

**WEBEX HEARING DATE:
FRIDAY, DECEMBER 8, 2023 AT 11:00 AM
PROVIDENCE COUNTY BUSINESS CALENDAR BEFORE JUDGE STERN**

**STATE OF RHODE ISLAND
PROVIDENCE, SC.**

SUPERIOR COURT

St. Joseph Health Services of Rhode Island,
Inc.

Petitioner

vs.

St. Josephs Health Services of Rhode Island
Retirement Plan, as amended

Respondent

Bank of America, in its capacity as Trustee of
Respondent

Nominal Respondent

PC-2017-3856

**RECEIVER'S TWENTY-NINTH INTERIM REPORT AND TWENTY-EIGHTH
INTERIM REQUEST FOR APPROVAL OF FEES, COSTS AND EXPENSES**

NOW COMES Stephen F. Del Sesto, Esq., solely in his capacity as the Receiver (the "Receiver") for St. Josephs Health Services of Rhode Island Retirement Plan (the "Plan"), and hereby submits this Twenty-Ninth Interim Report (the "Twenty-Ninth Report") and Twenty-Eighth Interim Request for Approval of Fees, Costs and Expenses (the "Twenty-Eighth Fee Application"). In support of the Twenty-Ninth Report and Twenty-Eighth Fee Application the Receiver states as follows:

1. This case was commenced on August 17, 2017, upon the Petition for the Appointment of a Receiver (the "Petition") filed by St. Joseph Health Services of Rhode Island, Inc. ("Petitioner"). As a result of that Petition, on August 18, 2017, this Court appointed Stephen F. Del Sesto, Esq. as Temporary Receiver of the Plan under surety bond ordered by this Court in the amount of One Million and 00/100 (\$1,000,000.00) Dollars (the "Temporary Receiver Order").

2. The Plan was a defined benefit plan organized by Petitioner on or about July 1, 1965, for the benefit of Petitioner's employees. As of the date of the Petition, the Plan had approximately 2,729 vested participants¹ of which approximately 1,229 were then receiving monthly benefits payments. Based on the benefits payments issued by Bank of America as of November 1, 2023, 1,555 participants received monthly benefits payments and as of December 1, 2023, 1,551 participants will receive monthly benefits payments. The total amount of benefits paid in November 2023 equals \$952,123.48.

3. Typically, a hearing on permanent receiver is set for a date approximately twenty (20) days after the appointment of temporary receiver. Here however, the Petitioner requested that the Court set a hearing date no sooner than thirty (30) days to afford the Temporary Receiver time to consider the Petitioner's suggested 40% uniform benefit reduction. Based on that request, the Court docketed the hearing on permanent receiver for October 11, 2017.

4. Immediately upon appointment, in order to provide pension holders with a direct means to obtain answers to questions and access to information, the Receiver established a dedicated email address (stjosephretirementplan@pierceatwood.com) and two dedicated phone lines (401-490-3436 and 401-865-6249). In addition, the Receiver established a dedicated, public website (<https://www.pierceatwood.com/st-joseph-health-services-rhode-island-retirement-plan>) where all pleadings and other information would be posted for easy accessibility to pension holders and other interested parties. Notice of the dedicated email, phone lines and website were sent to all Plan participants via first class mail. The Receiver believes that establishing these various means of communication has been invaluable to the pension holders and the Receiver. Since establishing the email address and phone lines the Receiver has received hundreds of email and voicemail communications from pension holders. The dedicated website has been revised and is updated regularly to include access to filings made in both the State and Federal litigation matters as well as other related litigation and liquidating receivership matters related to this proceeding, including, without limitation, the Liquidating Receivership (PC-2019-11756).

¹ According to documents reviewed by the Receiver, excluding United Nurses and Allied Professionals Local 5110 ("UNAP") members hired before October 1, 2008, the Plan was closed to all employees on or about October 1, 2007. Thereafter, benefit accruals were frozen for non-union employees on September 30, 2009, for Federation of Nurses and Health Professionals and other non UNAP union employees on September 30, 2011 and for UNAP employees on June 19, 2014.

5. Due to their day-to-day involvement with the Plan, the Receiver initially had consistent and regular communications with Bank of America (“BoA”) (the Plan’s Trustee and custodian of the assets) and Angell Pension Group (the Plan’s actuary and benefits administrator at the time) regarding the management and administration of the Plan. The Receiver has reviewed quarterly reports and had regular, periodic discussions with Mercer Investment (“Mercer”) (the Plan’s discretionary Investment Manager) regarding the performance of asset investments, the allocation of the asset investments and market conditions and projections that may impact those investments. The Receiver is aware that, among the pension holders and other interested parties, there existed a level of distrust and concern regarding the pre-receivership administration and oversight of the Plan. As a result, the Receiver made changes regarding the day-to-day management and administration of the Plan and its assets and will continue to evaluate and make changes as may be prudent or necessary.

6. In the Order Appointing Permanent Receiver (the “Permanent Receiver Order”) entered on October 27, 2017, this honorable Court established the Receiver’s duties with respect to the St. Joseph Health Services of Rhode Island Retirement Plan (the “Plan”). The Order generally authorizes the Receiver to monitor, manage and administer the Plan and its assets on behalf of its participants and beneficiaries. Among other actions, the Receiver may engage actuaries, investment advisors, benefit administrators and other professionals to perform various administrative tasks and services for the Plan. The Receiver may also initiate and litigate claims against third parties on the Plan’s behalf, acquire and dispose of property, direct investments and pay Plan-related expenses from the assets held in trust.

7. The Receiver continues to receive and review documents related to the Plan and its history. The Receiver, Gabriel, Roeder, Smith & Company (“GRS”) (the Receiver’s Plan actuary) and BoA (the Plan’s Trustee and benefits administrator), are fully engaged and in regular communication regarding benefits administration of the Plan and address multiple inquiries, applications, and questions on a daily basis.

8. Every 4-8 weeks throughout this proceeding the Receiver has hosted “town-hall” style, informational meetings with the pension holders to provide updates and respond to questions and

concerns. In addition and in an effort to assure complete transparency of the receivership process and the Receiver's efforts, the Receiver takes and, to the extent appropriate, responds to questions raised by the meeting participants regarding various aspects of the receivership, the federal litigation and the Plan. Understanding that not all participants can attend these meetings, the Receiver digitally records each meeting and a link to the meeting recordings is posted to the Receiver's dedicated website and available for unrestricted viewing. The most recent meeting was held on September 14, 2023, and the next meeting is scheduled for December 18, 2023.

9. Prior to this Twenty-Ninth Report and Twenty-Eighth Request for Approval of Fees, the Receiver has filed twenty-eight (28) prior reports with the Court and twenty-seven (27) prior requests for approval of fees. Rather than set forth summaries for each prior Report, copies of the First Report through the Twenty-Eighth Report and related Orders are on file with the Clerk of the Court and accessible on the Receiver's dedicated website and all are incorporated by reference and made a part of this Twenty-Ninth Interim Report as if fully set forth herein.

10. On or about June 28, 2018, as part of the Fourth Report, the Receiver advised the Court that litigation had been initiated in both State Court (*Stephen Del Sesto, et. al. v. Prospect CharterCARE, LLC, CharterCARE Community Board; St. Joseph Health Services of Rhode Island; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC; Prospect East Holdings, Inc.; Prospect Medical Holdings, Inc.; Roger Williams Hospital; CharterCARE Foundation; The Rhode Island Community Foundation; Roman Catholic Bishop of Providence; Diocesan Administration Corporation; Diocesan Service Corporation; and The Angell Pension Group, Inc.* (PC-2018-4386)) (the "State Litigation") and Federal Court (*Stephen Del Sesto, et. al. v. Prospect CharterCARE, LLC, CharterCARE Community Board; St. Joseph Health Services of Rhode Island; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC; Prospect East Holdings, Inc.; Prospect Medical Holdings, Inc.; Roger Williams Hospital; CharterCARE Foundation; The Rhode Island Community Foundation; Roman Catholic Bishop of Providence; Diocesan Administration Corporation; Diocesan Service Corporation; and The Angell Pension Group, Inc.* (1:18-cv-00328-WES-LDA)) (the "Federal Litigation" together with the State Litigation shall be referred to as the "Litigation") against various defendants and

Special Counsel provided the Court with a status update of those actions and related next steps for the Litigation.

11. Since the filing of the Receiver's Twenty-Eighth Interim Report and Twenty-Seventh Interim Request for Approval of Fees, Costs and Expenses in this Superior Court Receivership action the following has occurred:

- a. On or about October 2, 2023, this Court held a hearing via WebEx on the Twenty-Eighth Report. Upon conclusion of the hearing, the Court approved the Twenty-Eighth Report and the Twenty-Seventh Fee Request and an Order to that effect entered on October 18, 2023.
- b. Also on October 2, 2023, this Court held a hearing via WebEx on the "Petition of Stephen Del Sesto as Plan Receiver and Liquidating Receiver for Settlement Instructions and Approval" (the "Diocesan Settlement Petition"). The settlement presented to the Court represented the settlement negotiated with the Roman Catholic Bishop of Providence, the Diocesan Administration Corporation and the Diocesan Service Corporation (the "Diocesan Defendants"), the last remaining Defendants in the Federal Litigation (CA No.: 1:18-CV-00328-S-LDA). By Order entered on October 18, 2023, this Court found that the settlement constituted a good faith settlement under RIGL Section 23-17.14-35 and granted the Diocesan Settlement Petition.

12. Since the filing of and hearing on the Twenty-Eighth Report, the following has occurred in the Federal Litigation (CA No.: 1:18-CV-00328-S-LDA):

- a. With the invaluable assistance of the Mediator, Chief Justice Frank Williams (retired), the Receiver and other named plaintiffs and the Diocesan Defendants ultimately reached a mutually agreeable settlement that (as indicated in paragraph 11(b) above) was presented to and approved by this Honorable Court on October 18, 2023.
- b. On October 25, 2023, the Receiver and other named Plaintiffs filed a "Motion for Preliminary Settlement Approval, Settlement Class Certification, Appointment of

Class Counsel, and a Finding of Good Faith Settlement” (the “Motion”), a Declaration of Benjamin Ledsham regarding the Motion and a Motion for Attorney Fees in Connection with Settlement with the Diocesan Defendants (the “Motion for Fees”).

- c. On November 16, 2023, the Federal Court entered an Order granting the Motion. On that same date, the Federal Court noticed a hearing regarding Final Settlement Approval and the Motion for Fees. That hearing is scheduled to be heard by the Court on March 14, 2024 at 11:00am (EST).

13. Since the filing of and hearing on the Twenty-Eighth Report, no filings or events have occurred in the Liquidating Receivership (PC-2019-11756) action.

14. As previously reported to this Court, under the Receiver’s Settlement with the legacy hospitals, (all for the ultimate benefit of the Plan and its participants) the Receiver was assigned the rights to a \$750,000 escrow fund held by RI Department of Labor and Training. This escrow serves as security for potential self-insured obligations of legacy Roger Williams Hospital (“RWH”). With the assistance of Special Counsel, your Receiver is trying to have this escrow released for the benefit of the Plan.

15. Regarding discussions with the Pension Benefit Guaranty Corporation (“PBGC”) and the Internal Revenue Service (“IRS”) relative to the availability of PBGC coverage for the Plan, the Receiver continues to have regular communications with both of those Federal agencies and provide them with any and all documentation that they have requested. Although, to date, the PBGC has been non-committal regarding the availability of coverage for the Plan, the communications and discussions have continued and remain positive. The Receiver expects those discussions to continue and become more substantive over the coming months and is hopeful the discussions remain positive and progress forward and ultimately result in full statutory coverage for the Plan. These discussions have always been but have become even more critical due to the fact that PBGC coverage at the full statutory amount for each pension holder are 2 of the express conditions of the Settlement Agreement reached in the Federal Litigation.

16. However, before the PBGC will provide any formal and substantive response on the availability of coverage for the Plan, it requires the Plan to seek a determination from the IRS as to whether the Plan is a qualified Plan eligible for PBGC coverage. This IRS determination is also one of the several conditions that must be satisfied in connection with the settlement with the Diocesan Defendants. On or about November 2, 2023, the Receiver filed Form 5300 “Application for Determination for Employee Benefit Plan” with the IRS and received confirmation that the Form 5300 had been received. Pursuant to IRS regulations, it endeavors to issue a response within 145 days after the submission of the Form 5300; however, it cannot issue a response to the application for at least sixty (60) days in order to allow comments regarding the application. If a response to the application is not received within 145 days, the Receiver may contact the IRS to obtain a status and anticipated decision date.

17. As the Court may recall, as of the start of this proceeding, the Plan assets totaled approximately \$85,795,641.90. In months since (as of October 31, 2023) and as a result of the receipt of the NET Settlement funds, the Plan assets totaled approximately \$51,913,447.22.² The largest factor in the reduction of the Plan assets is monthly benefit payments and other payments required for the administration of the Plan (i.e. accountant fees, actuarial fees, investment manager fees, benefits administration fees, etc.). It is important to note that during the months since the inception of this proceeding the Plan paid out monthly benefit payments, retroactive benefit payments and other payments and fees related to Plan maintenance and services at an average rate of approximately \$967,000 per month.

In an effort to protect and insulate the Plan from dramatic market fluctuations, the Receiver regularly reviews and adjusts the allocation of assets for investment risk. These reallocations have been relatively successful in insulating the Plan from market volatility and losses. The Receiver continues to work with the investment manager to regularly review and assess the allocation of investments so as to maximize the returns for the Plan while at the same time protecting it based on its status and unavoidable, unpredictable fluctuations of the markets.

² This amount does include the Settlement “A” NET proceeds totaling approximately \$10,549,239.73 which are held with Schwab for the benefit of the Plan.

18. In connection with the administration of the within proceeding, and since the filing of the Twenty-Eighth Report and hearing on same, your Receiver has had additional receipts and disbursements, as identified below and as further detailed and set forth in the **“Schedules of Receipts and Disbursements”** attached hereto,³ in all estate accounts ultimately maintained for the benefit of the Plan.

	<u>SJHSRI Retirement Plan</u>	<u>CCCB</u>	<u>SJHSRI</u>	<u>RWH</u>
Starting Cash	\$4,520,088.76	\$9,397.99	\$56,135.79	\$239,472.42
Receipts	\$71,570.92	\$1.39	\$138.72	\$727.68
Disbursements	\$101,381.56	\$2,537.50	\$7,056.00	\$2,500.00
Ending Balance	\$4,490,278.12	\$6,861.88	\$49,218.51	\$237,700.10

19. In connection with this Twenty-Ninth Report, your Receiver is requesting that the Court approve the Twenty-Eighth Fee Application incurred for the two and one half (2 ½) month period from September 15, 2023, through, and including, November 30, 2023. The Receiver respectfully requests that this Court approve the Twenty-Eighth Fee Application of the Receiver and authorize him to pay himself such approved fees. A copy of your Receiver’s Twenty-Eighth Fee Application Invoice will be presented, in redacted form, under separate cover to the Court for review in advance of the Hearing on this Twenty-Ninth Report. Due to the Litigation and the related descriptions and narratives in time entries, to avoid any potential disclosure, strategy, attorney-client privileged communications, etc., the Receiver requests that the redacted invoices submitted to the Court be filed under seal.

WHEREFORE, your Receiver prays that this honorable Court enter an order or orders: (1) approving, confirming and ratifying all of the Receiver’s acts, doings, and disbursements as Temporary and Permanent Receiver as of the filing of this Twenty-Ninth Report; (2) authorizing the Receiver to satisfy the fees, costs and expenses incurred by the Receiver and presented in connection with the Twenty-Eighth Fee Application for his services as Temporary and Permanent Receiver herein; (3) directing that this proceeding remain open pending final

³ Cash-on-hand includes the funds received from Settlement “B” and funds transferred from the Liquidating Receiver in compliance with the Court’s April 7, 2022, Order approving the Petition to Apply.

resolution of all the issues identified herein and the general winding down of the Receivership Estate; and (4) granting such further relief as this Honorable Court deems necessary and appropriate.

Respectfully submitted,

/s/ Stephen F. Del Sesto

Stephen F. Del Sesto, Esq. (#6336)
Solely in his capacity as Permanent Receiver
for St. Josephs Health Services of Rhode
Island Retirement Plan, and not individually
One Citizens Plaza, 10th Floor
Providence, RI 02903
Tel: 401-490-3415
sdelsesto@pierceanwood.com
Dated: November 28, 2023

CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of November, 2023, I electronically filed and served the within document via the Electronic Case Filing System of the Superior Court with notice to all parties in the system.

/s/ Stephen F. Del Sesto

SCHEDULES OF RECEIPTS AND DISBURSEMENTS

St Joseph Health Services of RI Retirement Plan Transactions by Account 112723 As of November 27, 2023

Date	Num	Name	Memo			Balance
BankRI Checking Account						
09/28/2023	417	Litigistics	Inv #3885; copying & mailing			4,520,088.76
09/29/2023			Brown quarterly dist from BoA paid to RWMC	8,628.00	1,242.11	4,518,846.65
10/02/2023	418	Litigistics	Inv #3895; copying & mailing		4,533.47	4,527,474.65
10/04/2023	419	Wistow Sheehan & Loveley, PC	fees due W/SL based upon Trust funds rec'd from BoA from 5/5/23 thru 10/4/23		71,297.46	4,451,643.72
11/02/2023		US Treasury	Fee for Appliation for Determination Letter to IRS		2,700.00	4,448,943.72
11/15/2023	420	Litigistics	Inv #4076; copying & mailing		5,035.41	4,443,908.31
11/22/2023			Combined Townsend (from BoA pd to SJHSRI)	61,282.42		4,505,190.73
11/22/2023			Brown Trust dist deficiency pymt tax year ending 12.31.22 (pd to RWMC)	1,660.50		4,506,851.23
11/27/2023	421	Litigistics	Inv #4097; copying & mailing class notice & notice of meeting		16,573.11	4,490,278.12
Total BankRI Checking Account				71,570.92	101,381.56	4,490,278.12
TOTAL				71,570.92	101,381.56	4,490,278.12

CCCB Transaction Detail by Account All Transactions

Date	Num	Name	Memo	Balance
CCCB BankRI Acct				
01/19/2023			closeout funds from Hemmendinger's account	9,642.08
01/31/2023			interest	0.34
02/22/2023			interest	0.74
03/31/2023			interest	0.82
04/28/2023			interest	0.79
05/31/2023			interest	0.82
06/23/2023	101	Xact Data Discovery	invoices 12/2022 - 05/2023	193.75
06/30/2023			interest	0.79
07/28/2023	102	Xact Data Discovery	invoice #XDD075177	18.75
07/31/2023			interest	0.80
08/23/2023	103	Xact Data Discovery	Inv #XDD076761	18.75
08/31/2023			interest	0.81
09/15/2023	104	Consilio (formerly Xact)	Inv # INV 557284	18.75
09/29/2023			interest	0.77
10/02/2023	105	Kahn Litwin Renza & Co., Ltd.	Inv #K0077722; 2022 form 990 prep & filing	2,500.00
10/16/2023	106	Consilio (formerly Xact)	Inv # INV 569365	18.75
10/31/2023			interest	0.62
11/20/2023	107	Consilio (formerly Xact)	Inv #INV581503	18.75
Total CCCB BankRI Acct				9,649.38
TOTAL				9,649.38
				2,787.50
				6,861.88

SJHSRI General Fund Account
Transaction Detail by Account
 December 16, 2022 through November 28, 2023

Date	Num	Name	Memo	Balance
SJHSRI BankRI General Fund Acct				
01/19/2023			closeout funds from Hemmendinger's account	70,774.93
01/31/2023			interest	37.55
03/23/2023			interest	80.94
03/31/2023			interest	89.72
04/28/2023			interest	86.93
05/31/2023			interest	89.94
06/14/2023			final closeout funds from Hemmendinger's account	4,975.00
06/23/2023	101	Xact Data Discovery	invoices from 12/2022 thru 5/2023	13,410.25
06/30/2023			interest	88.28
07/28/2023	102	Xact Data Discovery	Inv #XDD075178 6/30/23	2,278.00
07/31/2023			interest	79.49
08/23/2023	103	Xact Data Discovery	Inv #XDD076762	2,278.00
08/31/2023			interest	77.26
09/15/2023	104	Consilio (formerly Xact)	Inv # INV557285	2,278.00
09/29/2023			interest	71.08
10/02/2023	105	Kahn Litwin Renza & Co., Ltd.	Inv #K0077720: 2022 Form 990 prep & filing	2,500.00
10/16/2023	106	Consilio (formerly Xact)	Inv # INV569366	2,278.00
10/31/2023			interest	67.64
11/20/2023	107	Consilio (formerly Xact)	Inv #INV581504	2,278.00
Total SJHSRI BankRI General Fund Acct				76,518.76
TOTAL				76,518.76
				27,300.25
				49,218.51

**RWH General Fund Account
Transaction Detail by Account
December 16, 2022 through November 28, 2023**

Date	Num	Name	Memo	Balance
RWH BankRI General Fund Acct				
01/19/2023			closeout funds from Hemmendinger's account	86,507.19
01/31/2023			Interest	45.90
02/22/2023			Steint semi-annual dist (rec'd from BoA)	1,051.50
02/22/2023			interest	99.72
02/24/2023			chargeback fee	
03/02/2023			Knight quarterly dist (from BoA)	3,023.75
03/02/2023			KOR Subpoena service fee	11.00
03/23/2023			Flint quarterly dist (reissue of ck dtd 11.23.22 (rec'd from BoA)	5,929.00
03/23/2023			Flint quarterly dist (rec'd from BoA)	4,514.00
03/31/2023			interest	130.30
04/04/2023			Horton (\$35,840.17) & Brown (\$8,628) quarterly distributions (rec'd from BoA)	44,468.17
04/20/2023	101	BRCOSM, LLP	Court-approved fees & costs Final Report of Hemmendinger	
04/28/2023			interest	198.18
05/31/2023			interest	92.54
06/14/2023			final closeout funds from Hemmendinger's account	3,588.99
06/23/2023	102	Xact Data Discovery	VOID:	0.00
06/30/2023			interest	91.28
07/31/2023			interest	97.31
08/31/2023			interest	97.44
09/06/2023			Subpoena fee (Carchis WC action)	11.00
09/08/2023			Subpoena fees (Morales action)	33.00
09/29/2023			interest	94.45
10/02/2023	103	Kahn Litwin Renza & Co., Ltd.	Inv #K0077721: 2022 form 990 prep & filing	2,500.00
10/31/2023			interest	95.08
Total RWH BankRI General Fund Acct				150,179.80
TOTAL				150,179.80

RWH Cy Pres Account
Transaction Detail by Account
 December 16, 2022 through November 28, 2023

Date	Num	Name	Memo	Balance
RWH BankRI Cy Pres Acct				
01/19/2023			closeout funds from Hemmendinger's account	160,365.02
01/31/2023			interest	113.20
02/28/2023			interest	244.00
03/31/2023			interest	270.55
04/28/2023			interest	262.26
05/31/2023			interest	271.45
06/30/2023			interest	263.13
07/31/2023			interest	272.35
08/31/2023			interest	272.81
09/29/2023			interest	264.45
10/31/2023			interest	273.70
Total RWH BankRI Cy Pres Acct				162,872.92
TOTAL				162,872.92