffs allege SRHS should have contributed between 2009 and 2014.
- (d) **The probability of Plaintiff's success on the merits.** The Jones Plaintiffs firmly stand behind their Complaint and assert that their claims in this action are meritorious. However, the Jones Plaintiffs recognize the complexities and uncertainties characteristic of this type of litigation, and, perhaps more importantly, acknowledge the financial challenges currently faced by Singing River Health System. The proposed settlement resolves these uncertainties for the Settlement Class members and for SRHS. The parties properly elected to quantify their risks and benefits by this settlement. The settlement provides substantial relief to the Class and vindicates the Court process.

- (e) **The range of possible recovery.** Given the restoration of the missed contributions between 2009 and 2014 as well as the additional safeguards built into this agreement, the settlement provides substantial relief to Class Members, particularly when weighed against the expense and uncertainty of litigation, which, if pursued to the end, would result in a substantial depletion of remaining Trust assets.
- (f) **The opinions of class counsel, class representatives and absent class members.** Class counsel fully endorse the settlement as being fair and reasonable for the class. No signatory to the Settlement Agreement has suggested otherwise. The settlement provides meaningful relief to the class and is due to be approved.

8. When determining whether to approve a class action settlement, the Court conducts its analysis in two steps. First, the Court makes a preliminary fairness evaluation of the proposed settlement. *See* Manual for Complex Litigation, 4th § 21.632 (2004). This motion seeks such preliminary approval, pursuant to which the Court evaluates the likelihood that it will approve the settlement during the second stage of review (after the completion of a full fairness hearing). During the preliminary evaluation, the Court examines the submitted materials and determines whether the proposed settlement appears fair on its face. *Cope v. Duggins*, 2001 WL 333102 *1 (E.D. La. 2001).

9. Federal Civil Procedure Rule 23(a) enumerates the following four basic prerequisites that must be established before any action may be maintained as a class action, which are enumerated and discussed below:

- (1) **The class must be so numerous that joinder of all members is impracticable.** There are approximately 3,138 individuals who are members of the Plan, according to documents produced by SRHS in this matter. The prosecution of this many separate actions would be a substantial drain on the resources of the Court and of the defendants. The Fifth Circuit has held that while the number of class members alone is not determinative of whether joinder is impracticable, a class consisting of 100 to 150 members is within the “range that generally satisfies the numerosity requirement.” *Mullen v. Treasure Chest Casino, LLC*, 186 F.3d 620, 624 (5th Cir. 1999), *abrogated in part on other grounds by, Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338, 131 S.Ct. 2541, 2551, 180 L.Ed. 2d 374 (2011).

- (2) **There must be questions of law or fact common to the class.** “Rule 23(a)(2) requires that all of the class member’s claims depend on a common issue of law or fact whose resolution ‘will resolve an issue that is central to the validity of each one of the [class member’s] claims in one stroke.’” *M.D. ex rel. Stukenberg v. Perry*, 675 F.3d 832, 840 (5th Cir. 2012). There are numerous questions of law or fact that meet this test, including, for example: (a) whether Singing River Health System was, in fact, required to make the actuarially determined required contributions to the Trust each year; (b) the amount of the annual required contributions that should have been made; (c) the rate at which the money in the Trust would have grown had it been deposited as required; and (d) whether those missed contributions were debts owed to the Plan, among many others. The Representative Plaintiffs have satisfied the commonality requirement of Rule 23(a)(2).
- (3) **The claims of the representative parties must be typical of the claims of the class.** The typicality inquiry focuses on the similarity between the named Plaintiffs’ legal and remedial theories and the theories of those whom they purport to represent. *Mullen*, 186 F.3d at 625, *abrogated in part on other grounds by, Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338, 131 S.Ct. 2541, 2551, 180 L. Ed. 2d 374 (2011). The Jones Plaintiffs’ claims are typical of the claims of the Class because they all arise from the common course of conduct of SRHS failing to make the annual required contributions to the Plan between 2009 and 2014. The interests of the representative Plaintiffs are coextensive with, and typical of, the claims of the proposed class members.
- (4) **The representative parties must be able to fairly and adequately protect the interests of the class.** Two elements must be satisfied for the purpose of addressing adequacy: (1) concerns regarding the qualifications of counsel; and (2) concerns regarding the relationship between interests of the class representative and the interests of other class members. *Smith v. Texaco, Inc.*, 88 F.Supp.2d 663, 677 (E.D. Tex. 2000). The Jones Plaintiffs’ interests are sufficiently aligned with those of other class members. The Jones Plaintiffs have assembled a unique and highly qualified litigation team with extensive class action experience, as described at length in Doc. No. 45, which is incorporated by reference herein. Moreover, the proposed settlement and the benefits that it provides to the Class are evidence that Jones Plaintiffs’ counsel have vigorously pursued the interest of the class.

10. Certification of a mandatory class is appropriate under Rule 23(b)(1) because the prosecution of separate actions by or against individual class members would create a risk of inconsistent or varying adjudications with respect to individual class members that would establish incompatible standards of conduct” for SRHS. Rule 23(b)(1)(A), Fed. R. Civ. P.

Because most of the claims asserted by the Plaintiffs would result in plan-wide relief, there is a risk that failure to certify the class would leave future plaintiffs without relief or would result in prejudice to the defendants should there be contradictory rulings on issues of whether they acted as fiduciaries or whether the annual contributions were required to be deposited each year in accordance with the actuary's determination. It would also create a risk of "adjudications with respect to individual class members that, as a practical matter, would be dispositive of the interests of other members not parties to the individual adjudications or would substantially impair or impede their ability to protect their interests." Rule 23(b)(1)(B), Fed. R. Civ. P. Certification of a mandatory class is also appropriate under Rule 23(b)(2) because, by failing to make the annual required contributions to the Trust between 2009 and 2014, SRHS has refused to act "on grounds that apply generally to the class, so that final injunctive relief or corresponding declaratory relief is appropriate respecting the class as a whole." Rule 23(b)(2), Fed. R. Civ. P.

11. The settlement as proposed in the accompanying documents provides substantial relief to the proposed class. The settlement is the product of extensive and vigorous settlement negotiations. The settlement of this action will end lengthy and complex litigation between the signatories to the settlement and provide meaningful and substantial relief to an extensive class of current and former Singing River Health System employees and other beneficiaries.

WHEREFORE, the Jones Plaintiffs request an Order of this Court that: (a) issues its preliminary approval of the settlement; (b) sets a date for a final approval hearing ("Fairness Hearing"); (c) approves the proposed class notice attached as Exhibit 2 and authorizes its dissemination to the Settlement Class; (d) sets deadlines for (i) mailing of the Class Notice, (ii) filing the motion for certification of a settlement class and final approval of settlement, (iii) filing

the petition for approval of attorneys' fees, (iv) filing of objections, and (v) filing other papers in connection with the Fairness Hearing and the consideration of the approval or disapproval of the Settlement; and (e) such other and further orders as may be appropriate. A proposed order is attached as Exhibit 3.

RESPECTFULLY SUBMITTED, this the 3rd day of January, 2016.

/s Jim Reeves

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CERTIFICATE OF SERVICE

The undersigned resident attorney certifies that on this 3rd day of January, 2016, a copy of the foregoing pleading has been mailed, filed via the ECF system, and/or otherwise served on all parties and/or their counsel who have appeared in this case.

Documents to additional defendants named in this pleading may be served according to the

/s Jim Reeves

James R. Reeves, Jr.

**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION**

JONES, ET AL v. Singing River Health System, et al.
COBB, ET AL v. Singing River Health System, et al.
LOWE, ET AL v. Singing River Health System, et al.

Case No. I: 14-cv-00447-LG-RHW
Case No. I: 15-cv-0000 I -LG-RHW
Case No. I : 15-cv-00044-LG-RHW

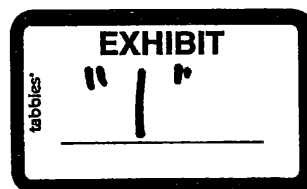
IN THE CHANCERY COURT OF JACKSON COUNTY, MISSISSIPPI

DONNA B. BROUN, ET AL., PLAINTIFFS
VIRGINIA LAY, PLAINTIFF

CAUSE NO. 2015-0027-NH
CAUSE NO. 20 15-0060-NH

**STIPULATION AND AGREEMENT
OF COMPROMISE AND PRO TANTO SETTLEMENT**

This Stipulation and Agreement of Compromise and Pro Tanto Settlement (the "Stipulation" or "Settlement") is entered into this 22nd day of December, 2015, by (a)(i) Thomas Jones, Joseph Charles Lohfink, Sue Beavers, Rodolfoa Rei, Hazel Reed Thomas, Regina Cobb, Susan Creel, Phyllis Denmark, and Martha Ezell Lowe, individually and as representatives of an agreed-upon class of similarly situated persons, who collectively are the plaintiffs ("Federal Plaintiff" or "Representative Plaintiffs") in the above-captioned federal consolidated proceedings, and (ii) Donna B. Broun, Alisha Dawn Smith, Johnys Bradley, Cabrina Bates, Vanessa Watkins, Bart Walker, Linda D. Walley, and Virginia Lay, individually as beneficiaries of and derivatively for and on behalf of Singing River Health System Employee's Retirement Plan and Trust ("State Plaintiffs") (State Plaintiffs and Federal Plaintiffs are collectively referred to as "Plaintiffs"); (b) Singing River Health System Employees' Retirement Plan and Trust and Special Fiduciary (as defined below) (collectively, the "Plan" or "Trust"); (c) Singing River Health System, its current and former Board of Trustees (individually and in their official capacities), agents, servants and/or employees ("SRHS"); (d) Singing River Health Services



Foundation, Singing River Health System Foundation f/k/a Coastal Mississippi Healthcare Fund, Inc., Singing River Hospital System Foundation, Inc., Singing River Hospital System Benefit Fund, Inc., and Singing River Hospital System and all of their current and former employees, agents, and inside and outside counsel and their firms (the “Other SRHS Defendants”); and (e) current and former Trustees of the Trust (in their individual and official capacities) (“Plan Trustees”), subject to the approval of the United States District Court for the Southern District of Mississippi (the “District Court”) as provided for below. SRHS, the Other SRHS Defendants, and Plan Trustees are collectively referred to as “Defendants” or “Settling Defendants.” All individuals or entities listed in (a)-(e) shall be collectively referred to as the “Parties.” Jackson County Board of Supervisors, Jackson County as a political subdivision of the State of Mississippi, the individual members of the Board of Supervisors in their official capacities and in their individual capacities and for the agents and employers of Jackson County, MS, are collectively referred to as “Jackson County”. Jackson County and Settling Defendants are collectively referred to as “Released Persons.”

Solely for the purposes of this Settlement, and without any prejudice to the parties to take a contrary position in future litigation, Transamerica Retirement Solutions Corporation (“Transamerica”), KPMG, LLP (“KPMG”), FiduciaryVest, LLC, and Trustmark National Bank (and any of its related affiliates), are not “agents” or “employees” of SRHS as those terms are used in this Stipulation. The purpose of this paragraph is to make clear the Parties’ intent that any claims that have been or could be made against Transamerica, KPMG, FiduciaryVest, LLC, and Trustmark National Bank (and any of its related affiliates) are not released as part of this Settlement.

WHEREAS:

A. The original action filed in the District Court related to the alleged inadequate funding of the Trust was *Jones, et al. v. Singing River Health Services Foundation, et al.* Case No. 1:14-cv-447-LG-RHW. On June 15, 2015, the District Court consolidated the *Jones* matter with *Cobb, et al. v. Singing River Health System, et al.*, Case No. 1:15-cv-1-LG-RHW and *Lowe v. Singing River Health System, et al.*, Case No. 1:15-cv-44-LG-RHW (the consolidated cases are collectively referred to as the “Federal Action” and include allegations made in any of the three consolidated cases). On January 12, 2015, the case of *Donna Broun, et al. v. Singing River Health System, et al.*, Cause No. 2015-0027-NH was filed in the Jackson County Chancery Court (“Chancery Court”). On January 20, 2015, the case of *Virginia Lay, et al. v. Singing River Health System, et al.*, Cause No. 2015-0060-NH was also filed in the Jackson County Chancery Court (the *Broun* and *Lay* cases shall be referred to as the “State Actions”) (collectively, the Federal Action and State Actions will be referred to as “State and Federal Actions” or “Actions”).

B. The Federal Action was commenced with the filing of the complaint and proceeded on behalf of a putative class of all current and former employees of Singing River Health System who participated in the Singing River Health System Employees’ Retirement Plan and Trust. The Class definition shall be amended to include spouses, alternate payees, death beneficiaries, or any other person to whom a plan benefit may be owed.

C. Plaintiffs’ Counsel obtained substantial formal and informal discovery from Defendants in the State and Federal Actions. In addition, counsel for the putative class conducted their own investigation into Settling Defendants’ conduct.

D. The Federal Action alleged and asserted claims arising from alleged actions that occurred during each year from 2008 forward.

E. Nothing in this Stipulation is to be construed in any way contrary to any prior or subsequent rulings of the District Court regarding the scope, nature and validity of any claims made in any suits related to the SRHS pension plan.

F. Based on an extensive review and analysis of the relevant facts and legal principles, Plaintiffs' Counsel believe that the terms and conditions of the Settlement are fair, reasonable and adequate, and beneficial to and in the best interests of Plaintiffs and the proposed Settlement Class (as defined below). Plaintiffs' Counsel have determined to execute this Stipulation and urge approval by the Courts of the settlement after considering that the settlement provides for members of the Settlement Class to receive relief in the most expeditious and efficient manner practicable, and thus much sooner than would be possible were the claims asserted to continue to be litigated.

G. Defendants deny that their actions violate applicable law in any respect. Defendants enter into this Stipulation and agree to the certification of the defined class only for purposes of this settlement so that Defendants can avoid the significant cost and uncertainty associated with ongoing litigation of the Actions.

H. Among others, the purpose of this Stipulation is to define the obligation of SRHS to make payments to the Trust.

In the light of the foregoing, the Parties propose to settle the Actions in accordance with the terms, provisions and conditions of this Stipulation as set forth below.

NOW, THEREFORE, IT IS STIPULATED AND AGREED, subject to approval by the Courts as provided herein and pursuant to Rule 23, Federal Rules of Civil Procedure (the “Federal Rules”), by and between Released Persons, the Trust and Plaintiffs (for themselves and for the Settlement Class (defined below)), that all claims, rights and causes of action, damages, losses, liabilities and demands of any nature whatsoever, whether known or unknown, that are, could have been or might in the future be asserted by the Trust, any Plaintiffs or any member of the Settlement Class (whether directly, representatively or in any other capacity), against Released Persons, in connection with or that arise out of any acts, conduct, facts, transactions or occurrences, alleged or otherwise asserted or that could have been asserted in the Actions related to the failure to fund the Trust and/or management or administration of the Plan (collectively referred to as the “Settled Claims”) shall be compromised, settled, released and discharged with prejudice, upon and subject to the following terms and conditions:

1.0 **Settlement Class**. For settlement purposes only and subject to approval by the Courts, the Federal Action shall proceed on behalf of a settlement class (the “Settlement Class”) defined as follows:

All current and former employees of Singing River Health System who participated in the Singing River Health System Employees’ Retirement Plan and Trust, including their spouses, alternate payees, death beneficiaries, or any other person to whom a plan benefit may be owed.

Solely for the purposes of this Settlement and its implementation, the Federal Action shall proceed as a class action on behalf of the Settlement Class as defined above. If, and only if, such settlement fails to be approved or otherwise fails to be consummated, this class definition is not binding.

1.1 **Exclusions.** If the District Court denies the request for a non-opt out class, any individuals who validly request exclusion in accordance with the procedures in paragraphs 6.0 to 6.4 shall be excluded.

1.2 **Settlement Class Counsel.** The firms of Reeves & Mestayer and Cunningham Bounds, LLC shall be appointed as “Settlement Class Counsel.”

1.3 **Class Member List.** Defendants and Settlement Class Counsel shall reach an agreement as to which members are in the Settlement Class (“Class Members”), all of whom are identifiable (the “Class Member List”) and the last known address for each Class Member from Defendants’ internal files. If the Parties do not agree on the inclusion of any putative individual on the Class Member List, the matter shall be submitted to the District Court for decision, and its decision shall be final and not appealable. Prior to the Fairness Hearing (defined in Paragraph 4.0), the Parties shall file a list of the Class Members. If the District Court requires an opt-out class, the Parties shall file a list of any persons who have requested exclusion from the Settlement Class.

2.0 **Settlement Consideration.** Within fifteen (15) days of the date of the Final Settlement (defined below), the payment schedules set forth in Exhibits A and B shall become effective. SRHS will pay \$156,400,000 to the Trust over time for the benefit of Class Members, as set forth in Exhibit A (“SRHS Consideration”), less any amounts required to pay attorney fees and expenses (see Paragraph 8.0). To support the indigent care and principally to prevent default on a bond issue by supporting the operations of SRHS, Jackson County will pay \$13,600,000 to SRHS over time, as set forth in Exhibit B (“County Support”), pursuant to separate written agreement (attached as an addendum to this Stipulation). No individual person(s) will be

responsible for, nor have any obligation to pay, the SRHS Consideration or County Support. Payment of the SRHS Consideration, less attorneys' fees and expenses, is SRHS's only obligation to the Trust. Should SRHS default on its obligation to make a payment for the SRHS Consideration, there shall be a summary proceeding in the Chancery Court through which the Chancery Court may enter judgment on 10 days' notice in favor of the Trust and against SRHS for the unpaid balance of the SRHS Consideration reduced to present value after applying a 6% discount ratio, and Settling Defendants will not raise any substantive defenses on the merits of the underlying claims.

2.1 **Representative Plaintiffs.** In addition to the compensation described above, upon the Settlement becoming final, Defendants shall pay \$2,500 in each of the *Jones, et al. v. Singing River Health Services Foundation, et al.* Case No. 1:14-cv-447-LG-RHW, *Cobb, et al. v. Singing River Health System, et al.*, Case No. 1:15-cv-1-LG-RHW, *Lowe v. Singing River Health System, et al.*, Case No. 1:15-cv-44-LG-RHW, *Donna Broun, et al. v. Singing River Health System, et al.*, Cause No. 2015-0027-NH and *Virginia Lay, et al. v. Singing River Health System, et al.*, Cause No. 2015-0060-NH cases, to be split evenly between the respective State Plaintiffs and Federal Plaintiffs in all five actions, for serving in the capacity of a representative, subject to approval of the Courts. Each respective State Plaintiff and Federal Plaintiff will not seek an amount in excess of their share of the \$2,500 per case as a service fee award to be paid, and Defendants will not oppose any motion filed in conjunction with this Settlement that such an award be allowed, such amount to be paid in addition to, and not out of, the total consideration to be paid to Class Members. Defendants shall not be obligated to pay any incentive award in excess of \$2,500 per case (or \$12,500 total).

2.2 **Class Notice - Mailing.** The best notice practicable of this Action, proposed Settlement, and pendency of the Settlement Class, pursuant to Rule 23(c)(2) of the Federal Rules, consists of direct notice by mail to the individual Class Members all of whom are identifiable, consistent with Rule 23(e) of the Federal Rules of Civil Procedure. The Settlement Administrator shall be responsible for the mailing, and Defendants shall be responsible for all of the associated costs.

2.3 **Affidavit or Report.** Before the Fairness Hearing (defined in Paragraph 4.0), Defendants shall file an affidavit or report evidencing compliance with Paragraph 2.2.

3.0 **Full Settlement.** The obligations of Released Persons under this Stipulation shall be in full settlement, compromise, release and discharge of the Settled Claims. Plaintiffs, through their designated agents, covenant not to sue the Released Persons. Upon approval of the Settlement, the Released Persons shall have no other or further liability or obligation to any member of the Settlement Class in any court or forum (including state or federal courts) with respect to the Settled Claims or to contribute any amount to the Trust, other than as provided in Paragraph 2.0.

4.0 **Approval.** As soon as possible after the execution of this Stipulation and after notice to the Chancery Court, Settlement Class Counsel shall move the District Court for an order (a) preliminarily approving the Settlement memorialized in this Stipulation as fair, reasonable and adequate, including the material terms of this Stipulation; (b) setting a date for a final approval hearing (“Fairness Hearing”); (c) approving the proposed class notice (“Class Notice”) and authorizing its dissemination to the Settlement Class; and (d) setting deadlines consistent with this Stipulation for mailing of the Class Notice, filing of objections, filing of

motions to intervene, and filing papers in connection with the Fairness Hearing and the consideration of the approval or disapproval of the Settlement (“Preliminary Approval Order”). Defendants will not oppose the entry of the Preliminary Approval Order. The Parties shall request the District Court to schedule a hearing on said motion.

5.0 **Order and Final Judgment.** If the District Court approves the Settlement following a Fairness Hearing, the Parties shall jointly request that the District Court enter an Order and Final Judgment (“Final Order”) that includes, among other provisions determined by the District Court, the following:

- (a) approving the settlement as fair, reasonable and adequate and directing consummation of the settlement in accordance with its terms and provisions;
- (b) entering a final judgment declaring the Federal Action to be a proper class action for settlement purposes pursuant to Rule 23 of the Federal Rules and dismissing all claims in the Federal Action with prejudice as against all Released Persons and all members of the Settlement Class, without costs except as provided, subject only to compliance by the Parties with the terms and conditions of the Stipulation and any order of the Courts with reference to the Stipulation;
- (c) permanently barring and enjoining the institution or prosecution by Plaintiffs or any member of the Settlement Class, either directly or in any other capacity, of any action asserting claims that are Settled Claims;
- (d) releasing and discharging, on behalf of the Settlement Class and Plaintiffs, the Released Persons from all Settled Claims;

(e) granting continuing authority and exclusive jurisdiction over implementation of the Settlement, and over enforcement, construction and interpretation of this Stipulation to the Chancery Court; and

(f) approving the award of attorneys' fees and granting continuing jurisdiction over the payment of those fees to the Chancery Court.

5.1 **Cooperation on Final Dismissal.** Upon or before the execution of this Stipulation, all current and former trustees on the SRHS Board of Trustees will be dismissed, in their individual capacities, from the above-styled litigation without prejudice, subject to a tolling agreement. Notwithstanding the preceding sentence, the Parties will cooperate in seeking approval from the Courts for the establishment of a mutually satisfactory procedure to secure the complete and final dismissal of Defendants from the Federal and State Actions in accordance with the terms of this Settlement. The Parties shall jointly take such steps that may be necessary or requested by the Courts and otherwise use their best efforts to effectuate this settlement.

5.2 After the District Court issues its Fairness Hearing ruling, the Parties will jointly petition the Chancery Court to formally approve the Settlement.

6.0 **Requests for Exclusion from the Settlement Class.** Paragraphs 6.0 through 6.4 apply only if the District Court declines to certify a non-opt out class. Requests for exclusion from the Settlement Class shall contain an explicit statement of the Settlement Class Member's desire to be excluded, list the name and address of the person seeking exclusion ("Request for Exclusion"), be signed by the Settlement Class member and not by his or her representative or counsel, and be postmarked and mailed no later than fourteen (14) days prior to the date of the first setting of the Fairness Hearing on this Settlement, scheduled pursuant to the Preliminary

Approval Order. Requests for Exclusion shall be signed by each Class Member requesting exclusion and submitted by mailing them to the P.O. Box address referred to in the Class Notice.

6.1 Each potential Settlement Class member who does not submit a properly completed Request for Exclusion no later than fourteen (14) days prior to the date of the first setting of the Fairness Hearing on this Settlement, scheduled pursuant to the Preliminary Approval Order, shall be included in the Settlement Class. For purposes of determining timeliness, a Request for Exclusion shall be deemed to have been submitted when postmarked and mailed, with postage prepaid and the envelope addressed in accordance with the instructions in the Class Notice. If the envelope does not reflect a postmark, the Request for Exclusion shall be deemed to have been submitted when received at the address provided for in the instructions in the Class Notice.

6.2 If a Request for Exclusion does not include all of the information specified in Paragraph 6.0 or if it is not timely submitted under Paragraph 6.1, it shall not be a valid Request for Exclusion, and the person filing such an invalid Request for Exclusion shall remain a member of the Settlement Class. All persons who properly file Requests for Exclusion from the Settlement Class shall not be members of the Settlement Class and shall have no rights with respect to the Settlement.

6.3 Requests for Exclusion may be filed only by individual Class Members. Any individuals who purport to opt-out of the Settlement as a group, aggregate or class of more than one person or on whose behalf such a purported opt-out is attempted (including an attempt by any bankruptcy trustee, whether a standing Chapter 13 trustee or otherwise, that attempts to or purports to opt-out of the Settlement on behalf of more than two persons or estates), shall be

ineffective and have no force and effect. In such event, those individuals shall be deemed Class Members for all purposes of the Settlement.

6.4 This Stipulation shall not be valid if more than a certain percentage of Class Members request exclusion pursuant to the opt-out class process outlined above. This agreed-upon percentage has been placed in writing by separate agreement and shall be delivered to the District Court under seal and shall not be made public.

7.0 **Definition of Finality.** The approval by the District Court and Chancery Court of the Settlement proposed in this Stipulation shall be considered final, and the Settlement shall be considered final, and Defendants' payment obligations shall arise, for purposes of this Stipulation: (a) following the entry by the Court of the Final Order and expiration of any applicable periods for the appeal of such Final Order, provided that no appeal is filed; (b) if an appeal is taken, following the entry of an order by an appellate court affirming the Final Order and expiration of any applicable period for the further appeal or review of the appellate court's affirmance of the Final Order (provided that no further appeal or review is sought), or upon entry of any stipulation dismissing any such appeal or further review with no right of further prosecution of the appeal; or (c) if an appeal or discretionary review is taken from any appellate court's decision affirming the Final Order, upon entry of an order in such appeal or review proceeding finally affirming the Final Order without right of further appeal or upon entry of any stipulation dismissing any such appeal with no right of further prosecution of the appeal (collectively, the "Final Settlement"). None of Defendants' obligations under this settlement shall become effective until the Final Settlement. Pursuant to a separate written agreement, the SRHS Consideration and the County Support shall be paid into escrow pending Final Settlement.

8.0 **Attorneys' Fees and Expenses.** Defendants acknowledge that Plaintiffs' counsel have asserted claims that allow for the payment of attorneys' fees, expenses, and costs in addition to Settlement Class relief. Plaintiffs' Counsel shall apply for approval of an award of attorneys' fees, plus reimbursement of specified expenses. Plaintiffs' Counsels' application for attorneys' fees and expenses shall be filed at least fourteen (14) days prior to the Fairness Hearing. Any attorneys' fees and expenses so awarded to Plaintiffs' Counsel shall not be payable unless and until the Final Order and Final Settlement, but shall be paid into an escrow account (consistent with the schedule set forth in Exhibit C) during the pendency of the proceedings described in Paragraph 7.0 following the award of attorneys' fees and expenses. Defendants have agreed to pay attorneys' fees and expenses, provided that any such award does not exceed \$6,450,000 in fees and \$125,000 in documented expenses, which may include expenses incurred in connection with administering the settlement. Plaintiffs' Counsel will not apply for a larger award of attorney fees unless Defendants oppose the request for the sum set forth in Exhibit C.

8.1 Defendants agree to pay the awarded fees and expenses to Plaintiffs' Counsel without reduction in any consideration in the form of a settlement payment to Class Members.

9.0 **Cost of Administration.** Defendants will advance the costs incurred in connection with the Class Notice and be responsible for its administration, including mailing. Except as provided in this Stipulation, Defendants shall bear no other expenses, costs, damages or fees incurred by any Plaintiffs, any member of the Settlement Class, or Settlement Class Counsel in connection with the Class Notice.

10.0 **Effect of Settlement Not Becoming Final.** If the Settlement does not become a Final Settlement, or does not become effective for any reason other than the failure of Plaintiffs

or Defendants to perform their respective obligations, then the Stipulation shall become null and void and of no further force and effect; all negotiations, proceedings, and statements relating thereto shall be without prejudice as to the rights of any and all Parties and their respective predecessors and successors; and all Parties and their respective predecessors and successors shall be restored to their respective positions existing before execution of this Stipulation.

11.0 **No Admissions.** This Stipulation and all related negotiations, statements and proceedings shall not in any event be construed as, or deemed to be evidence of, an admission or concession on the part of Defendants of any liability or wrongdoing; shall not be offered or received in evidence in any action or proceeding, or used in any way as an admission, concession or evidence of any liability or wrongdoing of any nature on the part of Defendants; shall not be construed as, or deemed to be evidence of, an admission or concession that Plaintiffs or any member of the Settlement Class have suffered any damage; and shall not be construed as, or deemed to be evidence of, an admission or concession on the part of Plaintiffs or any member of the Settlement Class that any of their claims asserted in the Action are without merit or that damages recoverable in the Actions do not exceed the aggregate of the amounts payable pursuant to this settlement.

12.0 **Injunctive Relief.** Following the entry of the Final Order, the Parties agree to jointly petition the Chancery Court for an order requiring that the Trust be monitored by the Chancery Court for the duration of the payment schedule. This monitoring will include quarterly reports given under oath to the Special Fiduciary by the SRHS CFO regarding all aspects of the financial condition of the hospital, the pension plan, and the status of the repayment schedule.

12.1 The Chancery Court has appointed a Special Fiduciary for the Trust (“Special Fiduciary”) whose sole fiduciary responsibility is and shall be to the Trust. The Special Fiduciary will also report to the Chancery Court on a quarterly basis regarding the financial condition of SRHS, the pension plan and the status of the repayment schedule. The Special Fiduciary will establish some reporting means such as a website or email distribution so that the Trust balance can be reported on a day certain each month to the Plan members.

12.2 Depending upon its future financial condition, SRHS may elect to accelerate the payment schedule set forth in Exhibit A. If this election occur, SRHS shall be entitled to reduce the future stream of payments ratably by the present value of the accelerated payment(s) using a six percent (6%) discount rate. It is specifically determined that nothing in this Stipulation constitutes any waiver, compromise or release of any claims for contractual, extra contractual claims, including punitive damages, attorney’s fees, expenses and costs that are or may be pursued by or on behalf of SRHS and any Defendants against Federal Insurance Company, Burlington Insurance Company, Chubb & Son, Inc., The Chubb Group of Insurance Company, and any “Chubb” company or company in privity with Chubb, including Stewart, Sneed and Hewes, and/or Bancorp South Insurance Services or any other person or firm involved in providing insurance to any of Defendants, without limitation. All such claims are reserved, including the right to pursue full reimbursement of all moneys paid by or on behalf of Defendants as part of this settlement. Defendants do not waive any claims that have or could yet be made for any relief from any accounting or actuarial firm that may exist or be determined to exist for the benefit of Defendants. Any recovery by SRHS or any other Defendant against any party or insurer who may be responsible for the repayment of (i) defense costs, expenses and/or

fees; (ii) expenses and costs associated with the pursuit of relief against any party that should be required to pay indemnity; and/or (iii) defense costs for or on behalf of any Defendant (collectively, "Defense Costs in Related Actions"), shall not be included in the calculation of any funds available to accelerate payment under this paragraph.

12.3 Excluding Defense Costs in Related Actions, if SRHS recovers any money from any other individual or entity, including, but not limited to, Transamerica or KPMG, by verdict, judgment, settlement, contract or agreement related to claims that have or could yet be made for any relief that may exist or be determined to exist for the benefit of Defendants associated with the facts and circumstances giving rise to the State Actions or Federal Action, or if additional insurance coverage for the claims in the above-captioned cases is or becomes available, then SRHS must provide written notice of the recovery to the Special Fiduciary and the Special Fiduciary may petition the Chancery Court to accelerate the payment schedule in Exhibit A. Defendants will have an opportunity to oppose the petition at a hearing. If the Chancery Court orders an acceleration of any of the payments, then Defendants will be bound by the Chancery Court's findings, subject to their rights to appeal any order of said court.

12.4 The payment of the SRHS Consideration may require modification of the Plan to equitably distribute the benefits paid. Any adjustment to the Plan can only be done with Special Fiduciary recommendation and Chancery Court approval after sixty (60) days' notice to the Class Members and opportunity for hearing. If the Chancery Court orders any modification and/or termination of the Plan, then the Class Members will be bound by the Court's/Special Fiduciary's findings regarding distribution, plan restructuring and/or Plan termination, subject to their rights to appeal any order of said court.

12.5 This Settlement does not change the terms of the Plan distributions that are unrelated to this Settlement, which may be modified or terminated only with the approval of the Special Fiduciary and the Chancery Court. Except as provided in this Stipulation, the current status of the Plan shall remain unchanged until the Chancery Court orders otherwise.

13.0 **Court Procedures.** Plaintiffs in the State Actions shall notify the Chancery Court of the Settlement and seek approval of the settlement process and attorneys' fees and expenses outlined in this Stipulation. The Representative Plaintiffs shall then move the District Court for approval of the Settlement with the implementation and oversight of the Settlement to be performed by the Chancery Court.

14.0 **Due Authority of Attorneys.** Each of the attorneys executing this Stipulation on behalf of one or more Parties warrants and represents that he or she has been duly authorized and empowered to execute this Stipulation on behalf of his or her respective clients.

15.0 **Entire Agreement and Interpretation.** This Stipulation, including all attached Exhibits, constitutes the entire agreement among the Parties with regard to this subject matter. This Stipulation may not be modified or amended except in writing signed by all signatories or their successors in interest. Change to this Stipulation can occur only with the stipulation of the Parties. The Parties acknowledge that the Courts cannot unilaterally modify the rights or obligations of the Parties under this Stipulation. This Stipulation shall be interpreted as if and deemed to have been drafted jointly by the undersigned counsel, and any rule that a writing shall be interpreted against the drafter shall not apply to this Stipulation.

16.0 **Successors.** This Stipulation, upon becoming operative through a Final Settlement, shall be binding upon and inure to the benefit of the settling Parties (including the

Settlement Class) and their respective heirs, executors, administrators, successors and assigns and upon any corporation, partnership or other entity into or with which any settling party may merge or consolidate.

17.0 **Counterparts.** This Stipulation may be executed in any number of actual or telecopied counterparts and by the different Parties on separate counterparts, each of which when so executed and delivered shall be an original. The executed signature pages from each actual or telecopied counterpart may be joined together and attached to one such original and shall constitute one and the same instrument.

18.0 **Waivers.** The waiver by any party of any breach of this Stipulation shall not be deemed or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, of this Stipulation.

19.0 **Governing law.** This Stipulation shall be construed and enforced in accordance with the internal laws of the State of Mississippi.

20.0 **Retention of jurisdiction.** The administration and consummation of the Settlement shall be under the authority of the Chancery Court, which shall retain jurisdiction to administer this Settlement, subject to ordinary review by the Appellate Courts.

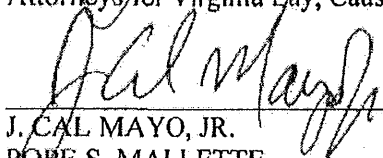
AGREED, THIS THE 3rd DAY OF JANUARY, A.D., 2016.

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MATHEWG. MESTAYER
REEVES & MESTAYER, PLLC
Interim Lead Plaintiffs' Counsel in Consolidated Actions
Jones, et al v. Singing River Health System, et al.
Cobb, et al. v. Singing River Health System, et al.
Lowe, et al. v. Singing River Health System, et al

Case No. 1:14-cv-00447-LG-RHW
Case No. 1:15-cv-00001-LG-RHW
Case No. 1:15-cv-00044-LG-RHW



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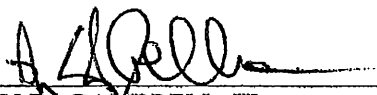
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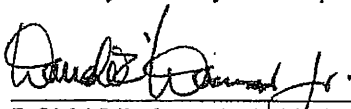
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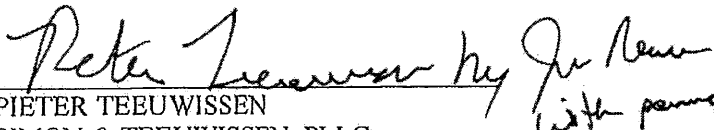
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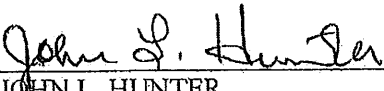
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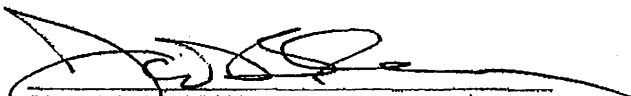
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Approved as to form and to acknowledge Jackson County's rights and responsibilities under this
Stipulation (subject to separate written agreement with SRHS) and not as a party to the Actions

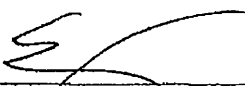
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WILLIAM GUICE
RUSHING & GUICE
Attorney for Jackson County

EXHIBIT A

Date	SRHS Consideration
Upon District Court Approval of Settlement	\$4,000,000
September 30, 2016	\$1,200,000
September 30, 2017	\$1,200,000
October 7, 2017	\$1,200,000
September 30, 2018	\$1,200,000
October 7, 2018	\$1,200,000
September 30, 2019	\$1,200,000
October 7, 2019	\$1,200,000
September 30, 2020	\$3,000,000
October 7, 2020	\$1,200,000
September 30, 2021	\$3,000,000
October 7, 2021	\$1,200,000
September 30, 2022	\$3,000,000
October 7, 2022	\$1,200,000
September 30, 2023	\$3,000,000
October 7, 2023	\$1,200,000
September 30, 2024	\$4,500,000
October 7, 2024	\$1,200,000
September 30, 2025	\$4,500,000
September 30, 2026	\$4,500,000
September 30, 2027	\$4,500,000
September 30, 2028	\$4,500,000
September 30, 2029	\$4,500,000
September 30, 2030	\$4,500,000
September 30, 2031	\$4,500,000
September 30, 2032	\$4,500,000
September 30, 2033	\$4,500,000
September 30, 2034	\$4,500,000
September 30, 2035	\$4,500,000
September 30, 2036	\$4,500,000
September 30, 2037	\$4,500,000
September 30, 2038	\$4,500,000
September 30, 2039	\$4,500,000
September 30, 2040	\$4,500,000
September 30, 2041	\$4,500,000
September 30, 2042	\$4,500,000
September 30, 2043	\$4,500,000
September 30, 2044	\$4,500,000
September 30, 2045	\$4,500,000
September 30, 2046	\$4,500,000
September 30, 2047	\$4,500,000
September 30, 2048	\$4,500,000
September 30, 2049	\$4,500,000
September 30, 2050	\$4,500,000
September 30, 2051	\$4,500,000
Total	\$156,400,000

Exhibit B

Date	County Support
Upon District Court Approval of Settlement	\$4,000,000
September 30, 2017	\$1,200,000
September 30, 2018	\$1,200,000
September 30, 2019	\$1,200,000
September 30, 2020	\$1,200,000
September 30, 2021	\$1,200,000
September 30, 2022	\$1,200,000
September 30, 2023	\$1,200,000
September 30, 2024	\$1,200,000
Total	\$13,600,000

Exhibit C

Date	Attorneys' Fees
Upon District Court Approval of Settlement	\$2,000,000
September 30, 2016	\$1,200,000
September 30, 2017	\$1,750,000
September 30, 2018	\$1,500,000
Total	\$6,450,000

The Amount and Schedule of Payment are subject to the approval of the Court.

**UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF MISSISSIPPI**

If you are a current or former employee of Singing River Health System who participated in the Singing River Health System Employees' Retirement Plan and Trust, or if you are the spouse, alternate payee, death beneficiary, or any other person to whom a plan benefit is owed, a class action lawsuit may affect your rights.

A court authorized this notice. This is not a solicitation from a lawyer.

- Plaintiffs have sued Singing River Health System ("SRHS"), related entities, and other defendants alleging that SRHS failed to make contributions to the Singing River Health System Employees' Retirement Plan and Trust ("Plan" or "Trust").
- The United States District Court for the Southern District of Mississippi ("Court") has not decided whether SRHS or any other defendant did anything wrong. There is no money available now, and no guarantee there will be. However, your legal rights are affected.
- The Plaintiffs have asked the Court to allow this lawsuit to be a class action on behalf of:

All current and former employees of Singing River Health System who participated in the Singing River Health System Employees' Retirement Plan and Trust, including their spouses, alternate payees, death beneficiaries, or any other person to whom a plan benefit may be owed.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION (Pages 2-4)

1. Why did I get this notice?
2. What is this lawsuit about?
3. What is a class action and who is involved?
4. What is the proposed settlement?
5. Who are the individuals and/or entities being released?

WHO IS IN THE CLASS (Page 4)

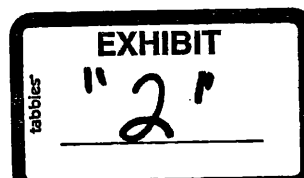
6. Am I part of this class?
7. I'm still not sure if I am included.

RIGHTS AND OPTIONS OF CLASS MEMBERS (Pages 4-5)

8. What happens if I do nothing at all?

THE LAWYERS REPRESENTING YOU (Pages 5-6)

9. Do I have a lawyer in this case?



10. How will the lawyers be paid?
11. Who will determine whether the settlement is fair?

GETTING MORE INFORMATION (Page 6)

12. Are more details available?

1. Why did I get this notice?

Available records show that you are a current or former employee of Singing River Health System who participated in the Singing River Health System Employees' Retirement Plan and Trust, or that you are a spouse, alternate payee, death beneficiary, or other person to whom a plan benefit is owed. This notice explains that the Court has been asked to "certify" a class action lawsuit for settlement purposes that may affect you, and that a settlement of the lawsuit has been reached. The lawsuit is known as *Jones v. Singing River Health System, et al*, Case No. 1:14-cv-00447-LG-RHW.

2. What is this lawsuit about?

In October 2014, SRHS announced that it had not made a contribution to the Singing River Health System Employees' Retirement Plan and Trust since 2009. On January 15, 2015, the Court entered an order temporarily prohibiting any action that would affect the operation or status of the Plan. The Plaintiffs filed suit seeking recovery of the missed contributions that they alleged SRHS should have been making to the Plan on an annual basis between 2009 and 2014.

The Plaintiffs asserted contracts clause claims filed pursuant to the United States Constitution and Mississippi Constitution; takings clause claims filed pursuant to the United States Constitution and Mississippi Constitution; Section 1983 claims; a breach of contract claim; an accounting claim; a declaratory judgment claim; a claim for injunctive relief; claims of fraud, intentional fraudulent misrepresentation, and deceit; claims filed pursuant to ERISA; breach of fiduciary duty; equitable and promissory estoppel claims; claims for constructive trust; and claims for Mississippi Uniform Trust Code violations.

3. What is a class action and who is involved?

In a class action lawsuit, one or more people called "Class Representatives" (in this case Thomas Jones, Joseph Charles Lohfink, Sue Beavers, Rodolfoa Rel, and Hazel Reed Thomas) sue on behalf of other people who have similar claims. The people together are a "Class" or "Class Members." The people who sued -- and all the Class Members like them -- are called the Plaintiffs. The companies they sued (in this case SRHS and other entities) are called the Defendants. One court resolves the issues for everyone in the Class.

4. What is the proposed settlement?

The parties to the lawsuit have agreed to settle after extensive negotiations. Under the proposed settlement, SRHS has agreed to pay \$149,950,000 to the Trust over 35 years (“Settlement Payment”). This amount is equivalent to the Plaintiffs’ calculation of the present value of the missed contributions that SRHS failed to make to the Trust between 2009 and 2014. As part of the settlement, Jackson County will pay \$13,600,000 to SRHS between 2016 and 2024 to support indigent care and principally to prevent default on a bond issue by supporting the operations of SRHS. Settlement Class Counsel will also ask the Court to approve fees not to exceed \$6,450,000 and out-of-pocket expenses not to exceed \$125,000. If the Court grants Settlement Class Counsel’s request, the fees and expenses will be paid by SRHS in addition to the Settlement Payments to Class Members and will not be deducted from the Settlement Payments.

Should SRHS default on its obligation to make a payment to the Trust at any time over the next 35 years pursuant to the schedule outlined in the Settlement, there shall be a summary proceeding in the Jackson County Chancery Court (“Chancery Court”) through which the Chancery Court may enter judgment on 10 days’ notice in favor of the Trust and against SRHS for the unpaid balance of the Settlement Payment.

The Chancery Court has appointed a Special Fiduciary for the Trust (“Special Fiduciary”), whose sole fiduciary responsibility is and shall be to the Trust. The settlement provides that the Special Fiduciary will report to the Chancery Court on a quarterly basis regarding the financial condition of SRHS, the pension plan and the status of the repayment schedule.

The Settlement Payment may require modification of the Plan to equitably distribute the benefits paid. The settlement provides that any adjustment to the Plan can only be done with Special Fiduciary recommendation and Chancery Court approval after sixty (60) days’ notice to the Class Members and opportunity for hearing. If the Chancery Court orders any modification and/or termination of the Plan, then the Class Members will be bound by the Court’s/Special Fiduciary’s findings, subject to their rights to appeal any order of said court.

This Settlement does not change the terms of the Plan distributions that are unrelated to this Settlement, which may be modified or terminated only with the approval of the Special Fiduciary and the Chancery Court. Except as provided in the Settlement, the current status of the Plan shall remain unchanged until the Chancery Court orders otherwise.

SRHS will also pay Settlement Class Counsel’s fees and expenses, subject to approval of the Court. SRHS also agreed to pay incentive rewards totaling \$12,500, to be split between the Representative Plaintiffs in the federal court actions and some of the plaintiffs in the Jackson County Chancery Court actions.

5. Who are the individuals and/or entities being released?

As part of this Settlement, all claims, rights and causes of action, damages, losses, liabilities and demands of any nature whatsoever, whether known or unknown, that are, could have been or might in the future be asserted by the Trust, any Plaintiffs or any member of the Settlement Class (whether directly, representatively, or in any other capacity), against “Released Persons,”

in connection with or that arise out of any acts, conduct, facts, transactions or occurrences, alleged or otherwise asserted or that could have been asserted related to the failure to fund the Trust and/or management or administration of the Plan shall be compromised, settled, released and discharged with prejudice. The "Released Persons" are:

- (a) Jackson County, Mississippi and the Jackson County Board of Supervisors;
- (b) Singing River Health System, its current and former Board of Trustees (individually and in their official capacities), agents, servants and/or employees;
- (c) Singing River Health Services Foundation, Singing River Health System Foundation f/k/a Coastal Mississippi Healthcare Fund, Inc., Singing River Hospital System Foundation, Inc., Singing River Hospital System Benefit Fund, Inc., and Singing River Hospital System and all of their current and former employees, agents, and inside and outside counsel and their firms; and
- (d) current and former Trustees of the Trust (in their individual and official capacities).

WHO IS IN THE CLASS

You need to decide whether you are affected by this lawsuit.

6. Am I part of this Class?

The Lawsuit is being settled on behalf of a class that is defined as follows:

All current and former employees of Singing River Health System who participated in the Singing River Health System Employees' Retirement Plan and Trust, including their spouses, alternate payees, death beneficiaries, or any other person to whom a plan benefit may be owed.

7. I'm still not sure if I am included.

If you are still not sure whether you are included, you can call or write the lawyers in this case, at the phone number or address listed in question 12.

RIGHTS AND OPTIONS OF CLASS MEMBERS

The Plaintiffs have requested the Court to certify a mandatory class, meaning that the Court may choose not to exclude anyone from the Class even if they wish to be excluded. If the Court certifies a mandatory class, you will not be excluded and you will be bound by the terms of this Settlement.

8. What happens if I do nothing at all?

You don't have to do anything now. If you are in the Class, you will be entitled to the settlement benefits described above. You will also be legally bound by all of the orders the Court issues and judgments the Court makes in this class action.

THE LAWYERS REPRESENTING THE CLASS

9. Do I have a lawyer in this case?

The Court decided that the law firms of Reeves & Mestayer, PLLC and Cunningham Bounds, LLC are qualified to represent the Class. The law firms are called "Settlement Class Counsel." More information about these law firms, their practices, and their lawyers' experience is available at www.rmlawcall.com and www.cunninghambounds.com.

10. How will the lawyers be paid?

Settlement Class Counsel will ask the Court to approve fees not to exceed \$6,450,000 and out-of-pocket expenses not to exceed \$125,000. If the Court grants Settlement Class Counsel's request, the fees and expenses will be paid by SRHS in addition to the Settlement Payments to Class Members and will not be deducted from the Settlement Payments. The fee petition, a copy of which can be obtained by contacting Settlement Class Counsel, will be available for review at least 14 days before the deadline for written objections.

11. Who will determine whether the settlement is fair?

The Court has ordered that a hearing be held on _____, 2016, at _____ in the Courthouse for the United States District Court for the Southern District of Mississippi, 2012 15th Street, Suite 814, Gulfport, MS 39501, to determine whether the proposed settlement is fair, reasonable and adequate; whether it should be approved by the Court; whether judgment should be entered dismissing the Lawsuit with prejudice; and the amount of attorneys' fees and costs to be awarded to Settlement Class Counsel. The settlement hearing may be continued from time to time by the Court. A Settlement Class Member wishing to object to the settlement must file a written objection to it. Your written objection must be postmarked on or before _____, 2016. Your objection must list your name and address and, if applicable, the name, address and telephone number of your attorney. Your objection must be accompanied by copies of any supporting papers or briefs you intend to submit in support of your objection. Objections must be filed with the Court and mailed to Settlement Class Counsel and Defendants' Counsel at the addresses listed below. You may also attend the settlement hearing. If you intend to appear personally or through personal counsel at the hearing, you must include a notice of intent to appear in addition to your objection and mail copies to the Court, Settlement Class Counsel, and Defendants' Counsel. ANY CLASS MEMBER WHO DOES NOT

OBJECT IN THE WAY DESCRIBED ABOVE SHALL BE DEEMED TO HAVE WAIVED SUCH OBJECTION AND SHALL NOT HAVE ANY RIGHT TO OBJECT TO THE FAIRNESS OR ADEQUACY OF THE SETTLEMENT.

Clerk of the Court, U.S. District Court, 2012 15th Street, Suite 814, Gulfport, MS 39501

Jim Reeves, Reeves & Mestayer, 160 Main Street, Biloxi, MS 39530

A. Kelly Sessoms, Dogan & Wilkinson, 734 Delmas Avenue, Pascagoula, MS 39568-1618

GETTING MORE INFORMATION

12. Are more details available?

You may also speak to one of the lawyers appointed to represent the class by email at jrr@rmlawcall.com, or by calling Jim Reeves at (228) 374-5151, or by writing to Jim Reeves, 160 Main Street, Biloxi, MS 39530.

DATED _____

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION

THOMAS JONES, et al	*	PLAINTIFFS
	*	
VS.	*	CIVIL ACTION NO. 1:14cv447 LG-RHW
	*	c/w 1:15-cv1-LG-RHW
	*	1:15-cv44-LG-RHW
	*	
SINGING RIVER HEALTH SERVICES	*	
FOUNDATION, et al	*	DEFENDANTS

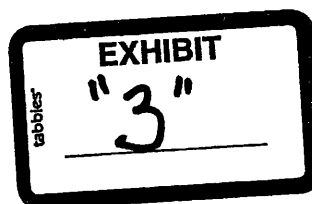
ORDER

The Jones Plaintiffs' Motion For Preliminary Approval Of Class Settlement Agreement ("Motion") was filed on January 3, 2016 (Doc. No. 136).

Having considered Plaintiffs' Motion, the signed Stipulation and Agreement of Compromise and Pro Tanto Settlement attached as Exhibit 1 to Plaintiffs' Motion for Preliminary Approval (the "Settlement Agreement"), and all other evidence submitted concerning Plaintiffs' Motion, due notice having been given and the Court being duly advised, the Court hereby finds as follows:

(a) The settlement proposed in the Settlement Agreement has been negotiated at arm's length and is preliminarily determined to be fair, reasonable, adequate and in the best interests of the Settlement Class (as defined below).

(b) The Class Notice (as described in the Settlement Agreement) fully complies with due process and Federal Rule of Civil Procedure 23(c)(2)(A), constitutes the best practicable notice under the circumstances, and is due and sufficient notice to all persons entitled to notice of the settlement of this proceeding.



(c) With respect to the Settlement Class, this Court finds that, for settlement purposes only, certification is appropriate under Federal Rule of Civil Procedure 23(b)(1)(A) or (B) or 23(b)(2). This Court finds that members of the Settlement Class will receive notice of the settlement through the notice program described below.

IT IS THEREFORE ORDERED THAT:

1. The settlement proposed in the Settlement Agreement has been negotiated at arm's length and is preliminarily determined to be fair, reasonable, adequate and in the best interests of the Settlement Class.

2. The following class (the "Settlement Class") is conditionally certified pursuant to Federal Rule of Civil Procedure 23(b)(1)(A) or (B) or 23(b)(2):

All current and former employees of Singing River Health System who participated in the Singing River Health System Employees' Retirement Plan and Trust, including their spouses, alternate payees, death beneficiaries, or any other person to whom a plan benefit may be owed.

3. Thomas Jones, Joseph Charles Lohfink, Sue Beavers, Rodolfoa Rel, and Hazel Reed Thomas are designated as representatives of the Settlement Class.

4. James R. Reeves of Reeves & Mestayer, LLC and Steven L. Nicholas of Cunningham Bounds, LLC, are appointed as Settlement Class Counsel.

5. The final hearing to determine whether the settlement is fair, reasonable and adequate, and whether it should be approved by the Court ("Fairness Hearing"), will be conducted on

_____.

6. At least 90 days before the Fairness Hearing, notice of the Settlement, its terms, and the right to object to the Settlement shall be given as set forth in the Settlement Agreement.

7. The form of notice that Defendant SRHS will provide is attached as Exhibit 2 to Plaintiffs' Motion. Defendant SRHS will send the notice substantially in the form of Exhibit 2 to Plaintiffs' Motion by first class mail to each Settlement Class Member. This notice program fully complies with the requirements of due process and Federal Rule of Civil Procedure 23(c)(2)(A), constitutes the best notice practicable under the circumstances, and is due and sufficient notice to all persons entitled to notice of the settlement of this proceeding.

8. The Jones Plaintiffs' Motion for Certification of Settlement Class and Motion for Final Approval shall be filed at least 45 days prior to the Fairness Hearing.

9. The Petition for Approval of Attorneys' Fees and Expenses and any supporting papers shall be filed at least 45 days prior to the Fairness Hearing.

10. Members of the Settlement Class shall file any written objections to the settlement, as set forth in the Settlement Agreement and paragraphs 11 and 12 of this Order, at least 21 days prior to the Fairness Hearing, and shall otherwise have no right to object to the Settlement Agreement. Only members of the Settlement Class shall have the right to object to the proposed settlement.

11. Any member of the Settlement Class who objects to the settlement may appear in person or through counsel, at his or her own expense, at the final hearing to present any evidence or argument that may be proper and relevant. However, no member of the Settlement Class shall be heard and no papers, briefs, pleadings, or other documents submitted by any member of the Settlement Class shall be received and considered by the Court unless such member of the Settlement Class shall both file with the Court and mail to Settlement Class Counsel and counsel for Defendant, at the addresses designated in the class notice, a written objection that includes (a) a notice of intention to appear, (b) a statement of membership in the Settlement Class, and

(c) the specific grounds for the objection and any reasons that such member of the Settlement Class desires the Court to consider. Any such papers must be filed with the Court and mailed to Settlement Class Counsel and counsel for the Defendant no later than 21 days before the Fairness Hearing. Any member of the Settlement Class who fails to object in the manner prescribed herein shall be deemed to have waived his or her objections and forever be barred from making any objections in this adversary proceeding or in any other action or proceeding. All responses to objections shall be filed with the Court and mailed to Settlement Class Counsel and Defendant's counsel at least 7 days before the Fairness Hearing. There shall be no replies from objectors.

12. In aid of the Court's jurisdiction to implement and enforce the proposed settlement, Plaintiffs and all members of the Settlement Class are preliminarily enjoined from commencing any action against the signatories to the Settlement Agreement for any claims, rights and causes of action, damages, losses, liabilities and demands of any nature whatsoever, whether known or unknown, that are, could have been or might in the future be asserted by the Trust, any Plaintiffs or any member of the Settlement Class, either directly, representatively, derivatively or in any other capacity, whether by a complaint, counter, defense or otherwise, in any local, state or federal court, or in any agency or other authority or forum wherever located, in connection with or that arise out of any acts, conduct, facts, transactions or occurrences, alleged or otherwise asserted or that could have been asserted, related to the failure to fund the Trust and/or management or administration of the Plan. Nothing in this paragraph shall be construed to prevent a member of the Settlement Class from presenting objections to this Court regarding the Settlement Agreement in accordance with the terms of this Order.

13. In the event that (i) the Settlement Agreement is terminated pursuant to its terms; or (ii) the Settlement Agreement, Preliminary Approval Order and Final Judgment and Order

are reversed, vacated, or modified in any material respect by this or any other court, then (a) all orders entered pursuant to the Settlement Agreement shall be vacated, including, without limitation, the certification of the Settlement Class, and all other relevant portions of this Order, (b) this proceeding shall proceed as though the Settlement Class had never been certified, and (c) no reference to the prior Settlement Class, or any documents related thereto, shall be made for any purpose; provided, however, that if the Parties to the Settlement Agreement agree to jointly appeal an adverse ruling and the Settlement Agreement and Final Judgment and Order are upheld on appeal, then the Settlement Agreement and Final Judgment and Order shall be given full force.

14. In the event that the settlement does not become final and the Effective Date does not occur in accordance with the terms of the Settlement Agreement, then this Order shall be void and shall be deemed vacated.

15. The Court may, for good cause, extend any of the deadlines set forth in this Order or adjourn or continue the final approval hearing without further notice to the Settlement Class.

Dated: _____

LOUIS GUIROLA
CHIEF UNITED STATES DISTRICT JUDGE
SOUTHERN DISTRICT OF MISSISSIPPI