

Retirement Board of the Massachusetts Bay Transportation Authority Retirement Fund

Statement on FTI Report, March 9, 2016

On June 28, 2015, *The Boston Globe* published an article about the Massachusetts Bay Transportation Authority Retirement Fund's (the "Fund") alleged over valuation of assets and under valuation of liabilities for fiscal years 2011-2013, based on a report authored by, among others, Harry Markopolos (the "Markopolos Report"). Despite requests, the Markopolos Report has not been shared with the Fund. In response to the allegations, the Fund, through a special subcommittee of the Retirement Board, issued a Request for Proposals ("RFP") seeking an independent expert review of the Fund's valuations, assets and liabilities for the period.

Following the RFP process, which prompted inquiries and proposals from a number of experienced firms, on November 20, 2015 the Retirement Board voted to retain FTI Consulting ("FTI") to conduct an independent review of all pension assets, investment returns, actuarial assumptions and liabilities, as set forth in the Fund's audited financial statements for 2011, 2012 and 2013.

FTI is a leading independent provider of multidisciplinary, investigative, forensic accounting, and computer forensic and analytic services to the global business and legal community. FTI provides independent, multidisciplinary teams consisting of former "Big 4" auditors, forensic accountants, former federal and state prosecutors, former regulators, former law enforcement officials, investigative researchers, and computer forensic and data analytic specialists.

FTI reviewed thousands of pages of documents, worked cooperatively with the Fund's auditor, and interviewed the Fund's actuary, custodian, investment advisor and key Fund personnel. On March 9, 2016, FTI issued a report finding no significant differences between the amounts reported by the Fund and the supporting documentation provided by the custodian or other third parties. In addition, FTI determined that the key actuarial assumptions were reasonable and appropriately applied. Finally, the FTI report concludes that the allegations contained in the Markopolos Report regarding the Fund's audited financial statements lack merit. The Retirement Board voted to make the FTI report available to the public, and it is linked to the Fund's website (www.mbtarf.com).

The Retirement Board is very pleased that this independent review thoroughly validates the Fund's reporting and results. The concerns created by these unfounded allegations can now be lifted, and the Fund looks forward to continuing to serve the workers and families that rely on it to secure their futures.