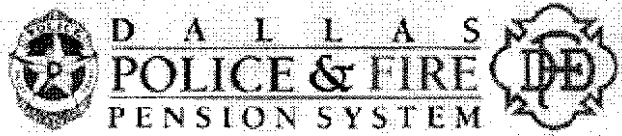


AGENDA



Date: August 31, 2009

A special meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Tuesday, September 8, 2009 in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas.** Items of the following agenda will be presented to the Board:

DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

- 1. Possible new investment in additional Global Asset Allocation Manager, Robeco Transtrend Diversified Fund, LLC**
- 2. Final approval of Global Value Equity Manager due diligence on Tradewinds**
- 3. Possible new investments through Lone Star Funds**
 - a. Lone Star Real Estate Fund II
 - b. Lone Star Fund VII
- 4. Restructuring of Real Estate Projects**
 - a. CDK Realty Advisors**
 - (1) Project in North Texas
 - (2) Project in Central Texas
 - (3) Status of existing portfolio and plans for future activities with regard to that portfolio
 - b. Kennedy Associates Real Estate Counsel, LP**
 - (1) Project in North Texas
 - (2) Status of existing portfolio and plans for future activities with regard to that portfolio
 - c. L & B Realty Advisors, LLP**
 - (1) Project in New York
 - (2) Status of existing portfolio and plans for future activities with regard to that portfolio
 - d. Real estate investment in Northern California**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, and Section 551.078 for review of medical records. An expression of preference or a preliminary vote may be taken by the Board on any briefing item or item discussed in executive session.

At the discretion of the Board, items on this agenda may be considered at times other than those indicated above.

Dallas Police and Fire Pension System
Tuesday, September 8, 2009
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, Texas

Special meeting, Steven G. Shaw, Vice-Chairman, presiding:

ROLL CALL

Board Members

Present: John M. Mays, Rector C. McCollum, Richard A. Salinas, Steven G. Shaw, George Tomasovic, Steven H. Umlor, and Richard H. Wachsman

Absent: Jerry R. Allen, Gerald Brown, Dwaine R. Caraway, Pauline Medrano, and David A. Neumann

Staff Richard Tettamant, Brian Blake, Everard Davenport, Mike Taylor, Josh Mond, Jerry Chandler, Corina Terrazas, Talal Ellass, Larry Landfried, Greg Irlbeck, Christina Wu, and Linda Rickley

Others Richard W. Brown (via teleconference), Heather Fernstrom (via teleconference), Lou Paletta, Ginger Quillen, Kenneth Cooley, Jon Donahue, Brent Kroener, Marshall Edwards, Bob Ratliffe (via teleconference), Joe Shea (via teleconference), G. Andrews Smith, Christine M. Mullis, Warren B. Wilson, and Wayne Antrobus

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The meeting was called to order at 8:30 a.m.

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DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Possible new investment in additional Global Asset Allocation Manager, Robeco Transtrend Diversified Fund, LLC

Mr. Tettamant stated that Transtrend, a managed futures manager with \$8.1 billion in assets under management, was reviewed by the Investment Advisory Committee (IAC) on May 12, 2009 and referred to the Board for possible approval as a new investment. At the June 16, 2009 Board meeting, the Board decided that it needed more information on managed futures. On August 11, 2009, the Board received an education session on managed futures and commodities and the Chairman requested staff to place Transtrend on the agenda for consideration as a new investment in the Global Asset Allocation category.

Special Board Meeting
Tuesday, September 8, 2009

1. Possible new investment in additional Global Asset Allocation Manager, Robeco Transtrend Diversified Fund, LLC (continued)

Transtrend is wholly owned by Robeco, a global investment management company with approximately \$154 billion in assets under management. The System currently invests approximately \$27 million in another Robeco equity investment product, the SAM Sustainable Water Strategy. Transtrend and SAM are separate entities under Robeco and each firm is partially owned by its employees. Robeco is a wholly-owned subsidiary of Rabobank, one of the world's largest banks and is based in Amsterdam, Netherlands.

Transtrend is a quantitative, trend-following strategy that participates in a large variety of futures markets, including foreign exchange, tangible commodities, interest rate instruments, single stock and stock indices in over 320 markets worldwide.

After discussion, Mr. Wachsmann made a motion to approve \$50 million for Transtrend, subject to successful due diligence, contract negotiations, and the final approval of the Administrator and legal counsel, to authorize the Chairman to execute the contract and the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation and direct that the funding come from the domestic equity portfolio with specific details of that funding to be determined by the Administrator. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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2. Final approval of Global Value Equity Manager due diligence on Tradewinds

Mr. Tettamant explained that the Board initiated a global equity search and at the June 16, 2009 meeting reviewed data provided by NEPC, the System's general investment consultant, and staff, regarding a global value equity manager search for the System's global equity portfolio. After discussion, the Board asked that Acadian, Tradewinds, and Franklin Templeton be reviewed at the July 9 Board meeting as possible value style investment managers for the global equity portfolio. After the July 9 investment manager presentations, the Board decided to proceed with the due diligence process with Tradewinds as a possible global value investment manager. The Board performed a due diligence review with staff and a NEPC representative at the offices of Tradewinds on August 18, 2009.

Board and staff members discussed their findings regarding the on-site due diligence review.

**Special Board Meeting
Tuesday, September 8, 2009**

2. Final approval of Global Value Equity Manager due diligence on Tradewinds (continued)

After discussion, Mr. Umlor made a motion to approve Tradewinds as a global value equity manager and fund the manager with the proceeds from the Northern Trust transition account for approximately \$75 million, authorize the Administrator to use Northern Trust as the transition manager and to negotiate the new investment management contract, subject to the final approval of the Administrator and legal counsel, authorize the Chairman to execute the contract and the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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3. Possible new investments through Lone Star Funds

- a. Lone Star Real Estate Fund II
- b. Lone Star Fund VII

Lou Paletta, Director of Investor Relations, and Ginger Quillen, Assistant Director of Investor Relations of Lone Star Funds, discussed possible new investments in Lone Star Fund VII and Lone Star Real Estate II at the August 6, 2009 IAC meeting.

Lone Star Funds have typically invested in various distressed debt loan pools that are generated from Japan, South Korea, and Germany. Lone Star is also investing in various countries located in the Asia Pacific region, Europe, and North America. The System has invested in all of the Lone Star Funds beginning with the Brazos Fund (\$10 million), Lone Star Opportunities Fund (\$15 million), Lone Star II (\$15 million), Lone Star III (\$20 million), Lone Star IV (\$20 million), Lone Star V (\$22 million), Lone Star VI (\$25 million), and Lone Star Real Estate I (\$25 million). The return history of the various funds was included in the Lone Star Real Estate Fund II presentation.

The IAC recommended that the Board allocate \$25 million to Lone Star Fund VII and \$25 million to Lone Star Real Estate Fund II at the August 6, 2009 IAC meeting.

After discussion, Mr. Tomasovic made a motion to (1) approve \$25 million in Lone Star Fund VII as a Global Fixed Income investment, subject to successful contract negotiations and approval of the Administrator and legal counsel, (2) fund from distributions in existing investments in Lone Star Funds and cash, (3) authorize the Chairman to execute the contracts, and (4) authorize the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

**Special Board Meeting
Tuesday, September 8, 2009**

3. Possible new investments through Lone Star Funds (continued)

After discussion, Mr. Wachsman made a motion to (1) approve \$25 million in Lone Star Real Estate Fund II as a real estate investment, subject to successful contract negotiations and approval of the Administrator and legal counsel, (2) fund from distributions in existing investments in Lone Star Funds and cash, (3) authorize the Chairman to execute the contracts, and (4) authorize the Administrator to perform all necessary acts and exercise all appropriate discretion to consummate the investment and ongoing operation. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

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4. Restructuring of Real Estate Projects

a. CDK Realty Advisors

- (1) Project in North Texas
- (2) Project in Central Texas
- (3) Status of existing portfolio and plans for future activities with regard to that portfolio

b. Kennedy Associates Real Estate Counsel, LP

- (1) Project in North Texas
- (2) Status of existing portfolio and plans for future activities with regard to that portfolio

c. L & B Realty Advisors, LLP

- (1) Project in New York
- (2) Status of existing portfolio and plans for future activities with regard to that portfolio

d. Real estate investment in Northern California

Introducing this topic, Mr. Tettamant explained that restructuring of certain investments may be necessary due to modifications of the terms of existing loans required by financial institutions due to current economic conditions affecting commercial real estate and the banking system.

Special Board Meeting
Tuesday, September 8, 2009

4. Restructuring of Real Estate Projects (continued)

a. Ken Cooley, Jon Donahue, Brent Kroener, and Marshall Edwards from CDK Realty Advisors, discussed the possible restructuring of investments in two of the System's real estate developments and the status of the current portfolio.

(1) Construction of the mixed-use development in North Texas was completed in 2009 and is comprised of 54,830 sq. ft. of office and retail space, plus 72 residential apartment units. The office and retail space is 29% leased while the residential apartment units have not yet received a certificate of occupancy, due to the lender delays in funding the last few construction draws. CDK presented possible workouts negotiated with the lender to continue the funding and finish the project.

(2) Phase I of the Central Texas project is under construction, which includes underground parking and 64 residential condominiums. Work on site development and excavation started in early 2008 with garage construction beginning in September 2008 and is nearing completion. The lender has now taken the position that because of a lack of sales of units, the loan is in default and the partners of the borrower should invest additional equity in the project. CDK discussed with the Board the renegotiated terms with the lender.

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The Board went into closed executive session – legal at 8:51 a.m.

The meeting was reopened at 10:01 a.m.

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After discussion, Mr. Wachsmann made a motion to receive and file the reports by CDK Realty Advisors. Mr. Tomasovic seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Tomasovic made a motion to authorize an additional \$2 million in equity for the North Texas project with CDK Realty Advisors. Mr. Wachsmann seconded the motion, which was unanimously approved by the Board.

The meeting was recessed at 10:01 a.m.

The meeting was reconvened at 10:17 a.m.

**Special Board Meeting
Tuesday, September 8, 2009**

4. Restructuring of Real Estate Projects (continued)

- b. Bob Ratliffe, Executive Vice President, and Joe Shea, Senior Vice President of Asset Management, from Kennedy Associates, were available by conference call and discussed the loan on the North Texas project which will mature soon and the status of the current portfolio. Kennedy Associates is negotiating with the lender an extension backed by a master lease agreement with the Pension System.

After discussion, Mr. Tomasovic made a motion to approve a master lease agreement for the North Texas project with Kennedy Associates. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

- c. G. Andrews Smith, Chief Executive Officer, and Christine M. Mullis, Vice President - Portfolio Management, from L & B Realty Advisors, were present and discussed the status of the Pension System's investment in New York, NY and the status of the current portfolio. L & B will continue negotiations with the lender on this investment in New York, New York.

After discussion, Mr. Wachsman made a motion to receive and file the L & B reports. Mr. McCollum seconded the motion, which was unanimously approved by the Board.

- d. The Board went into a closed session – real estate at 11:30 a.m. to discuss an investment in Northern California.

The meeting was reopened at 11:54 a.m.

After discussion, Mr. Wachsman made a motion to authorize the Administrator to negotiate with the appropriate parties, execute the necessary documents, and expend the necessary funds to make the Northern California investment viable. Mr. Umlor seconded the motion, which was unanimously approved by the Board.

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The Administrator stated that there was no further business to come before the Board. On a motion by Mr. Umlor and a second by Mr. Tomasovic, the meeting was adjourned at 12:52 p.m.

[signature]

Steven G. Shaw
Vice-Chairman

ATTEST:

[signature]

Richard L. Tettamant
Secretary