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Defendants Prospect Medical Holdings, Inc., Prospect East Holdings, Inc., Prospect Chartercare, LLC, Prospect Chartercare SJHSRI, LLC, and Prospect Chartercare RWMC, LLC (the “Prospect Defendants”), and The Angell Pension Group, Inc. (“Angell”) (collectively, the “Joint Defendants”) hereby respectfully submit this supplemental memorandum of law in further support of their respective Motions to Dismiss the First Amended Complaint (“FAC,” ECF No. 60).¹

INTRODUCTION

This supplemental briefing was prompted by an election that Plaintiff Stephen Del Sesto (“Plaintiff” or “Del Sesto”) made under 26 U.S.C. § 410(d) and filed on or about April 15, 2019 (the “Church Plan Election”) as an attachment to the Annual Return/Report of Employee Benefit Plan he filed which covered the Plan’s fiscal year ended June 30, 2018 (the “2017 Form 5500”). The Church Plan Election has caused the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), to definitively apply to the Plan, including the termination insurance program authorized under Title IV of ERISA and overseen by the Pension Benefit Guaranty Corporation (the “PBGC”). A copy of the Church Plan Election is appended hereto as Exhibit 1 (“Ex. 1”); a copy of the 2017 Form 5500 is appended hereto as Exhibit 2 (“Ex. 2”). Both are now a matter of public record.²

Although a Church Plan Election can be made only with respect to a *bona fide* church plan,³ Plaintiff’s Church Plan Election purports to be “without prejudice to the position taken [in

¹ All capitalized terms herein have the same meaning as in the Motions to Dismiss.

² Plaintiff’s 2017 Form 5500 has now been posted on the U.S. Department of Labor’s website, without its appended SSA schedules (which doubtlessly were redacted to protect the privacy of the individual participants). The Church Plan Election appears at the end. *See* <https://www.efast.dol.gov/portal/app/disseminatepublic?execution=e1s1>.

³ A church plan election can be made only by “the church or convention or association of churches which maintains [the] church plan” and relates to that “church plan.” 26 U.S.C. § 410(d).

this litigation] that the Plan ceased to qualify as a church plan (and became subject to ERISA) on or prior to the Effective Date, possibly as of 2009 or earlier.” Ex. 1 at § 3.

The Church Plan Election constitutes a plain admission by Plaintiff that, to this day, it is and remains possible that the Plan *might qualify* as a church plan. It also clarifies that, without regard to whether the Plan satisfies all the requirements necessary for it to qualify as a church plan, there no longer is any doubt that ERISA presently applies, and that the Plan is covered by the PBGC-supervised plan termination insurance provisions.

Given the admitted ambiguity as to whether the Plan is still a church plan, allegations in the FAC that any Defendants “conspired to falsely claim that the Plan continued to qualify as a church plan,” no longer can be taken seriously. *See* FAC at ¶¶ 55(d)(ii), 56, 65, 114, 135. A claim must be known to be false for the Defendants to have conspired to make a false claim.⁴ And even if the standard were negligent disregard of the truth, the allegation could not stand because Plaintiff has admitted that either position—church plan or ERISA plan—must be reasonable, because he now takes *both* positions.

Similarly, allegations that the Prospect Defendants should have funded the Plan in accordance with ERISA, or have successor liability, depend on the allegations that the Prospect Defendants knew or should have known that the Plan was covered by ERISA in 2014. Such allegations cannot be taken seriously, given that Plaintiff himself does not now know whether the Plan meets the various requirements to qualify as a church plan despite almost two years of investigations, consultations with legal counsel, and correspondence and meetings with the PBGC.

⁴ *See e.g., North Am. Catholic Educ. Programming, Inc. v. Cardinale*, 567 F.3d 8, 13 (1st Cir. 2009) (quoting *Greenstone v. Cambex Corp.*, 975 F.2d 22, 25 (1st Cir. 1992)) (A complaint must allege the scienter elements of fraud by “set[ting] forth specific facts that make it false.”). Simply, if Defendants did not know that the Plan was *not* a church plan, they could not have conspired to falsely claim that it *was* a church plan.

The Church Plan Election also puts Plaintiffs' Opposition to the Motions to Dismiss in a new light. For example, Plaintiff's discussion of the effect of PBGC coverage includes the contention that whether the Plan is covered by ERISA remains open to question (Plaintiffs' Omnibus Memorandum In Support of Their Objection To Defendants' Motions to Dismiss, ECF No. 100 at 106), a position Plaintiff vigorously defended as recently as at the oral argument held February 12, 2019, to consider Plaintiff's motion to approve its settlement with Chartercare Community Board ("CCCB") and certain other defendants, *see* ECF No. 118 at 14-20, apparently after making arrangements with actuaries, accountants and others to cause ERISA to apply as of July 1, 2018.⁵ The Church Plan Election removes any doubt on that point. Either the Plan was already covered by ERISA, as Plaintiffs allege (pleading in the alternative), or the Church Plan Election invokes ERISA coverage, permanently and irrevocably. *See* 26 U.S.C. § 410(d)(2) ("An election under this subsection with respect to any church plan shall be binding with respect to such plan, and, once made, shall be irrevocable").

Plaintiffs also assert that the PBGC cannot be compelled to terminate the Plan. *See* ECF No. 100 at 106. However, on the very next page, Plaintiffs cite 29 U.S.C. § 1342(a), which explicitly states that "[t]he [PBGC] shall as soon as practicable institute proceedings under this section to terminate a single-employer plan whenever the [PBGC] determines that the plan does not have assets available to pay benefits which are currently due under the plan." *Id.* at 107. Thus, the PBGC guarantee is invoked automatically when it matters—as soon as any participant is not paid his or her full pension benefit due to lack of assets in the Plan. Plaintiffs also point out that

⁵ By its terms, the Plaintiff's Church Plan Election caused the Plan to be subject to ERISA effective "as to all Plan years beginning on or after August 17, 2017." Ex. 1. For the Plan, which has a June 30th fiscal year end, that would place the effective date of Plaintiff's Church Plan Election at July 1, 2018.

PBGC coverage is determined at the time of Plan termination, inviting the Court to infer that the Plan might not be covered by the PBGC in the future when it terminates. However, as explained above, the Church Plan Election is irrevocable. Thus, no matter whether the Plan is a church plan or not, it will forever be covered by ERISA and subject to the PBGC's protections.

The simple fact is that Plaintiff has, since he became receiver and the Plan's Administrator, had at least four different ways he could have ensured PBGC coverage:

- (i) he could at any time have made the Church Plan Election, which he has now done;
- (ii) he could have sought a private letter ruling from the Internal Revenue Service (or the U.S. Department of Labor), to confirm that the Plan did not and does not constitute a church plan, an approach suggested to him more than a year ago by the PBGC (*see* PBGC letter dated June 5, 2018, sent to Del Sesto and his counsel, which Plaintiff also provided to the Joint Defendants during a recent attempt at mediation and which is appended hereto as Exhibit 3 ("Ex. 3") at 2);
- (iii) he could have filed a Form 600 with the PBGC, to force the termination of the Plan in a process called a "distress termination";⁶

or

- (iv) he could have joined the PBGC in this litigation for purposes of Count IV (request for a declaratory relief that the Plan is subject to Title I and Title IV of ERISA (which provides for PBGC coverage)).

In addition, if Plaintiff did discern that the Plan had legitimate deficiencies which would or could impede its ability to satisfy ERISA and the Code's "church plan" requirements, he easily

⁶ This process, and the applicable PBGC forms, are set forth on the PBGC's website. *See* <https://www.pbgc.gov/sites/default/files/600-601-602.pdf>.

could have fixed them *retroactively*, in accordance with, *e.g.*, ERISA § 3(33)(D) and Code § 414(e)(4) (since there is no record indicating that the Plan has ever received an IRS notice of deficiency in respect of the Plan’s status as a “church plan”), *then* made his Church Plan Election, and *then* filed for a distress termination of the Plan (as outlined above). Doing so likewise would have fully protected the Plan’s participants and beneficiaries. Plaintiff chose instead to just sue everyone, and only now has elected (after almost two years on the job) to make a Church Plan Election. Thus, Plaintiff’s protestation that he could not invoke PBGC guarantees is disingenuous and flatly wrong.

Plaintiff also wishes this Court to believe the PBGC itself is on the verge of running out of money, citing concerns about the multiemployer program. *See* ECF No. 100 at 103. However, the Plan is not a multiemployer pension plan. It is a single employer plan, covered by different PBGC trust funds than the ones which cover multiemployer pension plans—and the PBGC trust funds which protect single employer plans have a surplus. *See* A Message from the Director, 2018 PBGC Annual Report (“The financial status of the Single-Employer Program shows continuous improvement and reached a positive net position this year”).⁷

Finally, Plaintiff’s suggestion that the PBGC is available, somewhere down the line, to provide additional funds to the Plan (thus, serving as a collateral source of funds) misrepresents how ERISA’s plan termination provisions work—at least, when the PBGC gets involved, which is inevitable here. When an underfunded single-employer pension plan is terminated under subtitle B of ERISA Title IV, the PBGC takes over trusteeship of the plan and pays all the benefits. It also takes over all the underfunded plan’s assets. It does not in any circumstance pay any amount

⁷ This information also can be found on the PBGC’s website. *See* <https://www.pbtc.gov/about/annual-reports/pbtc-annual-report-2018>.

to the plan, or serve as a source of “funds.” Here, if the Plan is terminated, the PBGC would take all the Plan’s assets from Plaintiff, and all the participants would be paid their entire benefit directly by the PBGC. The PBGC also would succeed to and become the beneficial owner of all of the Plan’s claims, including the claims raised in this litigation (unless already decided or resolved), as mentioned by the PBGC in a letter it sent Del Sesto just last month, which also was recently provided by Plaintiff to the Joint Defendants during the above-mentioned mediation. *See* PBGC letter to Del Sesto dated May 15, 2019, appended hereto as Exhibit 4 (“Ex. 4”).

Putting all these facts about the PBGC together, it is clear that Plaintiff’s failure to allege that any Participant will receive less than his or her full pension is more than just a technical failure in the FAC. It goes to the question of whether the class members have constitutional standing.

ARGUMENT

Presently pending before this Court are (among other things) motions to dismiss filed by both Angell and the Prospect Defendants. We submit that the Church Plan Election, made on April 15, 2019, by Plaintiff, the 2017 Form 5500 to which the Church Plan Election was attached, the correspondence from the PBGC that Plaintiff solicited and received last month (May 2019) and in June 2018, and Plaintiff’s payment of a \$1.6 million premium to the PBGC on or about April 15, 2019, which the PBGC acknowledged on April 24, 2019 (relevant correspondence, also provided by Plaintiff to the Joint Defendants during the mediation, appended hereto as Exhibit 5 (“Ex. 5”)), are highly relevant to some or all of the claims being brought by Plaintiff against one or more of the Joint Defendants, and to the Joint Defendants’ pending motions to dismiss.

We of course are mindful that, when considering a motion to dismiss under Rule 12(b) of the Federal Rules of Civil Procedure (“FRCP”), a court generally is limited to considering only the face of the plaintiff’s complaint (here, the FAC), those documents appended to or referenced

in that complaint, and such public records and other facts of which the court is willing to take judicial notice. *Butler v. Balolia*, 736 F.3d 609, 611 (1st Cir. 2013), *superseded by* 2017 WL 2407252 (1st Cir. June 1, 2017); *see also Rodi v. Southern New England School of Law*, 389 F.3d 5, 12 (1st Cir. 2004). We also are mindful, though, that the PBGC correspondence emanated from a federal agency, that Plaintiff's Church Plan Election was attached to, and made part of, an Annual Return/Report that Plaintiff filed under oath with the U.S. Department of Labor (the "DOL") and with the Internal Revenue Service (the "IRS"), two other federal agencies, and that all of the documents were provided to the Joint Defendants by the Plaintiff (at least two of which are now a matter of public record). The origins and nature of those documents, we submit, make their authenticity unassailable and make them fair game to be considered as part of the Court's Rule 12 deliberations.

In *Ironshore Specialty Ins. Co. v. United States*, 871 F.3d 131 (1st Cir. 2017), the First Circuit dealt squarely with what can be considered outside the pleadings at least as to certain motions to dismiss:

Ordinarily[] . . . any consideration of documents not attached to the complaint, or not expressly incorporated therein, is forbidden, unless the proceeding is properly converted into one for summary judgment under Rule 56. *Watterson v. Page*, 987 F.2d 1, 3 (1st Cir. 1993). We have recognized, however, that when considering 12(b)(6) motions to dismiss, "courts have made narrow exceptions for documents the authenticity of which are not disputed by the parties; for official public records; for documents central to plaintiffs' claim; or for documents sufficiently referred to in the complaint." *Id.* Moreover, "[u]nder First Circuit precedent, when 'a complaint's factual allegations are expressly linked to—and admittedly dependent upon—a document (the authenticity of which is not challenged),' then the court can review it upon a motion to dismiss." *Diva's Inc. v. City of Bangor*, 411 F.3d 30, 38 (1st Cir. 2005) (alteration in original) (quoting *Alternative Energy, Inc. v. St. Paul Fire & Marine Ins. Co.*, 267 F.3d 30, 34 (1st Cir. 2001)).

Ironshore, 871 F.3d at 135; *see also Freeman v. Town of Hudson*, 714 F.3d 29 (1st Cir. 2013) (also citing the general rule).

The documents under consideration here likewise constitute “official records,” which are part of the records being maintained by, *inter alia*, the DOL and the PBGC (some, a matter of public record) and are self-authenticating. They thus are perfectly capable of being considered under Federal Rules of Evidence (“FRE”) 201(b)(2) (judicial notice). It is not surprising to find other courts willing to consider such documents and records. *See e.g., Powell v. UNUM Life Ins. Co. of Am.*, 2016 WL 8731383, *1 n.2 (E.D. Cal. Sept. 30, 2016) (Form 5500 “Annual Report” filing taken into consideration for motion to dismiss purposes as official record, and one capable of being considered under FRE 201(b)(2)).

Accordingly, we respectfully request that the Court take judicial notice of these documents, and the various public agency records and reports cited herein, when considering the pending motions to dismiss filed by the various Defendants.

I. The Plan Now Clearly is Subject to ERISA, One Way or The Other.

A. Plaintiff’s Church Plan Election Is Both Irrevocable and Undeniable.

By making and filing a written election with both the DOL and the IRS in accordance with Code § 410(d), as part of filing the 2017 Form 5500 under oath⁸ on April 15, 2019, Plaintiff has crossed the proverbial Rubicon and subjected the Plan—one way or another—to all of ERISA’s provisions, including both Title I and the plan termination provisions of Title IV, and generally parallel requirements imposed upon such plans by the Internal Revenue Code (the “Code”) in order

⁸ The oath under which Plaintiff signed and filed the 2017 Form 5500 is comprehensive, and reads as follows: “Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, *including accompanying schedules, statements and attachments*, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.” Ex. 2 at 1 (emphasis added.) As noted above, the Church Plan Election is an attachment to the 2017 Form 5500. Ex. 2 at 57.

to be treated as tax-qualified and tax-favored plans. It was not a step Plaintiff could have taken lightly, and one he doubtlessly did not take lightly, because there is no going back—not for him, not for the Plan, not for the Plan’s participants and beneficiaries, and not for the regulatory agencies involved, including the PBGC. More important, and perhaps more relevant, such an election (so long as properly made) is not subject to review and approval by any of the federal agencies involved.

When Congress enacted ERISA in 1974, it made special provision for so-called “church plans”—generally, employee benefit plans established and maintained by a church, or by a convention or association of churches, for its (or their) employees, which satisfy several conditions, limitations and exceptions. The exact conditions, limitations and exceptions were, and are, set forth in both ERISA § 3(33) (codified at 29 U.S.C. § 1002(33)) and in Code § 414(e) (codified at 26 U.S.C. § 414(e)) because most nongovernmental employee benefit plans of this type—traditional pension plans—are subject to extensive dual regulation under both the federal benefits laws (ERISA) and the Code’s tax-favored, tax-qualified plan rules. The differences between how most traditional pension plans are regulated under ERISA and the Code, and how traditional pension plans which are church plans are regulated, are substantial and affect not only the plan itself but also the plan’s sponsoring organization(s), the plan’s fiduciaries, and the individuals who are covered by the plan’s provisions.⁹ Most church plans avoid these additional

⁹ *See, e.g.*, ERISA §§ 4(b)(2), 201 (participation and vesting), 301(a) (coverage), 401(a) (fiduciary responsibility), 502 (remedies, and federal court jurisdiction), and 514 (federal preemption of substantially all state laws); and Code §§ 401(a) flush language, 410(c)(1)(B) (participation), 411(e)(1)(B) (vesting), 412(h)(4) (funding), 4971 (excise tax penalties for failure to make minimum required contributions) and 4975(g)(3) (prohibited transactions, and related excise taxes). *See also* IRS Announcement 82-146 (church plans are not required to file annual reports).

requirements, and are free to do so.¹⁰

While those conditions, and the differences between “regular” benefit plans and church plans, have changed in several important respects over the decades, one aspect has remained constant. If a church, or a convention or association of churches, has been willing to subject its church plan to all of the rigors, and the protections, of ERISA (and the related, additional tax-qualified plan requirements found in the Code), it can make and file a simple written election which causes ERISA and the Code to apply to the church plan with full force and effect as though the plan was not (and never was) a “church plan.” Congress put the election requirements in Code § 410(d), and they are both brief and straightforward:

(d) Election By Church To Have Participation, Vesting, Funding, Etc., Provisions Apply

(1) In General

If the church or convention or association of churches which maintains any church plan makes an election under this subsection (in such form and manner as the Secretary may by regulations prescribe), then the provisions of this title relating to participation, vesting, funding, etc. (as in effect from time to time) shall apply to such church plan as if such provisions did not contain an exclusion for church plans.

(2) Election Irrevocable

An election under this subsection with respect to any church plan shall be binding with respect to such plan and, once made, shall be irrevocable.

26 U.S.C. § 410(d). Corresponding Treasury Department regulations both reiterate key portions of the statute and explain how the election is to be made. Treas. Reg. § 1.410(d)-1; found at 26 C.F.R. §1.410(d)-1, *et seq.*

Here, Plaintiff, in his capacity as Plan Administrator, made and filed the Church Plan

¹⁰ Generally, church plans do not have to comply with ERISA. *Advocate Health Care Network v. Stapleton*, 198 L. Ed.2d 96, 137 S. Ct. 1652 (2017).

Election in one of the ways specifically prescribed in the relevant federal tax regulations: he appended it to a Form 5500 filing (here, the 2017 Form 5500) and indicated it would be effective for the first Plan year commencing after August 17, 2017, as required by Treas. Reg. § 1.410(d)-1(c)(5).

The implications of Plaintiff's Church Plan Election are far-reaching, self-executing, and create a dealt hand for (among others) the PBGC. As the Treasury regulations make clear, the plan's Administrator may make the election as a right. Neither the PBGC, the IRS, nor any other agency is permitted to second guess or challenge a validly-made election. Nor may they reject such an election, other than possibly on the grounds that the plan is not then a church plan or that the Administrator somehow is not a properly-qualified, or legitimately-appointed, "Administrator." In either circumstance, though, the rejection itself would have to be predicated on a determination that the plan was *already* subject to ERISA by failing to satisfy the criteria for being a "church plan." While several routes appear possible here, all lead to the same conclusion: the Plan is irrevocably subject to ERISA.

Also, by making this filing, Plaintiff makes two significant admissions. First he has explicitly admitted, formally and under oath, that the Plan presently is (and forever will continue to be) an ERISA plan and therefore is subject to the full panoply of ERISA requirements, including the plan termination insurance program administered by the PBGC, and ERISA's exacting fiduciary standards. Second, he has also—at least implicitly—admitted that the Plan's ability (or, inability) to satisfy all the conditions imposed upon church plans by ERISA § 3(33) and Code § 414(e) was far from being clear-cut. Why? Because if the Plan's alleged ineligibilities to be a "church plan" were so obvious, there would be no reason for Plaintiff—and indeed, no ability for Plaintiff—to make and file a Church Plan Election under an oath attesting that it is "true, correct,

and complete.” Ex. 2 at 1.

At a minimum, Plaintiff’s decision to make and file the Church Plan Election stands as formal recognition by Plaintiff that there were credible reasons to believe that the Plan was a church plan as late as April 15, 2019, the date Plaintiff made the Church Plan Election. That has important implications for this litigation and substantially bolsters several arguments that Angell and the Prospect Defendants have made in their respective motion to dismiss.

B. Even If the Plan is Not a Church Plan, ERISA Applies – Just Earlier.

Plaintiff has argued in this litigation that the Plan has not met the requirements to be a church plan for several years—possibly, as early as 2009. Indeed, Plaintiff has purported to make his Church Plan Election “without prejudice to the position taken by the Plan Administrator in the [instant] litigation . . . that the Plan ceased to qualify as a Church Plan (and became subject to ERISA) on or prior to the Effective Date [of the Church Plan Election], possibly as of 2009 or earlier,” Ex. 1 at § 3, without bothering to square the oath he has just made in the 2017 Form 5500 with the one his attorneys made, at least implicitly, under FRCP 11(b) when filing the FAC and several other papers with the Court.

Even if the Plan failed to qualify as a church plan prior to the effective date of the Church Plan Election, the Plan nonetheless is, and has been, subject to ERISA and to the PBGC guarantees provided by ERISA Title IV not later than April 15, 2019, and under those circumstances at least arguably was subject to those provisions at an earlier point in time, such as July 1, 2018.

C. Plaintiff’s Church Plan Election Destroys Plaintiff’s Fraud and Misrepresentation Claims Against All Defendants.

Notwithstanding Plaintiff’s contention, made in his Church Plan Election, that the election was being made without prejudice to the position(s) that Plaintiff has been taking in this litigation, Plaintiff’s decision to now make and file an election with the DOL and the IRS in accordance with

Code § 410(d) constitutes a significant admission on his part.

If the Plan's "church plan" deficiencies were so significant, and so open and conspicuous, as Plaintiff has repeatedly contended, there would be no reason for Plaintiff to make and file his Church Plan Election. Yet that is what Plaintiff has now done, after having been put in charge of the Plan and its records, after having conducted an exhaustive, two year-long court-approved (and Plan paid for) investigation into the Plan's finances, history and organization, and after having repeatedly met with the PBGC in an effort to clarify the Plan's status. Simply, if Plaintiff cannot find and identify the Plan's "church plan" problem(s) after such a searching process, how could have any of the Joint Defendants possibly known in 2014, or even at late as in 2017, that the Plan was being "falsely" (or even improperly) being described or depicted as a "church plan"?

A complaint must adequately allege the scienter elements of a fraud by "set[ting] forth specific facts that make it reasonable to believe that defendant *knew* that a statement was materially false or misleading." *North Am. Catholic Educ. Programming, Inc. v. Cardinale*, 567 F.3d 8, 13 (1st Cir. 2009) (quoting *Greenstone v. Cambex Corp.*, 975 F.2d 22, 25 (1st Cir. 1992)); *Schatz v. Republican State Leadership Comm.*, 669 F.3d 50, 58 (1st Cir. 2012) (dismissing case for failure to sufficiently plead requisite states of mind under the more robust FRCP 12(b)(6) standard articulated by the Supreme Court in *Ashcroft v. Iqbal*, 556 U.S. 662 (2009)); *see also Mayfield v. Nat'l Ass'n of Stock Car Auto Racing, Inc.*, 674 F.3d 369, 377-78 (4th Cir. 2012) ("the complaint's allegation that the defendants' statements 'were known by [them] to be false at the time they were made,' is entirely insufficient . . . This kind of conclusory allegation—a mere recitation of the legal standard—is precisely the sort of allegations that *Twombly* and *Iqbal* rejected").

The Church Plan Election makes it clear that none of the Joint Defendants could have had such knowledge. Plaintiff is a lawyer, charged with administration of the Plan, who has himself

retained special outside counsel with expertise in ERISA and in dealing with the PBGC. In his capacity as Receiver, he has had the authority to conduct extensive discovery and has done so. The Plan's church plan status has vitally important implications for the administration for which he is responsible. If, to this day, Plaintiff does not know whether the Plan is a church plan, he cannot now credibly contend that one or more of the Joint Defendants knew, or should have known, perhaps as long as a decade ago, that the Plan did not satisfy all relevant church plan requirements. And if such Defendants did not know (and could not have discerned) that the Plan somehow was *not* a church plan, they could not have conspired to falsely claim that it *was* a church plan. This certainly is true of Angell.

Plaintiff's fraud claims against the Prospect Defendants are even more attenuated, and more likely to wither under scrutiny in light of Plaintiff's recent admission. It bears remembering that the Prospect Defendants were incapable of assuming and maintaining a church plan because all were (and remain) secular organizations. It also bears remembering that the Prospect Defendants had no direct access to the Plan's records, had far less access to records than Plaintiff has had (along with less time to consider what had been provided by the sellers), and could only rely on the clear and un-caveated representations and warranties being made to them by CCCB and the other settling co-defendants—as part of a purchase of business assets and in regard to an obligation the Prospect Defendants were not assuming and reasonably believed they could not lawfully assume—that the Plan was then a non-electing church plan. Simply, if Plaintiff could not find clear evidence of a church plan “problem” after 18 to 24 months of searching and consulting with both its legal counsel and the PBGC, it is logical to infer that the Prospect Defendants could not have possibly picked up on any inconsistencies or irregularities in 2014, while it and its counsel were conducting due diligence based on the documents that CCCB chose to provide to them.

II. Plan Participants and Beneficiaries Now Clearly Are Protected by ERISA’s Plan Termination Provisions, One Way or The Other.

A. The PBGC’s Guaranty Obligations, If Triggered by a Plan Termination, Are Substantial, Unavoidable and Undeniable by the PBGC.

The PBGC is required by statute to guarantee nonforfeitable benefits under all single employer “employee pension benefit plans” that are subject to the minimum funding requirements under the Code and terminate at a time when Title IV of ERISA applies to them. ERISA §§ 4021(a) and 4022(a) make those requirements clear. The exact scope of the PBGC’s guarantee obligations are set forth in ERISA § 4022.¹¹

Here, the Plan has been in effect at least since July 1, 1965—almost 55 years, according to the 2017 Form 5500, Ex. 2 at 1, and has been completely frozen since June 19, 2014, Ex. 2 at 44 (note 3 to audited financial statements, appended to 2017 Form 5500 filing). The fact that the Plan’s participants and beneficiaries’ benefits are now fully protected by the PBGC under ERISA § 4022(a) because of Plaintiff’s Church Plan Election no doubt helps to explain why neither Plaintiff nor the Plan’s participants have been heard to argue that those benefits would not be fully guaranteed and protected.

¹¹ Generally, these provisions require the PBGC to guarantee all nonforfeitable benefits under a single employer plan which terminates at a time the plan is subject to its insurance provisions, subject to certain limitations not applicable to a plan that has been in effect 60 months or more (here, since 1965). See ERISA §§ 4022(b)(1) and (b)(7) (describing limitations placed on benefits “provided by a plan which has been in effect for less than 60 months” at the time of plan termination (and to any benefit increases under a plan amendment made or made effective within 60 months before plan termination)); see also, e.g., *Rettig v. PBGC*, 744 F.2d 133 (D.C. Cir. 1984) and *Peich v. PBGC*, 744 F.2d 156 (D.C. Cir. 1984) (invalidating original PBGC regulations to ERISA § 4022(b), pertaining to the phase-in of PBGC guarantees, on grounds that compliance with ERISA’s vesting requirement could not be considered a “Benefit Increase”); and PBGC Reg. §§ 2609.2, 2609.5 and 2609.6 *publ. in* 41 Fed. Reg. 6194 (Feb. 11, 1976) (defining, treating as a “Benefit Increase” subject to the five (5) year phase-in rule only those “benefit[s] arising from the adoption of a new plan” and those benefits created or enhanced by plan amendment or as the result of vesting).

B. Plaintiff's Claims of Imminent PBGC Insolvency are Disingenuous

Plaintiffs claim that the PBGC is on the verge of insolvency and that its guarantee is therefore worthless. Yet, as a Plan fiduciary, Del Sesto chose to pay \$1.6 million in Plan assets to the PBGC, as a premium, to obtain those very protections. *See* Ex. 5 at 2. This, itself, speaks volumes. Del Sesto did not have to make the Church Plan Election (it is, after all, an “election”), and if the Plan indeed was a church plan as recently as April 15, 2019, Plaintiff could have used that \$1.6 million to pay Plan participants’ benefits. Plaintiff’s protestations that PBGC’s guarantees are worthless thus simply do not hold up. As for Plaintiff’s suggestion that the dire condition of the PBGC’s multiemployer trust fund has left the PBGC incapable of responding to a termination of the Plan, it simply is an attempt to mislead. *See espec.* Plaintiffs’ Memo. In Reply to Obj. Filed By Prospect Defendants to Joint Motion for Settlement, ECF No. 83 at 30 (implying that the PBGC’s seriously endangered multiemployer plan fund could pull down the PBGC’s single employer plan fund).

In fact, and as a matter of federal law, the United States Treasury is required to keep the funds separate from each other. *See* ERISA § 4005(a) (*codified at* 29 U.S.C. § 1305(a), directing the Treasury Department to establish and maintain separate trust funds). It is beyond contention that the PBGC’s *single-employer* pension plan guarantee funds (described in 29 U.S.C. § 1322) are kept separate by the United States Treasury from the *multiemployer* pension plan guarantee funds (described in 29 U.S.C. § 1322a), and that the PBGC pays the different guarantees from the different funds.

Indeed, in the PBGC’s 2018 Annual Report, which was released November 18, 2018 and covers its most recent fiscal year ending September 30, 2018 (the “2018 Annual Report”), the PBGC indicated that its financial condition had greatly improved, and that in particular its single-employer insurance program (the one covering the Plan, now that the Plan is conclusively subject

to ERISA) had assets of \$109.9 billion and liabilities of \$107.5 billion.¹² The fact that the relevant PBGC plan termination fund—the one which now covers the Plan—currently has a \$2.4 billion *surplus*, not a deficit, means it hardly is “at risk,” as Plaintiff recently contended based on, *inter alia*, a Governmental Accounting Office (“GAO”) report from more than 15 years earlier. *See* ECF No. 83 at 30-31. The PBGC is certainly capable of fully honoring its obligations under ERISA Title IV to all of the approximately 5,000 terminated single employer plans currently under its control—and to the Plan’s participants and beneficiaries, should it come to that.

C. The PBGC’s Substantial Title IV Obligations Make It the Real Party In Interest.

Now that there no longer can be any serious dispute as to *whether* the Plan is subject to ERISA, (only, *when*), and now that it is clear that the Plan is subject to the plan termination provisions of ERISA Title IV, the PBGC’s posture in this dispute (and its conspicuous absence from this litigation, despite its having been meeting and corresponding with Plaintiff for more than a year) deserves to be much better understood. That is particularly true now that Plaintiff has paid almost \$1.6 million in Plan’s assets to the PBGC for coverage which Plaintiff would like this Court to believe is worthless.

Plaintiff’s insistence that the PBGC’s role in this litigation is speculative is pure, unadulterated bunk. And Plaintiff’s contention that the PBGC provides a collateral source of funds to the Plan and its participants and beneficiaries if the Plan at some point were to terminate while underfunded, *see* ECF No. 83 at 40-44, could not be further from the truth. In reality, because the PBGC guarantees the Plan participants’ pensions, any dollars Plaintiff is able to collect from one or more of the Joint Defendants will directly benefit the PBGC, not the Plan’s participants. There are two reasons for this.

¹² *See* 2018 Annual Report, at p. 28. The 2018 Annual Report can be found on the PBGC’s website at <https://www.pbgc.gov/sites/default/files/pbgc-annual-report-2018.pdf>.

First and foremost, when an underfunded pension plan terminates or is terminated under ERISA Title IV, the PBGC assumes the plan’s obligations—and takes over the plan’s remaining assets. The flush language found at the end of ERISA § 4042(a) (*codified at* 29 U.S.C. § 1342(a)) spells out this process:

The [PBGC] shall as soon as practicable institute proceedings under this section to terminate a single-employer plan whenever the [PBGC] determines that the plan does not have assets available to pay benefits which are currently due under the terms of the plan Notwithstanding any other provision of this subchapter, the [PBGC] is authorized to pool assets of terminated plans for purposes of administration, investment, payment of liabilities of all such terminated plans, and such other purposes as it determines to be appropriate in the administration of this subchapter.

29 U.S.C. § 1342(a) (emphasis added).

The PBGC effects this seizure of plan assets in two steps. In step one, the PBGC causes itself to be appointed the underfunded plan’s trustee, in accordance with ERISA § 4042(b)(1) (*codified at* 29 U.S.C. §1342(b)(1)). Indeed, at last report,¹³ the PBGC was the self-appointed trustee of 4,837 terminated pension plans, at least a few of which appear to be terminated plans previously maintained by religious-affiliated hospitals.¹⁴ Then, in step two, the PBGC invokes ERISA § 4042(d)(1)(A)(ii) (*codified at* 29 U.S.C. §1342(d)(1)(A)(ii)) to take over the terminating plan’s remaining assets. *See* ERISA § 4042(d)(1)(A)(ii) (“A trustee appointed under subsection (b) shall have the power . . . (ii) to require the transfer of all (or any part) of the assets and records of the plan to himself as trustee . . .”). Thereafter, the PBGC relies on the last sentence in ERISA § 4042(a) (quoted and emphasized, above) to pool the assets of all the plans in its control, which

¹³ The published list can be found at <https://catalog.data.gov/dataset/single-employer-plans-trusted-by-the-pbgc> (“PBGC-Trusteed Plans List”). The latest list is as of October 29, 2018, following the close of the PBGC’s most recent fiscal year – a year in which its single employer plan termination program reported a \$2.4 billion surplus. *See* Part II.B, *infra*.

¹⁴ *See e.g.*, St. Joseph Hospital Retirement Plan of Alton, IL (#2195 on the PBGC’s list); and Sacred Heart Hospital of Norristown, PA (#2299 on the PBGC’s list).

it reportedly uses on an undivided basis to pay all guaranteed benefits.

It is not possible to view the PBGC as a potential source of funds, rather than the government agency that simply spirits them away if and when an underfunded plan terminates or is terminated. However, the collateral source doctrine—a common law doctrine—is also inapplicable for another reason: it is specifically preempted by ERISA, according to controlling First Circuit precedent. In *LaRocca v. Borden, Inc.*, 276 F.3d 22, 30 (1st Cir. 2002), the First Circuit Court of Appeals squarely rejected the collateral source rule, on the grounds that as a state common law doctrine it was completely preempted by ERISA. There, the court was concerned that the doctrine would alter the coordination of benefit provisions of an ERISA plan, and thus interfere with ERISA’s carefully integrated civil enforcement provisions. As the First Circuit in *LaRocca* explained:

The collateral source rule has traditionally provided “that benefits received by the plaintiff from a source collateral to the defendant may not be used to reduce that defendant’s liability for damages.” *Lussier v. Runyon*, 50 F. 3d 1103, 1107 (1st Cir. 1995) (quoting 1 Dan B. Dobbs, *Law of Remedies* § 3.8(1), at 372-73 (2d ed. 1993)) . . . However, ERISA preempts state legislation designed to limit plans’ subrogation and coordination of benefits provisions. See *FMC Corp. v. Holliday*, 498 U.S. 52 (1990); *Travitz v. Northeast Dept. ILGWU Health and Welfare Fund*, 13 F.3d 704 (3d Cir. 1994). *Such preemption applies a fortiori to state common law doctrines (like the collateral source rule) which purportedly alter the benefit limitation provisions of a plan. See Pilot Life Ins. Co. v. Dedeaux*, 481 U.S. 41, 52-57 (1987) (precluding both state claims to recover benefits under an ERISA plan and state claims to recover compensation for harms suffered because of improper denial of such benefits).

LaRocca, 276 F.3d at 30 (emphasis added). *LaRocca* remains good law. See e.g., *Cook v. CTC Communications Corp.*, 2007 WL 3340810, *1 (D. N.H. Nov. 5, 2007) (explaining *LaRocca*, in the context of ERISA preemption); *Cavanaugh v. Northern New England Benefit Trust*, 2012 WL 5863615, *1-2 (D. N.H. Nov. 19, 2012).

Plaintiff has broadly asserted that the collateral source rule applies in the ERISA context, and that the PBGC might be a collateral source of funds in the future. *See* ECF No. 83 at 40-44 (quoting, *inter alia*, *Beta Group, Inc. v. Steiker, Greenapple, & Croscut, P.C.*, 2018 WL 461097, *3 (D.R.I. Jan. 18, 2018)). But *Steiker, Greenapple* failed to address or even acknowledge controlling First Circuit precedent (in the form of *LaRocca*), and thus appears to have been incorrectly decided.

A further key point deserves to be made here. Because the PBGC has to fully guarantee all of the Plan participants' benefits, the PBGC is the real party in interest in this litigation. As explained above, the amount the PBGC is required to pay, if it takes over an underfunded pension plan subject to Title IV of ERISA, consists of the difference between the plan assets the PBGC commandeers (discussed above) and the plan liabilities that the PBGC is required to assume and guarantee under ERISA § 4022 (*codified at* 29 U.S.C. §1322). As such, every dollar Plaintiff is able to collect from any of the Defendants inures to the PBGC's benefit, and likely only to the PBGC's benefit, and not to the Plan participants' and beneficiaries' benefit.

As the Supreme Court observed in *United States ex rel. Eisenstein v. City of New York*, 556 U.S. 928 (2009):

The phrase, “real party in interest,” is a term of art utilized in federal law to refer to an actor with a substantive right whose interests may be represented in litigation by another. *See, e.g.*, Fed. Rule Civ. Proc. 17(a); *see also* Cts. Crim. App. Rule Prac. & Proc. 20(b), 44 M. J. LXXII (1996) (“When an accused has not been named as a party, the accused . . . shall be designated as the real party in interest”); Black’s Law Dictionary, *supra*, at 1154 (defining a “real party in interest” as “[a] person entitled under the substantive law to enforce the right sued upon and who generally . . . benefits from the action’s final outcome”).

Eisenstein, 556 U.S. 928, at 934-35. The PBGC’s May 15, 2019 letter to Del Sesto, *see* Ex. 4, where the PBGC explicitly asserts that it is perfectly capable—as the self-appointed trustee of the

Plan, were the Plan to terminate or be terminated and pass into the PBGC’s hands—of asserting any of the claims Plaintiff is now asserting, fits the Black’s Law Dictionary definition (quoted in *Eisenstein*, above), to a “T.”

Indeed, the PBGC’s economic interest in this litigation—as the federal agency that provides plan termination insurance (and related benefit guarantees)—is so substantial that the PBGC *should* be a party to this litigation, to prevent the risk of inconsistent outcomes as to the interpretation and enforcement of the relevant ERISA Title IV provisions. In any event, given Del Sesto’s role here as Plan Administrator, when the PBGC does inevitably step in and get itself appointed Plan trustee, it almost certainly *will* be held bound (as then-Plan trustee) by whatever outcome Plaintiff does, or doesn’t, achieve in this litigation, despite its having elected (at least, for now) to be a nonparty.¹⁵

D. Plaintiff’s Lawsuit, Which Would Bail Out the PBGC, Undercuts Its “Appropriate Equitable Relief” Claims—Including Its Successor Liability Claims.

When the Court considers the fact that the Prospect Defendants have been sued under ERISA for “appropriate equitable relief” under ERISA § 502(a)(3), despite their not being Plan fiduciaries or even parties-in-interest, *see* ERISA § 3(14) (29 U.S.C. § 1002(14)), the fact that the real beneficiary of those claims would be the PBGC changes everything. It would be hardly “appropriate” to pursue private entities that are strangers to the Plan for “appropriate equitable relief” (as ERISA § 502(a)(3) requires), when the direct beneficiary of that relief not only would be a nonparty, but would also be a federal government agency that is being paid millions in

¹⁵ In *Taylor v. Sturgell*, 553 U.S. 880 (2008), the Supreme Court abolished the doctrine of virtual representation on Due Process grounds, but recognized six exceptions where a nonparty (here, the PBGC as a possible—and we submit, inevitable—successor Plan trustee) could and should be held bound by the outcome(s), at least to the extent it steps in as a successor trustee and attempts to assert, *e.g.*, successor liability, breach of duty or similar claims (precisely what the PBGC has indicated in its May 15, 2019, letter to Plaintiff, *see* Ex. 4).

premiums to provide the benefit guarantees it is required by statute to provide under ERISA Title IV.

There thus simply can be no appropriate equitable relief capable of being obtained from the Prospect Defendants (or, we submit, any of the other non-fiduciary defendants being pursued under ERISA § 502(a)(3)), in light of the fact that the Prospect Defendants had no part in the Plan reaching its current status and the real party in interest—the PBGC—currently has chosen to not intervene in the litigation.

III. Plaintiff Could End This Litigation Now by Filing For a Distress Termination of the Plan.

A. The Criteria for a Distress Termination Have Been Met Since Plaintiff Took Control of the Plan.

The parties have debated, vigorously and at length, whether the PBGC is required to step in and terminate the Plan, or whether it simply has the discretion to step in and terminate the Plan. In fact, the PBGC in several instances has discretion to step in and terminate the Plan under ERISA § 4042(a) if one of the four predicate events or conditions described in the statute has been satisfied (and *one already* been satisfied¹⁶), but in at least one circumstance the PBGC has an *obligation* to do: if and when the Plan has become insolvent. A specific sentence in ERISA § 4042(a)'s flush language leaves no room for doubt:

The [PBGC] shall as soon as practicable institute proceedings under this section to terminate a single-employer plan whenever the [PBGC] determines that the plan does not have assets available to pay benefits which are currently due under the terms of the plan.

¹⁶ The Plan already has run afoul of ERISA § 4042(a)(1) (*codified at* 29 U.S.C. §1342(a)(1)), the requirement that the plan's sponsor comply with the annual funding requirements (now, known as the "minimum required contributions"). Since Del Sesto has now identified *himself* as the Plan's sponsor, in the 2017 Form 5500, *see* Ex. 2 at 1), he also has placed himself at risk of being pursued by the IRS, personally, for excise taxes under Code §§ 4971(a) and (b) each year the accumulated minimum required contributions fail to get paid and the Plan continues in effect.

29 U.S.C. § 1342(a).

Plaintiff Del Sesto, in his capacity as the Plan's Administrator, could also force the PBGC's hand by filing a Form 600 to have the Plan terminated and turned over to the PBGC in a distress termination, under ERISA § 4041(c) [29 U.S.C. § 1341(c)]. Now that the Plan clearly is subject to ERISA, and in particular to ERISA Title IV (however that came to occur), there is no reason why Plaintiff should not take the next step, and force a distress termination of the Plan in accordance with ERISA § 4041(c), thereby forcing the PBGC's hand—now—particularly since the PBGC has made plain in its letter to him dated May 15, 2019 that it is fully capable of doing anything and everything he currently is doing. Indeed, by making clear that the Plan is subject also to ERISA's funding requirements (and parallel Code requirements, including the Code's excise tax rules), there also is a growing financial reason for Plaintiff to do so.

Certainly, all the relevant requirements found in ERISA § 4041(c) can easily be met over the course of no more than 180 days. The requirements are spelled out in the statute and generally consist of notifying the Plan's participants and beneficiaries 60 days in advance, and providing the PBGC with certain documents and showings:

(C) DISTRESS TERMINATION OF SINGLE-EMPLOYER PLANS

(1) IN GENERAL A SINGLE-EMPLOYER PLAN MAY TERMINATE UNDER A DISTRESS TERMINATION ONLY IF—

(A) the plan administrator provides the 60-day advance notice of intent to terminate to affected parties required under subsection (a)(2),

(B) the requirements of subparagraph (A) of paragraph (2) are met, and

(C) the [PBGC] determines that the requirements of subparagraphs (B) and (D) of paragraph (2) are met.

29 U.S.C. §1341(c).

As for meeting the “requirements of paragraphs (A) of paragraph (2),” Plaintiff simply would have to provide the PBGC with various financial and actuarial information regarding the Plan, and information regarding its participants and beneficiaries, virtually all of which he already appears to have assembled in order to support the Form 5500 filing he made on April 15, 2019 covering the Plan’s 2017 plan year. *See* ERISA § 4041(c)(2)(A) (*codified at* 29 U.S.C. § 1341(c)(2)(A)).

And as for putting the PBGC in a position to determine whether the “requirements of subparagraphs (B) and (D) of paragraph (2)” have been met (as required by ERISA § 4041(c)(1)(C)), Plaintiff already is well-positioned to take care of those requirements, too. Subparagraph (D) simply involves showing the PBGC that Plaintiff is in a position to provide to the Plan’s stakeholders the same information that Plaintiff would be providing to the PBGC under Section 4041(c)(2)(A), *see* ERISA § 4041(c)(2)(D) (*codified at* 29 U.S.C. § 1341(c)(2)(D)). For its part, subparagraph (B) simply involves demonstrating to the PBGC that the Plan’s contributing sponsors (CCCB, *et al.*) are in bankruptcy (or a similar process under state law, such as a receivership) or are in the process of being liquidated. *See* ERISA §4041(c)(2)(B), at (i) and (ii) (*codified at* 29 U.S.C. §1341(c)(2)(B)(i), (ii)). Indeed, Plaintiff could have satisfied one of subparagraph (B)’s more lenient requirements—showing that the Plan’s then-sponsors such as CCCB were struggling under the Plan’s weight solely as a result of a sudden decline in their respective workforces—years ago, when he first was appointed its Administrator. *See* ERISA §4041(c)(2)(B)(iii) (*codified at* 29 U.S.C. §1341(c)(2)(B)(iii)).

Simply, Plaintiff could have acted more than a year ago, and could easily act in the next 180 days to force the PBGC’s hand by taking steps to file for a distress termination of the Plan, starting with notifying the Plan’s participants and beneficiaries and by filing Form 600 (and related

forms and materials with the PBGC) as soon as possible.

B. The PBGC Cannot Avoid Taking Over the Plan, If the Distress Termination Criteria Are Met—And They Are.

Indeed, if Plaintiff chooses to force the PBGC's hand, by filing for a distress termination of the Plan, the PBGC will have no choice other than to follow the dictates of that statute, which are *non-discretionary*. ERISA § 4041(c)(2)(C) (*codified at 29 U.S.C. § 1341(c)(2)(C)*), makes that quite clear:

(C) NOTIFICATION OF DETERMINATIONS BY THE CORPORATION

THE [PBGC] SHALL NOTIFY THE PLAN ADMINISTRATOR AS SOON AS PRACTICABLE OF ITS DETERMINATIONS MADE PURSUANT TO SUBPARAGRAPH (B).

29 U.S.C. § 1341(c)(2)(C). And here, all of the requirements have been, are being, or easily can be, met.

C. There is No Basis for Imposing Successor Liability On the Prospect Defendants In Light of Plaintiff's Church Plan Election.

Plaintiff's decision to now make and file a Church Plan Election casts his successor liability claims against the Prospect Defendants, however configured, in an entirely new light, for if the Plan either was a church plan in 2014 or its status as a church plan was at least colorable, there is no practical way the Prospect Defendants—as prospective purchasers at the time, weighing whether to purchase the business assets of the St. Joseph's Hospital of Rhode Island and the Roger Williams Hospital but knowing that, as secular for-profit enterprises, they certainly could not assume and maintain a “church plan”—that there was any ERISA-based funding obligation, or any other ERISA-based liability, to be dealt with, or avoided. Simply, the Prospect Defendants could not possibly have known that there were ERISA-based liabilities associated with the Plan if there was no reasonable way for them to discern that the Plan was subject to ERISA at that time.

Because it is fundamental to imposing ERISA-based successor liability, under the

formulation now being selectively embraced by a handful of other federal circuits, that the purchasing organization be shown to have been aware of the liability at the time of purchase, *see e.g., Indiana Electrical Workers Pension Benefit Fund v. ManWeb Servs., Inc.*, 884 F.3d 770, 776 (7th Cir. 2018) (applying successor liability in multiemployer pension plan withdrawal liability case) and *Pension Benefit Guaranty Corporation v. Findlay Indust., Inc.*, 902 F.3d 596, 610 (6th Cir. 2018) (noting that the purported successor appears to have had extensive information about the company’s debts and pension funding), *pet. for reh’g en banc denied*, 2018 U.S. App. LEXIS 31387 (6th Cir. Nov. 5, 2018), *pet. for cert. sub nom. September Ends Co., et al., v. PBGC*, ___ S. Ct. ___ (2019), that lack of knowledge destroys Plaintiff’s ERISA-based successor liability claims against the Prospect Defendants, even if they could otherwise be held viable under ERISA’s “appropriate equitable relief” statute, or under some sort of liability avoidance or other successor liability theory capable of being asserted under, *see e.g., ERISA § 4069 (codified at 29 U.S.C. § 1369)*. *See* FAC ¶¶ 515-18, 519-24, 525-27, 528-30 (pleading facts supporting such claims, if asserted as ERISA claims).

CONCLUSION

The Church Plan Election constitutes an admission by Plaintiff that the Plan might or might not be a church plan, while simultaneously ensuring that, either way, the Plan is covered by the PBGC. Given this admission, the Joint Defendants could not have been at fault under any Plaintiffs’ theories for any position they took or didn’t take with respect to whether the Plan was a church plan, or whether it was or wasn’t covered by ERISA, or for not taking steps to fund the Plan under ERISA’s funding rules.

PROSPECT MEDICAL HOLDINGS, INC. and
PROSPECT EAST HOLDINGS, INC.

By their attorneys,

/s/ Ekwan E. Rhow, Esq.

/s/ Thomas V. Reichert, Esq.

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Form 5500 – Attachment

St. Joseph Health Services of Rhode Island Retirement Plan

EIN/PN: 82-2871833 / 001

Election Statement

1. On behalf of the St. Joseph Health Services of Rhode Island Retirement Plan (the “Plan”), the Plan Administrator hereby makes an irrevocable election pursuant to section 410(d) of the Internal Revenue Code of 1986, as amended (the “410(d) Election”). The Plan historically claimed to be and was managed as a “Church Plan” within the meaning of section 414(e) of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations issued thereunder.
2. This 410(d) Election statement is submitted as an attachment to the first Form 5500 filed for the Plan, in accordance with the procedural requirements of section 1.410(d)-1(c) of the Treasury Regulations. This 410(d) Election shall be effective as to all Plan years beginning on or after August 17, 2017 (the “Effective Date”). As of and following the Effective Date, the Plan shall be administered in compliance with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the provisions of the Code that apply to “employee pension benefit plans” (as defined under section 3(2) of ERISA).
3. This 410(d) Election is made without prejudice to the position taken by the Plan Administrator in the litigation styled *Stephen Del Sesto, As Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan, et al., v. Prospect Chartercare, LLC, et al.*, Civil Action No. 1:18-cv-00328-WES-LDA, pending in the U.S. District Court for the District of Rhode Island, that the Plan ceased to qualify as a Church Plan (and became subject to ERISA) on or prior to the Effective Date, possibly as of 2009 or earlier.

<p>Form 5500</p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p>	<p align="center">Annual Return/Report of Employee Benefit Plan</p> <p>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).</p> <p align="center">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	<p align="right">OMB Nos. 1210-0110 1210-0089</p> <hr/> <p align="center" style="font-size: 24pt;">2017</p> <hr/> <p align="center">This Form is Open to Public Inspection</p>
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Part I Annual Report Identification Information	
For calendar plan year 2017 or fiscal plan year beginning 07/01/2017 and ending 06/30/2018	
A This return/report is for:	<input type="checkbox"/> a multiemployer plan <input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) <input checked="" type="checkbox"/> a single-employer plan <input type="checkbox"/> a DFE (specify) _____ B This return/report is: <input checked="" type="checkbox"/> the first return/report <input type="checkbox"/> the final return/report <input type="checkbox"/> an amended return/report <input type="checkbox"/> a short plan year return/report (less than 12 months) C If the plan is a collectively-bargained plan, check here: ▶ <input type="checkbox"/> D Check box if filing under: <input type="checkbox"/> Form 5558 <input type="checkbox"/> automatic extension <input checked="" type="checkbox"/> the DFVC program <input type="checkbox"/> special extension (enter description)

Part II Basic Plan Information—enter all requested information	
<p>1a Name of plan ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN</p> <p>2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) STEPHEN DEL SESTO, RECEIVER</p> <p>ONE FINANCIAL PLAZA, 26TH FLOOR PROVIDENCE, RI 02903</p>	<p>1b Three-digit plan number (PN) ▶ 001</p> <p>1c Effective date of plan 07/01/1965</p> <p>2b Employer Identification Number (EIN) 82-2871833</p> <p>2c Plan Sponsor's telephone number 401-490-3415</p> <p>2d Business code (see instructions) 622000</p>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	04/15/2019	STEPHEN DEL SESTO
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	04/15/2019	STEPHEN DEL SESTO
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

**Form 5500 (2017)
v. 170203**

3a Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:		4b EIN
a Sponsor's name		4d PN
c Plan Name		
5 Total number of participants at the beginning of the plan year	5	2708
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year	6a(1)	0
a(2) Total number of active participants at the end of the plan year	6a(2)	0
b Retired or separated participants receiving benefits	6b	1284
c Other retired or separated participants entitled to future benefits	6c	1284
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d	2568
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	6e	110
f Total. Add lines 6d and 6e	6f	2678
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
 1A 1I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

<p>a Pension Schedules</p> <p>(1) <input checked="" type="checkbox"/> R (Retirement Plan Information)</p> <p>(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary</p> <p>(3) <input checked="" type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary</p>	<p>b General Schedules</p> <p>(1) <input checked="" type="checkbox"/> H (Financial Information)</p> <p>(2) <input type="checkbox"/> I (Financial Information – Small Plan)</p> <p>(3) <input type="checkbox"/> A (Insurance Information)</p> <p>(4) <input checked="" type="checkbox"/> C (Service Provider Information)</p> <p>(5) <input checked="" type="checkbox"/> D (DFE/Participating Plan Information)</p> <p>(6) <input type="checkbox"/> G (Financial Transaction Schedules)</p>
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Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) Yes No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) Yes No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 07/01/2017 and ending 06/30/2018

▶ **Round off amounts to nearest dollar.**
 ▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF STEPHEN DEL SESTO, RECEIVER	D Employer Identification Number (EIN) 82-2871833	

E Type of plan: Single Multiple-A Multiple-B **F** Prior year plan size: 100 or fewer 101-500 More than 500

Part I Basic Information

1	Enter the valuation date: Month <u>07</u> Day <u>01</u> Year <u>2017</u>							
2	Assets:							
	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">a Market value</td> <td style="width:5%; text-align: center;">2a</td> <td style="width:25%; text-align: center;">85818770</td> </tr> <tr> <td>b Actuarial value</td> <td style="text-align: center;">2b</td> <td style="text-align: center;">85939631</td> </tr> </table>	a Market value	2a	85818770	b Actuarial value	2b	85939631	
a Market value	2a	85818770						
b Actuarial value	2b	85939631						
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target				
	a For retired participants and beneficiaries receiving payment	1289	109581807	109581807				
	b For terminated vested participants	1419	36051307	36051307				
	c For active participants	0	0	0				
	d Total	2708	145633114	145633114				
4	If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/>							
	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">a Funding target disregarding prescribed at-risk assumptions</td> <td style="width:5%; text-align: center;">4a</td> <td style="width:25%;"></td> </tr> <tr> <td>b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor</td> <td style="text-align: center;">4b</td> <td></td> </tr> </table>	a Funding target disregarding prescribed at-risk assumptions	4a		b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
a Funding target disregarding prescribed at-risk assumptions	4a							
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b							
5	Effective interest rate	5	5.84 %					
6	Target normal cost	6	0					

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		
	Signature of actuary	Date
	PETER N. STRONG, FSA, EA, FCA, MAAA	04/12/2019
	Type or print name of actuary	17-06975
	GABRIEL, ROEDER, SMITH & COMPANY	Most recent enrollment number
	Firm name	954-527-1616
	ONE EAST BROWARD BLVD., SUITE 505 FORT LAUDERDALE, FL 33301-1804	Telephone number (including area code)
	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)		
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of _____%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of _____%		
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	59.01%
15	Adjusted funding target attainment percentage	15	59.01%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	58.92%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0
20	Quarterly contributions and liquidity shortfalls:		
	a Did the plan have a "funding shortfall" for the prior year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	c If line 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment: 4.16%	2nd segment: 5.72%	3rd segment: 6.48%	<input type="checkbox"/> N/A, full yield curve used
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b Applicable month (enter code) **21b** 0

22 Weighted average retirement age **22**

23 Mortality table(s) (see instructions) Prescribed - combined Prescribed - separate Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. Yes No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment..... Yes No

26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment..... Yes No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment **27**

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years **28** 0

29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) **29** 0

30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29) **30** 0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6) **31a** 0

b Excess assets, if applicable, but not greater than line 31a **31b** 0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment.....	59693483	9802379
b Waiver amortization installment		

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33**

34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).... **34** 9802379

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)			9802379
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)			0
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances			
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)			9802379
40 Unpaid minimum required contributions for all years.....			9802379

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected 2 plus 7 years 15 years

b Eligible plan year(s) for which the election in line 41a was made 2008 2009 2010 2011

42 Amount of acceleration adjustment **42**

43 Excess installment acceleration amount to be carried over to future plan years **43**

<p>SCHEDULE C (Form 5500)</p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p>	<p>Service Provider Information</p> <p>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p>▶ File as an attachment to Form 5500.</p>	<p>OMB No. 1210-0110</p> <hr/> <p>2017</p> <hr/> <p>This Form is Open to Public Inspection.</p>
<p>For calendar plan year 2017 or fiscal plan year beginning <u>07/01/2017</u> and ending <u>06/30/2018</u></p>		
<p>A Name of plan ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN</p>	<p>B Three-digit plan number (PN) ▶ <u>001</u></p>	
<p>C Plan sponsor's name as shown on line 2a of Form 5500 STEPHEN DEL SESTO, RECEIVER</p>	<p>D Employer Identification Number (EIN) 82-2871833</p>	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... Yes No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MERCER INVESTMENT MANAGEMENT

30-0282430

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
51	FIDUCIARY	122399	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

BANK OF AMERICA, N.A.

94-1687665

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21 28 50 65	NONE	58444	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection.
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For calendar plan year 2017 or fiscal plan year beginning 07/01/2017 and ending 06/30/2018

A Name of plan ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500 STEPHEN DEL SESTO, RECEIVER	D Employer Identification Number (EIN) 82-2871833
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Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)
 (Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: MSCI EAFE INDX NL CTF (ECTF)

b Name of sponsor of entity listed in (a): STATE STREET GLOBAL ADVISORS TRUST COMPANY

c EIN-PN 04-6832069-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 8453674
--------------------------------	------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: S&P 500 (R) INDX NL CTF (CM10CTF)

b Name of sponsor of entity listed in (a): STATE STREET GLOBAL ADVISORS TRUST COMPANY

c EIN-PN 04-6625099-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 12448000
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a Name of MTIA, CCT, PSA, or 103-12 IE: U.S. REIT INDX NL CTF (CMT3)

b Name of sponsor of entity listed in (a): STATE STREET GLOBAL ADVISORS TRUST COMPANY

c EIN-PN 04-6903137-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2658883
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a Name of MTIA, CCT, PSA, or 103-12 IE: USSHORTGOVCREDBOND IND NLCTF (CMLI)

b Name of sponsor of entity listed in (a): STATE STREET GLOBAL ADVISORS TRUST COMPANY

c EIN-PN 27-6934633-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3857755
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a Name of MTIA, CCT, PSA, or 103-12 IE: USEXTENDEDMARKTINDX NLCTF (CMV9NON)

b Name of sponsor of entity listed in (a): STATE STREET GLOBAL ADVISORS TRUST COMPANY

c EIN-PN 75-6652397-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2573327
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a Name of MTIA, CCT, PSA, or 103-12 IE: U.S. TIPS INDX NL CTF (CMY5)

b Name of sponsor of entity listed in (a): STATE STREET GLOBAL ADVISORS TRUST COMPANY

c EIN-PN 02-6138231-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3331526
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity code

e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 07/01/2017 and ending 06/30/2018

A Name of plan ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 STEPHEN DEL SESTO, RECEIVER	D Employer Identification Number (EIN) 82-2871833	

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	44	848
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	875000	1762047
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)	20609009	20983969
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)	30930156	33323165
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	33456300	24875860
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation.....	1e		
f Total assets (add all amounts in lines 1a through 1e).....	1f	85870509	80945889
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities.....	1j	51739	149874
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	51739	149874
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	85818770	80796015

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total	
a Contributions:				
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	0		
(B) Participants	2a(1)(B)	0		
(C) Others (including rollovers)	2a(1)(C)	0		
(2) Noncash contributions	2a(2)	0		
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)			0
b Earnings on investments:				
(1) Interest:				
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	4133		
(B) U.S. Government securities	2b(1)(B)			
(C) Corporate debt instruments.....	2b(1)(C)			
(D) Loans (other than to participants)	2b(1)(D)			
(E) Participant loans.....	2b(1)(E)			
(F) Other	2b(1)(F)			
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)			4133
(2) Dividends: (A) Preferred stock.....				
(B) Common stock	2b(2)(B)	3184		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	730269		
(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)			733453
(3) Rents.....	2b(3)			
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds				
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	21272041		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)			5353
(A) Aggregate proceeds	2b(4)(A)	21277394		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....				
(B) Other	2b(5)(B)	1108491		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)			1108491

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		3984935
c Other income.....	2c		204
d Total income. Add all income amounts in column (b) and enter total.....	2d		5836569

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	10678481	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		10678481
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees	2i(3)	122399	
(4) Other	2i(4)	58444	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		180843
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		10859324

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-5022755
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

Yes No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CALIBRE CPA GROUP PLLC

(2) EIN: 47-0900880

d The opinion of an independent qualified public accountant is **not attached** because:

(1) This form is filed for a CCT, PSA, or MTIA. (2) It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e	Was this plan covered by a fidelity bond?	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	X		
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l	Has the plan failed to provide any benefit when due under the plan?		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? Yes No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? Yes No Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____ (See instructions.)

<p>SCHEDULE R (Form 5500)</p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p>	<p>Retirement Plan Information</p> <p>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</p> <p>▶ File as an attachment to Form 5500.</p>	<p>OMB No. 1210-0110</p> <hr/> <p>2017</p> <hr/> <p>This Form is Open to Public Inspection.</p>
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For calendar plan year 2017 or fiscal plan year beginning 07/01/2017 and ending 06/30/2018

<p>A Name of plan ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN</p>	<p>B Three-digit plan number (PN) ▶ <u>001</u></p>
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<p>C Plan sponsor's name as shown on line 2a of Form 5500 STEPHEN DEL SESTO, RECEIVER</p>	<p>D Employer Identification Number (EIN) 82-2871833</p>
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Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions 1 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
EIN(s): 94-1687665

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year 3 1

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? Yes No N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a	
b Enter the amount contributed by the employer to the plan for this plan year	6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? Yes No N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? Yes No N/A

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. Increase Decrease Both No

Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? Yes No

11 a Does the ESOP hold any preferred stock? Yes No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) Yes No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? Yes No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a	Name of contributing employer	
b	EIN	c Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____	
e	Contribution rate information (If more than one rate applies, check this box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)	
	(1) Contribution rate (in dollars and cents) _____	
	(2) Base unit measure: <input type="checkbox"/> Hourly <input type="checkbox"/> Weekly <input type="checkbox"/> Unit of production <input type="checkbox"/> Other (specify): _____	
a	Name of contributing employer	
b	EIN	c Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____	
e	Contribution rate information (If more than one rate applies, check this box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)	
	(1) Contribution rate (in dollars and cents) _____	
	(2) Base unit measure: <input type="checkbox"/> Hourly <input type="checkbox"/> Weekly <input type="checkbox"/> Unit of production <input type="checkbox"/> Other (specify): _____	
a	Name of contributing employer	
b	EIN	c Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____	
e	Contribution rate information (If more than one rate applies, check this box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)	
	(1) Contribution rate (in dollars and cents) _____	
	(2) Base unit measure: <input type="checkbox"/> Hourly <input type="checkbox"/> Weekly <input type="checkbox"/> Unit of production <input type="checkbox"/> Other (specify): _____	
a	Name of contributing employer	
b	EIN	c Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____	
e	Contribution rate information (If more than one rate applies, check this box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)	
	(1) Contribution rate (in dollars and cents) _____	
	(2) Base unit measure: <input type="checkbox"/> Hourly <input type="checkbox"/> Weekly <input type="checkbox"/> Unit of production <input type="checkbox"/> Other (specify): _____	
a	Name of contributing employer	
b	EIN	c Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____	
e	Contribution rate information (If more than one rate applies, check this box <input type="checkbox"/> and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)	
	(1) Contribution rate (in dollars and cents) _____	
	(2) Base unit measure: <input type="checkbox"/> Hourly <input type="checkbox"/> Weekly <input type="checkbox"/> Unit of production <input type="checkbox"/> Other (specify): _____	

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:	a The current year	14a	
		b The plan year immediately preceding the current plan year	14b	
		c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:	a The corresponding number for the plan year immediately preceding the current plan year	15a	
		b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:	a Enter the number of employers who withdrew during the preceding plan year	16a	
		b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. <input type="checkbox"/>			

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment.

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: 57% Investment-Grade Debt: 12% High-Yield Debt: 6% Real Estate: _____% Other: 25%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
 0-3 years 3-6 years 6-9 years 9-12 years 12-15 years 15-18 years 18-21 years 21 years or more
- c** What duration measure was used to calculate line 19(b)?
 Effective duration Macaulay duration Modified duration Other (specify):

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

FINANCIAL STATEMENTS

JUNE 30, 2018



**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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REPORT OF INDEPENDENT AUDITORS

To the Receiver of the
St. Joseph Health Services of Rhode Island Retirement Plan

We have audited the accompanying financial statements of St. Joseph Health Service of Rhode Island Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of June 30, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of St. Joseph Health Service of Rhode Island Retirement Plan as of June 30, 2018 and 2017, and changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules on pages 12 through 13 are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CalibreCPAGroup, PLLC

Bethesda, MD
April 15, 2019

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

JUNE 30, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
INVESTMENTS - at fair value		
Money market account	\$ 1,762,047	\$ 875,000
Mutual funds	24,875,860	33,456,300
Commingled pension trust funds	33,323,165	30,930,156
Limited partnership	<u>20,983,969</u>	<u>20,609,009</u>
Total investments	80,945,041	85,870,465
RECEIVABLE		
Accrued interest	<u>848</u>	<u>44</u>
Total assets	<u>80,945,889</u>	<u>85,870,509</u>
LIABILITIES AND NET ASSETS		
LIABILITY		
Accounts payable	<u>149,874</u>	<u>51,739</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 80,796,015</u>	<u>\$ 85,818,770</u>

See accompanying notes to financial statements.

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ADDITIONS		
Investment income		
Net appreciation in fair value of investments	\$ 5,098,779	\$ 8,436,761
Interest	4,133	437
Dividends	<u>733,453</u>	<u>989,384</u>
Total investment income	5,836,365	9,426,582
Miscellaneous income	<u>204</u>	<u>11,333</u>
Total additions	<u>5,836,569</u>	<u>9,437,915</u>
DEDUCTIONS		
Pension benefits	10,678,481	10,209,779
Administrative expenses	<u>180,843</u>	<u>155,070</u>
Total deductions	<u>10,859,324</u>	<u>10,364,849</u>
NET CHANGE	(5,022,755)	(926,934)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>85,818,770</u>	<u>86,745,704</u>
End of year	<u>\$ 80,796,015</u>	<u>\$ 85,818,770</u>

See accompanying notes to financial statements.

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1. DESCRIPTION OF THE PLAN

The St. Joseph Health Services of Rhode Island Retirement Plan (the Plan) was first adopted by St. Joseph Health Services of Rhode Island (SJHSRI), effective July 1, 1965, to provide retirement benefits to its employees. Until 2014, SJHSRI operated a pair of hospitals located in Rhode Island. The Plan covers approximately 2,700 current and former employees of those hospitals. Between 2009-2014, SJHSRI engaged in a series of corporate transactions transferring ownership of the hospitals. SJHSRI continued to operate the Plan following the closing of each transaction. During 2017, SJHSRI initiated a proceeding in the Rhode Island Superior Court requesting the appointment of a Receiver to manage the Plan (as discussed below).

The Plan was most recently amended and restated, effective July 1, 2017. The Plan provides each participant with a "Normal Retirement Benefit," defined as a monthly benefit payable over the life of the participant. In lieu of such Normal Retirement Benefit, a participant may also elect to receive an "Optional Form of Benefit Payment" available under the Plan. Such Optional Forms of Benefit Payment generally provide for monthly payments over the participant's lifetime, followed by monthly payments to the participant's beneficiary for his or her lifetime. In instances where the participant's accrued benefit is \$5,000 or less, such benefit is paid to the participant in a lump sum. Contributions are determined by an actuary. However, no contributions were made to the Plan during the plan years that ended on June 30 2015, 2016 or 2017.

The Plan was frozen as to all new entrants by October 1, 2008. Benefit accruals for non-union participants were frozen effective September 30, 2009. Benefit accruals for all employees represented by the Federation of Nurses and Health Professionals union were frozen on September 30, 2011. Benefit accruals for all other union employees were frozen on June 19, 2014. The frozen Plan was petitioned into a receivership by SJHSRI during 2017. As part of that proceeding, the Court appointed a Receiver, on August 17, 2017, to manage and operate the Plan as its Plan Administrator. Following his appointment, the Receiver brought an action in the United States District Court for the District of Rhode Island that is pending at this time (see Note 3 below), and a parallel proceeding in the Rhode Island Superior Court which is stayed pending resolution of the action in the United States District Court.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared using the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Investments - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Plan to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Payment of Benefits - Benefit payments to participants are recorded upon distribution.

NOTE 3. TAX STATUS

The Plan was historically claimed to be and managed by SJHSRI as a “Church Plan” within the meaning of section 414(e) of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder (together, the IRC). The Internal Revenue Service (IRS) has issued favorable determination letters to the Plan that confirmed its status as a tax-qualified plan for purposes of the applicable provisions of Section 401(a) of the IRC that apply to non-electing Church Plans. However, the IRS has never been asked to provide a Private Letter Ruling (or other form of written determination) regarding the Plan’s eligibility for Church Plan status under Section 414(e) of the IRC. The most recent IRS Section 401(a) determination letter issued with respect to the Plan expired on December 31, 2016. At this time, the IRS has not been asked to provide a determination regarding the tax-qualified status of the current Plan document for purposes of Section 401(a) of the IRC.

As noted above, the Plan is the subject of ongoing federal litigation filed by the Receiver on June 8, 2018 (styled *Stephen Del Sesto, As Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan, et al., v. Prospect Chartercare, LLC, et al.*, Civil Action No. 1:18-cv-00328-WES-LDA). The litigation challenges the Plan’s classification as a Church Plan exempt from the requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Receiver contends that the Plan ceased to qualify as a Church Plan - and therefore became subject to ERISA - at various times, possibly as of 2009 or even earlier. The Receiver has managed the Plan in compliance with ERISA as of and following the effective date of the current Plan document.

The Receiver’s ERISA counsel believe that the terms of the current Plan document comply with the requirements of ERISA. The Receiver’s ERISA counsel also believe that Plan’s terms comply with the provisions of Section 401(a) of the IRC applicable to “employee pension benefit plans” (as defined in Section 3(2) of ERISA), and that the assets held in the Plan’s trust are therefore exempt from taxation as of the financial statement date.

NOTE 4. PAYMENT OF BENEFITS UPON TERMINATION

It is the intent of the Receiver to continue the Plan in full force and effect. The right to amend or terminate the Plan is reserved to the Receiver as Plan Administrator, subject to the terms of the Plan. Except as required or permitted under ERISA, termination shall not permit any part of the Plan's assets to be used for or diverted to purposes other than the exclusive benefit of the pensioners, beneficiaries and participants. In the event the Plan terminates, its net assets will be allocated to pay benefits to the participants and beneficiaries. Whether or not the participants will receive full payment of their accrued benefits upon termination will depend on the sufficiency of the Plan's net assets, and whether the Plan is insured by the Pension Benefit Guaranty Corporation (PBGC) at such time.

Depending on the outcome of the federal litigation, the Plan may be eligible for PBGC coverage as an employee pension benefit plan subject to Title IV of ERISA. If the Plan qualifies for PBGC coverage and terminates without sufficient assets to satisfy its unfunded benefit obligations, then PBGC would guarantee payment of the participants' accrued benefits through its insurance program. In that event, most participants and beneficiaries would receive all of their accrued benefits under their plan (subject to certain maximum limits).

NOTE 5. ACTUARIAL INFORMATION

Actuarial valuations of the Plan were made by GRS Consulting as of July 1, 2018 and 2017. Information provided by the actuary included the following:

Actuarial value of accumulated plan benefits	2018	2017
Vested benefits		
Participants currently receiving benefits	\$ 118,848,637	\$ 115,784,449
Terminated vested participants	36,520,546	41,837,934
Other participants	-	-
	155,369,183	157,622,383
Non-vested benefits	-	-
Total actuarial value of accumulated plan benefits	\$ 155,369,183	\$ 157,622,383

NOTE 5. ACTUARIAL INFORMATION (CONTINUED)

As reported by the actuary, the changes in present value of accumulated plan benefits during the years ended June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Actuarial value of accumulated plan benefits at beginning of the year	\$ 157,622,383	\$ 126,717,720
Change during the year attributable to		
Benefits paid	(10,678,481)	(10,209,779)
Change in assumptions	-	31,701,909
Discount period	<u>8,425,281</u>	<u>9,412,533</u>
Actuarial value of accumulated plan benefits at end of the year	<u>\$ 155,369,183</u>	<u>\$ 157,622,383</u>

Some of the more significant actuarial assumptions used in the valuations were:

- Mortality: RP-2014 Combined Healthy Participant Mortality Table for pre-retirement mortality and the RP-2014 Mortality Table for Annuitants for post-retirement mortality.
- Investment Rate of Return - 5.40%.
- Cost of living adjustment - none

The above actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining actuarial results.

NOTE 6. FAIR VALUE MEASUREMENT

Accounting standards provides the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

NOTE 6. FAIR VALUE MEASUREMENT (CONTINUED)

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level within the fair value hierarchy the Plan's investment assets at fair value as of June 30, 2018:

Description	06/30/18 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market account	\$ 1,762,047	<u>\$ 1,762,047</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value *	<u>79,182,994</u>			
Total	<u>\$ 80,945,041</u>			

*In accordance with Accounting Standards Codification, investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

NOTE 6. FAIR VALUE MEASUREMENT (CONTINUED)

The following tables set forth by level within the fair value hierarchy the Plan's investment assets at fair value as of June 30, 2017:

Description	06/30/17 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market account	\$ 875,000	<u>\$ 875,000</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value *	<u>84,995,465</u>			
Total	<u>\$ 85,870,465</u>			

*In accordance with Accounting Standards Codification, investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

Following is the valuation methodology used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2018 and 2017

Money market accounts are recorded at amortized cost which approximates fair value.

Authoritative guidance on fair value measurements permits the Plan to measure the fair value of an investment in an investment entity that does not have a readily determinable fair value based upon the net asset value per share or its equivalent (NAV) of the investment. This guidance does not apply if it is probable that the investment will be sold at a value different than NAV.

The Plan's investment in investment entities is subject to the terms of the respective private placement memoranda and governing agreements. Income or loss from investments in these investment entities is net of the Plan's proportionate share of fees and expenses incurred or charged by these investment entities. The Plan's risk of loss in these entities is limited to its investment.

The following table summarizes the Plan's investments in entities that calculate net asset value per share as fair value measurement as of December 31, 2018 and 2017:

	Total Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2018	2017			
Mutual funds	\$ 24,875,860	\$ 33,456,300	\$ -	Daily	None
Commingled pension trust funds	33,323,165	30,930,156	-	Daily	1 - 2 days
Limited partnership	20,983,969	20,609,009	-	Varies	Varies

The Plan's investments in mutual funds is comprised of five investments in a series of investments managed by Mercer Investment Management, Inc (Mercer). Mercer uses a "manager of managers" approach, selecting one or more subadvisors to manager each fund's assets. The Plan has invested in mutual funds which offer exposure to domestic and global equity and fixed income investments specific to the respective fund. The investments comprising each mutual fund tend to be valued using Level 1 or 2 inputs.

NOTE 6. FAIR VALUE MEASUREMENT (CONTINUED)

The Plan's investments in commingled pension trust funds is comprised of six investments. These investments are invested in funds that seek returns in excess of the S&P 500, Dow Jones U.S. Select REIT, Dow Jones U.S. Completion Total Stock Market and the MSCI EAFE Indices over the long term. Redemption requests are generally one to two days. There are no unfunded commitments related to any of the commingled pension trust fund investments.

The Plan's investments in limited partnerships consists of one investment which operates under a master-feeder structure seeking to produce consistent capital appreciation with reduced risk through investment in a diversified group of private investment funds. This investment offers redemptions at the end of each calendar quarter with a 100-day notice.

NOTE 7. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

NOTE 8. RELATED PARTY /PARTY-IN-INTEREST TRANSACTIONS

Mercer is a party-in-interest to the Plan as defined by ERISA. Mercer serves as the investment advisor to the Plan. The Plan also has assets invested in mutual funds that are also managed by Mercer. Such transactions qualify as party-in-interest transactions permitted by the Department of Labor regulations.

NOTE 9. SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through April 15, 2019, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

JUNE 30, 2018

FORM 5500, SCHEDULE H, LINE 4i

E.I.N. 82-2871833
Plan No. 001

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	Description	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value				(d) Cost	(e) Current Value	
			Collateral	Maturity Date	Rate of Interest	Par/ Maturity Value or Shares			
	MUTUAL FUNDS								
*	Mercer Emerging Markets Equity	Mutual Fund	N/A	N/A	N/A	213,781	\$ 1,968,468	\$ 2,278,907	
*	Mercer Core Fixed Income	Mutual Fund	N/A	N/A	N/A	1,191,490	12,103,561	11,771,921	
*	Mercer Non-US Core Equity	Mutual Fund	N/A	N/A	N/A	275,563	2,866,997	3,141,418	
*	Mercer Global Low Volatility Equity	Mutual Fund	N/A	N/A	N/A	430,616	5,341,191	5,365,478	
*	Mercer Opportunistic Fixed Income	Mutual Fund	N/A	N/A	N/A	254,182	2,230,621	2,318,136	
	Total mutual funds						<u>24,510,838</u>	<u>24,875,860</u>	
	COMMINGLED PENSION TRUST FUNDS								
	SSGA S&P 500 Index	Commingled Trust Fund	N/A	N/A	N/A	92,304	8,661,661	12,448,000	
	SSGA REIT Index	Commingled Trust Fund	N/A	N/A	N/A	61,198	2,268,561	2,658,883	
	SSGA MSCI EAFE Index	Commingled Trust Fund	N/A	N/A	N/A	417,837	7,221,473	8,453,674	
	SSGA US Extended Market Index	Commingled Trust Fund	N/A	N/A	N/A	67,465	2,174,718	2,573,327	
	SSGA US TIPS Index	Commingled Trust Fund	N/A	N/A	N/A	229,239	3,292,862	3,331,526	
	SSGA US Short Term GC Bond Index	Commingled Trust Fund	N/A	N/A	N/A	365,491	3,841,672	3,857,755	
	Total comingled pension trust funds						<u>27,460,947</u>	<u>33,323,165</u>	
	MONEY MARKET ACCOUNT								
	Bank of America Money Market Savings Account	Money Market Account	N/A	N/A	Varies	N/A	1,762,047	1,762,047	
	LIMITED PARTNERSHIP								
*	Mercer Hedge Fund	Limited Partnership	N/A	N/A	N/A		18,500,000	20,983,969	
	Total assets (held at end of year)							<u>\$ 72,233,832</u>	<u>\$ 80,945,041</u>

*Denotes a party-in-interest

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

SCHEDULE OF REPORTABLE TRANSACTIONS

YEAR ENDED JUNE 30, 2018

Form 5500, Schedule H, Line 4j

E.I.N. 82-2871833
Plan No. 001

(a) Identity of Party Involved	(b) Description of Assets	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expenses Incurred with Transaction	(g) Cost of Asset	(h) Value of Asset on the Transaction Date	(i) Net Gain/ or (Loss)
N/A	Mercer Non-US Core Equity Fund	\$ 466,933	N/A	N/A	N/A	\$ 466,933	\$ 466,933	N/A
N/A	Mercer Non-US Core Equity Fund	N/A	\$ 4,529,453	N/A	N/A	4,013,074	4,529,453	\$ 516,379
N/A	Bank of America Money Market Savings Account	21,425,557	N/A	N/A	N/A	21,425,557	21,425,557	N/A
N/A	Bank of America Money Market Savings Account	N/A	20,538,510	N/A	N/A	20,538,510	20,538,510	N/A

Attachment to Schedule SB, Part V – Statement of Actuarial Assumptions and Methods
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

I. SUMMARY OF ACTUARIAL METHODS

A. Calculation of Funding Liabilities and Costs

Liabilities and contributions shown in this report are calculated using the unit credit actuarial cost method, as prescribed under Internal Revenue Code §430.

The objective under this method is to fund each participant's benefits under the Plan as they accrue. An individual's funding target is the actuarial present value of the accrued benefits as of the valuation date determined by applying mortality table and the yield curve of high quality corporate bond rates prescribed by the IRS. The Plan's funding target is the sum of the funding targets for all participants in the Plan. Since the Plan is frozen, the target normal cost is zero for Plan participants.

In the first year in which the adjusted actuarial value of assets (actuarial value of assets, reduced by any retained credit balances), is less than the funding target, a shortfall amortization base must be established. This base is amortized over a 7-year period using the 1st and 2nd funding segment interest rates from the prescribed corporate bond yield curve.

B. Description of Asset Valuation Method

The method for valuing plan assets is the 24-month asset smoothing method as described and made available under the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA).

C. Valuation Procedures

No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code, in accordance with the requirements of Section 404(j) of the Code.

II. SUMMARY OF ACTUARIAL ASSUMPTIONS

A. ACTUARIAL ASSUMPTIONS

1. FUNDING VALUATION INTEREST RATES

Applicable Month	July
Funding Target (with corridor adjustment)	
First segment rate (0 – 5 yrs)	4.16%
Second segment rate (6 – 20)	5.72%
Third segment rates (20+)	6.48%
Effective interest rate	5.84%

Attachment to Schedule SB, Part V – Statement of Actuarial Assumptions and Methods
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

MAXIMUM DEDUCTIBLE CONTRIBUTION INTEREST RATES

First segment rate (0 – 5 yrs)	1.72%
Second segment rate (6 – 20)	3.80%
Third segment rates (20+)	4.72%

2. MORTALITY For funding purposes, the prescribed mortality assumption under IRC §430(h)(3)(A) for valuation dates in 2017 with separate rates for males and females, with fully generational mortality improvements projected to each future payment date using scale AA.

4. NORMAL BENEFIT FORM A straight life annuity is the normal form of benefit.

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

JUNE 30, 2018

FORM 5500, SCHEDULE H, LINE 4i

E.I.N. 82-2871833
Plan No. 001

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	Description	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value				(d) Cost	(e) Current Value	
			Collateral	Maturity Date	Rate of Interest	Par/ Maturity Value or Shares			
	MUTUAL FUNDS								
*	Mercer Emerging Markets Equity	Mutual Fund	N/A	N/A	N/A	213,781	\$ 1,968,468	\$ 2,278,907	
*	Mercer Core Fixed Income	Mutual Fund	N/A	N/A	N/A	1,191,490	12,103,561	11,771,921	
*	Mercer Non-US Core Equity	Mutual Fund	N/A	N/A	N/A	275,563	2,866,997	3,141,418	
*	Mercer Global Low Volatility Equity	Mutual Fund	N/A	N/A	N/A	430,616	5,341,191	5,365,478	
*	Mercer Opportunistic Fixed Income	Mutual Fund	N/A	N/A	N/A	254,182	2,230,621	2,318,136	
	Total mutual funds						<u>24,510,838</u>	<u>24,875,860</u>	
	COMMINGLED PENSION TRUST FUNDS								
	SSGA S&P 500 Index	Commingled Trust Fund	N/A	N/A	N/A	92,304	8,661,661	12,448,000	
	SSGA REIT Index	Commingled Trust Fund	N/A	N/A	N/A	61,198	2,268,561	2,658,883	
	SSGA MSCI EAFE Index	Commingled Trust Fund	N/A	N/A	N/A	417,837	7,221,473	8,453,674	
	SSGA US Extended Market Index	Commingled Trust Fund	N/A	N/A	N/A	67,465	2,174,718	2,573,327	
	SSGA US TIPS Index	Commingled Trust Fund	N/A	N/A	N/A	229,239	3,292,862	3,331,526	
	SSGA US Short Term GC Bond Index	Commingled Trust Fund	N/A	N/A	N/A	365,491	3,841,672	3,857,755	
	Total comingled pension trust funds						<u>27,460,947</u>	<u>33,323,165</u>	
	MONEY MARKET ACCOUNT								
	Bank of America Money Market Savings Account	Money Market Account	N/A	N/A	Varies	N/A	1,762,047	1,762,047	
	LIMITED PARTNERSHIP								
*	Mercer Hedge Fund	Limited Partnership	N/A	N/A	N/A		18,500,000	20,983,969	
	Total assets (held at end of year)							<u>\$ 72,233,832</u>	<u>\$ 80,945,041</u>

*Denotes a party-in-interest

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>07/01/2017</u> and ending <u>06/30/2018</u>		

▶ **Round off amounts to nearest dollar.**
 ▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan St. Joseph Health Services of Rhode Island Retirement Plan	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Stephen Del Sesto, Receiver	D Employer Identification Number (EIN) 82-2871833	

E Type of plan: Single Multiple-A Multiple-B **F** Prior year plan size: 100 or fewer 101-500 More than 500

Part I Basic Information

1 Enter the valuation date: Month 7 Day 1 Year 2017

2 Assets:		
a Market value	2a	85,818,770
b Actuarial value	2b	85,939,631

3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	1,289	109,581,807	109,581,807
b For terminated vested participants	1,419	36,051,307	36,051,307
c For active participants	0	0	0
d Total	2,708	145,633,114	145,633,114

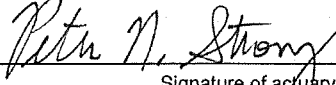
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	

5 Effective interest rate..... **5** 5.84 %

6 Target normal cost

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	 Signature of actuary	04/12/2019 Date
	Peter N. Strong, FSA, EA, FCA, MAAA Type or print name of actuary	17-06975 Most recent enrollment number
	Gabriel, Roeder, Smith & Company Firm name	(954) 527-1616 Telephone number (including area code)
	One East Broward Blvd., Suite 505 Fort Lauderdale FL 33301-1804 Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....		
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year).....		
9	Amount remaining (line 7 minus line 8).....	0	0
10	Interest on line 9 using prior year's actual return of _____%.....	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year).....		
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of _____%.....		
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return.....		
	c Total available at beginning of current plan year to add to prefunding balance.....		0
	d Portion of (c) to be added to prefunding balance.....		
12	Other reductions in balances due to elections or deemed elections.....		
13	Balance at beginning of current year (line 9 + line 10 + line 11d - line 12).....	0	0

Part III Funding Percentages			
14	Funding target attainment percentage.....	14	59.01%
15	Adjusted funding target attainment percentage.....	15	59.01%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	58.92%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c)
					0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year?..... Yes No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?..... Yes No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22
23 Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.....	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.....	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	0	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	59,693,483	9,802,379	
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)....	34	9,802,379	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35).....	36	9,802,379	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37).....	39	9,802,379	
40 Unpaid minimum required contributions for all years	40	9,802,379	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years		
b Eligible plan year(s) for which the election in line 41a was made	<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

**Attachment to Schedule SB, Part VIII, Line 32
Schedule of Amortization Bases
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017**

<u>Type of Base</u>	<u>Present Value of Remaining Installments</u>	<u>Valuation Date Base was Established</u>	<u>Number of Years Remaining</u>	<u>Amortization Installment</u>
Shortfall	59,693,483	7/1/2017	7	9,802,379

Attachment to Schedule SB, Part V – Statement of Actuarial Assumptions and Methods
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

I. SUMMARY OF ACTUARIAL METHODS

A. Calculation of Funding Liabilities and Costs

Liabilities and contributions shown in this report are calculated using the unit credit actuarial cost method, as prescribed under Internal Revenue Code §430.

The objective under this method is to fund each participant's benefits under the Plan as they accrue. An individual's funding target is the actuarial present value of the accrued benefits as of the valuation date determined by applying mortality table and the yield curve of high quality corporate bond rates prescribed by the IRS. The Plan's funding target is the sum of the funding targets for all participants in the Plan. Since the Plan is frozen, the target normal cost is zero for Plan participants.

In the first year in which the adjusted actuarial value of assets (actuarial value of assets, reduced by any retained credit balances), is less than the funding target, a shortfall amortization base must be established. This base is amortized over a 7-year period using the 1st and 2nd funding segment interest rates from the prescribed corporate bond yield curve.

B. Description of Asset Valuation Method

The method for valuing plan assets is the 24-month asset smoothing method as described and made available under the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA).

C. Valuation Procedures

No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code, in accordance with the requirements of Section 404(j) of the Code.

II. SUMMARY OF ACTUARIAL ASSUMPTIONS

A. ACTUARIAL ASSUMPTIONS

1. FUNDING VALUATION INTEREST RATES

Applicable Month	July
Funding Target (with corridor adjustment)	
First segment rate (0 – 5 yrs)	4.16%
Second segment rate (6 – 20)	5.72%
Third segment rates (20+)	6.48%
Effective interest rate	5.84%

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St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

MAXIMUM DEDUCTIBLE CONTRIBUTION INTEREST RATES

First segment rate (0 – 5 yrs)	1.72%
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Third segment rates (20+)	4.72%

2. MORTALITY For funding purposes, the prescribed mortality assumption under IRC §430(h)(3)(A) for valuation dates in 2017 with separate rates for males and females, with fully generational mortality improvements projected to each future payment date using scale AA.

4. NORMAL BENEFIT FORM A straight life annuity is the normal form of benefit.

Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

ORIGINAL PLAN EFFECTIVE DATE	July 1, 1965
AMENDED PLAN EFFECTIVE DATE	July 1, 2017
PLAN YEAR	July 1 through June 30.
ELIGIBILITY	<p>Effective October 1, 2007 the plan was closed to new hires other than UNAP employees hired on or before October 1, 2008.</p> <p>Effective September 30, 2009 benefit accruals for Non-Union participants were frozen.</p> <p>Effective September 30, 2011 benefit accruals for Federation of Nurses and Health Professionals (“FNHP”) participants were frozen.</p> <p>Effective June 19, 2014 benefit accruals for Union participants were frozen.</p>
YEAR OF SERVICE	Effective as of July 1, 2001, 12-consecutive month computation period commencing on the employee’s date of hire in which an employee is credited with 1,000 or more hours of service. Service earned after the respective frozen date is excluded for benefit accrual purposes, due to the plan freeze.
CREDITED SERVICE	Total number of Years of Service
COMPENSATION	Basic rate of compensation, excluding bonus payments, call pay and overtime, and all other extra and irregular payments. The compensation limit in IRC section 401(a)(17)(B) is applicable. Compensation earned after the respective frozen date is excluded for benefit accrual purposes, due to the plan freeze.
AVERAGE COMPENSATION	The participant’s average annual earnings for the highest five consecutive years during the ten years immediately preceding the earliest of retirement, termination, plan freeze date, or termination of the plan.

Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

NORMAL RETIREMENT DATE	The later of the attainment of age 65 and the completion of 5 Years of Service.
EARLY RETIREMENT DATE	The later of the attainment of age 55 and the completion of 5 Years of Service.
NORMAL RETIREMENT BENEFITS	<p>The amount of the annual normal retirement benefit to be paid in monthly installments for life, based on credited service to the normal retirement date, is:</p> <ol style="list-style-type: none">1. Fifty percent of Final Average Earnings, less2. Fifty percent of the Social Security Benefit <p>The above difference shall be multiplied by the ratio of the participant's credited service not in excess of 30 years over 30 years.</p> <p>The annual retirement benefit cannot be less than \$48.00 multiplied by the years of credited service, to a maximum of 30 years.</p> <p>If an employee was a member on June 30, 1977, his benefit should not be less than the sum of (a) and (b) below:</p> <ol style="list-style-type: none">(a) Future Service Benefit: 0.75% of Annual Earnings up to \$4,800 plus 1.5% of Annual Earnings in excess of \$4,800 for each year of future service.(b) Past Service Benefit: 0.75% of Annual Earnings for each year of past service. <p>Benefits were frozen for Non-Union participants as of September 30, 2009; for Federation of Nurses and Health Professionals participants as of September 30, 2011; and for Union participants as of June 19, 2014.</p> <p>No members under the Plan accrue any benefits as of July 1, 2014.</p>

Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

EARLY RETIREMENT BENEFITS

Participant's Accrued Benefit is reduced by:

1. 5/9% for the first 60 months between early and normal retirement dates.
2. 5/18% for each month in excess over 60 months between early and normal retirement dates.
3. If the participant has accumulated eighty-five points (as of September 30, 2009 for Non-Union Participants) computed as the sum of age and continuous service at termination (years and completed months), and has attained the age of 55, he may receive an unreduced monthly benefit for life beginning at this early retirement date equal to his benefit accrued at termination.

DELAYED RETIREMENT BENEFITS

If a participant retires subsequent to his Normal Retirement Date, the benefit shall be calculated including years of service after such Normal Retirement Date.

DISABILITY BENEFITS

None.

DEATH BENEFITS

Preretirement

The beneficiary of a vested Participant who dies before benefit payments begin shall be eligible to receive a benefit which is equal to 50% of the Participant's vested Accrued Benefit as of the date of death converted into a 50% joint and survivor annuity. The benefit is calculated as of the participant's earliest retirement age, if the participant dies before he is eligible for early retirement benefits. If the Participant dies after early retirement age, the benefit is calculated as of the participant's date of death.

The beneficiary may elect a life annuity, lump sum, or reduced benefit payable from anytime from when the participant would have reached age fifty-five.

Post-Retirement

According to Option selected, if any.

Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

TERMINATION BENEFITS:

If a Participant terminates prior to eligibility for Retirement, such Participant shall be entitled to the vested percent of his Accrued Benefit payable at Normal Retirement Date. The vested percent for all groups is determined as follows:

<u>Years of Service</u>	<u>Vested Percent</u>
Less than 5	0%
5 or more	100

EMPLOYEE CONTRIBUTIONS

None.

PLAN ADMINISTRATOR

The Receiver administers and assumes responsibility for the Plan and Trust. A professional administrator is responsible for carrying out routine, nonfiduciary responsibilities.

Attachment to Schedule SB, Part VIII, Line 32
Schedule of Amortization Bases
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

<u>Type of Base</u>	<u>Present Value of Remaining Installments</u>	<u>Valuation Date Base was Established</u>	<u>Number of Years Remaining</u>	<u>Amortization Installment</u>
Shortfall	59,693,483	7/1/2017	7	9,802,379

Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

ORIGINAL PLAN EFFECTIVE DATE	July 1, 1965
AMENDED PLAN EFFECTIVE DATE	July 1, 2017
PLAN YEAR	July 1 through June 30.
ELIGIBILITY	<p>Effective October 1, 2007 the plan was closed to new hires other than UNAP employees hired on or before October 1, 2008.</p> <p>Effective September 30, 2009 benefit accruals for Non-Union participants were frozen.</p> <p>Effective September 30, 2011 benefit accruals for Federation of Nurses and Health Professionals (“FNHP”) participants were frozen.</p> <p>Effective June 19, 2014 benefit accruals for Union participants were frozen.</p>
YEAR OF SERVICE	Effective as of July 1, 2001, 12-consecutive month computation period commencing on the employee’s date of hire in which an employee is credited with 1,000 or more hours of service. Service earned after the respective frozen date is excluded for benefit accrual purposes, due to the plan freeze.
CREDITED SERVICE	Total number of Years of Service
COMPENSATION	Basic rate of compensation, excluding bonus payments, call pay and overtime, and all other extra and irregular payments. The compensation limit in IRC section 401(a)(17)(B) is applicable. Compensation earned after the respective frozen date is excluded for benefit accrual purposes, due to the plan freeze.
AVERAGE COMPENSATION	The participant’s average annual earnings for the highest five consecutive years during the ten years immediately preceding the earliest of retirement, termination, plan freeze date, or termination of the plan.

**Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017**

NORMAL RETIREMENT DATE

The later of the attainment of age 65 and the completion of 5 Years of Service.

EARLY RETIREMENT DATE

The later of the attainment of age 55 and the completion of 5 Years of Service.

NORMAL RETIREMENT BENEFITS

The amount of the annual normal retirement benefit to be paid in monthly installments for life, based on credited service to the normal retirement date, is:

1. Fifty percent of Final Average Earnings, less
2. Fifty percent of the Social Security Benefit

The above difference shall be multiplied by the ratio of the participant's credited service not in excess of 30 years over 30 years.

The annual retirement benefit cannot be less than \$48.00 multiplied by the years of credited service, to a maximum of 30 years.

If an employee was a member on June 30, 1977, his benefit should not be less than the sum of (a) and (b) below:

- (a) Future Service Benefit: 0.75% of Annual Earnings up to \$4,800 plus 1.5% of Annual Earnings in excess of \$4,800 for each year of future service.
- (b) Past Service Benefit: 0.75% of Annual Earnings for each year of past service.

Benefits were frozen for Non-Union participants as of September 30, 2009; for Federation of Nurses and Health Professionals participants as of September 30, 2011; and for Union participants as of June 19, 2014.

No members under the Plan accrue any benefits as of July 1, 2014.

Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001
Valuation Date: July 1, 2017

EARLY RETIREMENT BENEFITS

Participant's Accrued Benefit is reduced by:

1. 5/9% for the first 60 months between early and normal retirement dates.
2. 5/18% for each month in excess over 60 months between early and normal retirement dates.
3. If the participant has accumulated eighty-five points (as of September 30, 2009 for Non-Union Participants) computed as the sum of age and continuous service at termination (years and completed months), and has attained the age of 55, he may receive an unreduced monthly benefit for life beginning at this early retirement date equal to his benefit accrued at termination.

DELAYED RETIREMENT BENEFITS

If a participant retires subsequent to his Normal Retirement Date, the benefit shall be calculated including years of service after such Normal Retirement Date.

DISABILITY BENEFITS

None.

DEATH BENEFITS

Preretirement

The beneficiary of a vested Participant who dies before benefit payments begin shall be eligible to receive a benefit which is equal to 50% of the Participant's vested Accrued Benefit as of the date of death converted into a 50% joint and survivor annuity. The benefit is calculated as of the participant's earliest retirement age, if the participant dies before he is eligible for early retirement benefits. If the Participant dies after early retirement age, the benefit is calculated as of the participant's date of death.

The beneficiary may elect a life annuity, lump sum, or reduced benefit payable from anytime from when the participant would have reached age fifty-five.

Post-Retirement

According to Option selected, if any.

Attachment to Schedule SB, Part V – Summary of Plan Provisions
St. Joseph Health Services of Rhode Island Retirement Plan
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TERMINATION BENEFITS:

If a Participant terminates prior to eligibility for Retirement, such Participant shall be entitled to the vested percent of his Accrued Benefit payable at Normal Retirement Date. The vested percent for all groups is determined as follows:

<u>Years of Service</u>	<u>Vested Percent</u>
Less than 5	0%
5 or more	100

EMPLOYEE CONTRIBUTIONS

None.

PLAN ADMINISTRATOR

The Receiver administers and assumes responsibility for the Plan and Trust. A professional administrator is responsible for carrying out routine, nonfiduciary responsibilities.

**ST. JOSEPH HEALTH SERVICES OF
RHODE ISLAND RETIREMENT PLAN**

SCHEDULE OF REPORTABLE TRANSACTIONS

YEAR ENDED JUNE 30, 2018

Form 5500, Schedule H, Line 4j

E.I.N. 82-2871833
Plan No. 001

(a) Identity of Party Involved	(b) Description of Assets	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expenses Incurred with Transaction	(g) Cost of Asset	(h) Value of Asset on the Transaction Date	(i) Not Gain/ or (Loss)
N/A	Mercer Non-US Core Equity Fund	\$ 466,933	N/A	N/A	N/A	\$ 466,933	\$ 466,933	N/A
N/A	Mercer Non-US Core Equity Fund	N/A	\$ 4,529,453	N/A	N/A	4,013,074	4,529,453	\$ 516,379
N/A	Bank of America Money Market Savings Account	21,425,557	N/A	N/A	N/A	21,425,557	21,425,557	N/A
N/A	Bank of America Money Market Savings Account	N/A	20,538,510	N/A	N/A	20,538,510	20,538,510	N/A

Form 5500 – Attachment
St. Joseph Health Services of Rhode Island Retirement Plan
EIN/PN: 82-2871833 / 001

Election Statement

1. On behalf of the St. Joseph Health Services of Rhode Island Retirement Plan (the “Plan”), the Plan Administrator hereby makes an irrevocable election pursuant to section 410(d) of the Internal Revenue Code of 1986, as amended (the “410(d) Election”). The Plan historically claimed to be and was managed as a “Church Plan” within the meaning of section 414(e) of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations issued thereunder.
2. This 410(d) Election statement is submitted as an attachment to the first Form 5500 filed for the Plan, in accordance with the procedural requirements of section 1.410(d)-1(c) of the Treasury Regulations. This 410(d) Election shall be effective as to all Plan years beginning on or after August 17, 2017 (the “Effective Date”). As of and following the Effective Date, the Plan shall be administered in compliance with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the provisions of the Code that apply to “employee pension benefit plans” (as defined under section 3(2) of ERISA).
3. This 410(d) Election is made without prejudice to the position taken by the Plan Administrator in the litigation styled *Stephen Del Sesto, As Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan, et al., v. Prospect Chartercare, LLC, et al.*, Civil Action No. 1:18-cv-00328-WES-LDA, pending in the U.S. District Court for the District of Rhode Island, that the Plan ceased to qualify as a Church Plan (and became subject to ERISA) on or prior to the Effective Date, possibly as of 2009 or earlier.



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

Via electronic mail

Stephen DelSesto
Pierce Atwood LLP
72 Pine Street, 5th Floor
Providence, RI 02903
sdelsesto@pierceatwood.com

JUN 05 2018

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Re: St. Joseph Health Services of Rhode Island Retirement Plan (“Pension Plan”)

Gentlemen:

Thank you for speaking with us on May 10, 2018.

As we discussed, the Pension Plan’s petition for receivership states that the Pension Plan qualified and operated as a church plan, which is exempt from the provisions of the Employment Retirement Income Security Act of 1974 (“ERISA”). The Plan document, executed on January 30, 2017, also states that it is a church plan. The Receiver, however, questions whether the Pension Plan remains a church plan.

Section 4021(b)(3) of ERISA exempts from Title IV and PBGC’s guaranty a church plan as defined in section 414(e) of the Internal Revenue Code (“IRC”). 29 U.S.C. § 1321(b)(3). PBGC typically defers to the IRS’s interpretations and rulings on church plans under IRC § 414(e).

Accordingly, if a plan sponsor requests a church plan determination from PBGC, PBGC asks that the plan first obtain a letter ruling from the IRS stating whether the plan meets the IRC church plan definition. Similarly, if the Receiver would like a determination whether the Plan is a church plan, PBGC suggests it should first contact the IRS.

Also per your request, on May 16, 2018, I provided you with a contact person at the IRS. Thank you.

Best regards,



Lori Butler
Assistant General Counsel
Office of the General Counsel
(202) 326-4020, ext. 3723



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

Stephen Del Sesto
Pierce Atwood LLP
One Financial Plaza, 26th Floor
Providence, Rhode Island 02903

MAY 15 2019

Re: St. Joseph Health Services of Rhode Island Retirement Plan

Dear Mr. Del Sesto:

I am writing in response to your letter dated May 14, 2019, regarding the St. Joseph Health Services of Rhode Island Retirement Plan (“Plan”).

The Pension Benefit Guaranty Corporation (“PBGC”) is a wholly owned United States government corporation and agency established under 29 U.S.C. § 1302(a) to administer the pension plan termination insurance program created by Title IV of the Employee Retirement Income Security Act of 1974, *as amended* (“ERISA”), 29 U.S.C. §§ 1301 – 1461. We understand that you submitted, with respect to the Plan, a 2017 Form 5500 and attached to that Form 5500 an IRC §410(d) Election statement. PBGC is reviewing the §410(d) Election.

Even if the Plan were found to be covered by ERISA, including Title IV of ERISA, the Plan administrator remains responsible for administering the Plan – including decisions with regard to collecting amounts owed to the Plan and pursuing suits on behalf of the Plan. The Plan administrator must continue to act for the Plan unless and until the Plan is terminated under Title IV and PBGC is appointed its statutory trustee. For your information, when PBGC does become trustee of a terminated plan, it succeeds to a plan’s claims and causes of action, including any ongoing litigation. And PBGC may bring litigation on behalf of a terminated plan for at least three years after the date PBGC becomes trustee. 29 U.S.C. § 1303(e)(6)(B)(ii).

Thank you.

Respectfully,

Charles L. Finke
Deputy General Counsel
(202) 326-4400, ext. 3588

cc: Jeffrey B. Cohen, Esq.
Max Wistow, Esq.



PBGC FOD/CCD - NOTICE
P.O. Box 979120; St. Louis MO 63197-9000
US Government - Official Business
Penalty for private use, \$300

Address Service Requested

AC
April 24, 2019

STEPHEN DEL SESTO, RECEIVER
Attn: Pete Strong
ONE FINANCIAL PLAZA, 26TH FLOOR
PROVIDENCE RI 02903

RE: ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN
EIN/PN: 822871833/001
Plan ID: 2167276
PYC: 07/01/2018

Dear Plan Administrator:

Thank you for submitting your Comprehensive Premium Filing (CPF) for the plan year beginning **07/01/2018**. The filing was successfully processed and the filing requirement for the plan year has been met. There is currently no balance owed on your premium account. We look forward to doing business with you in the future.

Please provide the My PAA Confirmation Number which is **4200239** to your Form 5500 preparer. This is a required data element on the Form 5500 filing.

For detailed plan information (e.g., payments applied, amounts assessed, elections/revocations, etc.), we recommend you review your plan's online Account History in MyPAA via PBGC's website at www.pbgc.gov. Click on the Practitioners tab, click "Online Premium Filing (MyPAA)" from the menu options to the left, and then click on the appropriate link for either Returning Users or New Users. After logging on to MyPAA, click "Go to a Plan's Page". Locate the specific plan from the list and click on the plan name to open the associated "Plan Page". Click the "Account History" link at the top right and then "Continue" to view the account history. If you do not have the "Account History" link, contact your Filing Coordinator to request access. You can also contact the Premium Customer Service Center to request that an account history be mailed, emailed or faxed.

Contact Instructions:

If you have any questions, please send an email to premiums@pbgc.gov or call at 202-326-4242 (for TTY/TDD users, call the federal relay service toll free at 1-800-877-8339 connected to 202-326-4242). You can also submit a response to any PBGC correspondence via "Other Requests and Correspondence" Quick Link via MyPAA. The "Other Requests and Correspondence" page allows all MyPAA team members to attach documentation to a request and automatically create a PBGC Service Request for tracking purposes. Alternatively, you can write to us via U.S. Postal Service, at: PBGC - Correspondence Only; P.O. Box 955654; St. Louis, MO 63195-5654. In any communication, please provide the Plan's Employer Identification Number and Plan Number (EIN/PN), Plan Year Beginning date, your telephone number and email address.