

AGENDA

FOR THE SPECIAL RETIREMENT MEETING OF JULY 26, 1988

1. Meeting will be called to order at 9:30 A.M., Columbian Room, Holiday Inn Mart Plaza.
2. Discussion of investment in J.P. Morgan Petroleum Fund II.
3. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

A Special Meeting of the Retirement Allowance Committee was held Tuesday, July 26, 1988 at 9:30 A.M., Columbian Room, Holiday Inn Mart Plaza. The following were in attendance:

Mr. E. Gresham, Chairman	Mr. G. Nagle, Secretary
Mr. A. Kasmer, Jr.	Mr. D. Perk
Mr. C. Knox	

Alternate W. Buetow sat in J. Hughes' stead. Alternate A. Curtis sat in V. Wendorf's stead. Alternate H. Reed sat in W. Black's stead. Alternate H. Williams sat in I. Thomas' stead. Alternate L. Morris was present. Mr. W. Ross and Ms. P. Williams of the Pension Office staff were present. Messrs. M. Dowd, R. LeVine and W. Walker of J. P. Morgan were present. Mr. N. Joachimi of the Wellesley Group was also present.

- (1) The Chairman called the meeting to order at 9:40 A.M.
- (2) Mr. Martin J. Dowd introduced Messrs. R. LeVine and W. Walker and briefly discussed J. P. Morgan Investment Management, Inc. and the history of the J. P. Morgan Petroleum Fund I. Messrs. Walker and LeVine then presented in detail the specifics of the J. P. Morgan Petroleum Fund II (Fund). In response to the Committee's previous request for information on costs expected to be incurred by the Fund, Mr. Walker provided the following estimates:

- 1) One time expense for legal fees associated with the purchase of legal and recordable interest in oil properties and with good title: less than 1% of fund.
- 2) Annual audit expense: \$40,000.00
- 3) Annual appraisals by independent petroleum engineers: \$40,000.00
- 4) Expenses associated with performing the due diligence for prospective investments: minimal

Mr. Walker added that none of these other expenses go to J. P. Morgan or any J. P. Morgan entity. Mr. Walker then stated that this investment's closing date is July 31 and asked the Committee to consider an investment of \$10,000,000.00 into the Petroleum Fund II. The Chairman then asked the representatives from J. P. Morgan to leave the room. Mr. Joachimi recommended that the Committee approve an investment in the Fund, based on his firm's analysis of the Fund, the diversification characteristics, rate of return prospects, inflation hedge it provides and the low correlation of expected return with the Plan's other asset classes. A brief discussion then ensued between Committee members. Mr. Kasmer moved that the Retirement Plan become a limited partner in the J. P. Morgan Petroleum Fund II with an allocation of \$10,000,000.00. The motion was seconded by Mr. Knox and the Committee unanimously approved.

(3) On a motion by Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously agreed to adjourn at 11:10 A.M.

Gregory C. Maple

EXECUTIVE SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

Elvisie Bushman

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

8/15/88

DATE