



July 19, 2023

Mr. Edward Armstrong  
Office of State Procurement  
1500 West 7<sup>th</sup> Street, Suite 300  
Little Rock, AR 72201

Ms. Marty Garrity  
Bureau of Legislative Research  
State Capitol, Room 315  
Little Rock, AR 72201

Re: Notification of Imminent Need Under Act 1211 of 2009 (A.C.A. §19-11-1303)  
Investment: Hybar LLC and Associated Entities  
Promissory Note Related to Hybar LLC Tax Credits  
Promissory Note Related to Hybar Create Rebate  
Westrock Coffee Company

Dear Mr. Armstrong and Ms. Garrity:

As Director of Arkansas Teacher Retirement System (ATRTRS), my intent and plan is not to use the Imminent Need provisions of Act 1211 of 2009 unless warranted. But it is occasionally needed to protect against loss, to target maximum return, and to comply with fiduciary obligations. The investments presented at this time are considered Imminent Need due to construction timelines and SEC disclosure obligations that will materialize before the next scheduled meeting of the Arkansas Legislative Council (ALC). The ATRRS Board of Trustees (Board) determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for each of the investments submitted today.

On July 17, 2023, the Board, in a called meeting, adopted Resolution 2023-28 to declare an Imminent Need exists to make an investment of up to \$206,200.00 in Hybar LLC and related entities. The investment was recommended by the ATRRS specialty consultant and ATRRS staff concurs with the recommendation.

At the same meeting, the Board adopted Resolution 2023-29 using Imminent Need to authorize a promissory note of up to \$28,512,149.70 related to the revenue stream generated by State of Arkansas tax credits related to Hybar LLC and related entities. This

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investment was also recommended by the ATRS specialty consultant, and ATRS staff concurs as well.

In addition, the Board approved Resolution 2023-30 using Imminent Need to authorize a promissory note of up to \$10,000,000.00 related to the revenue stream generated by State of Arkansas rebate payments related to Hybar LLC and associated entities. Again, the ATRS specialty consultant recommended this investment, and ATRS staff concurs.

Also recommended by the ATRS specialty consultant, with staff concurrence is an investment of up to \$25,000,000.00 in Westrock Coffee Company. The investment was authorized by the adoption of Resolution 2023-31 using Imminent Need.

This letter has been sent in compliance with the five-day rule in Act 1211. In accordance with Act 1211, ATRS is providing a copy of each of the aforementioned resolutions to the Office of State Procurement and to the Arkansas Legislative Council. For full and open disclosure, ATRS is attaching an executive summary for each investment to provide further details.

ATRS is hereby requesting that the investments mentioned above be reviewed by ALC at its August meeting. If any additional information is needed, please feel free to contact me on my direct line at 501-621-8853 or by email at: [markw@artts.gov](mailto:markw@artts.gov).

Respectfully,

A handwritten signature in black ink that reads "Mark White". The signature is written in a cursive, flowing style.

Mark White  
Executive Director

MW:lw

**Arkansas Teacher Retirement System**  
**Direct Partial Equity Investment in Hybar LLC and Associated Entities**  
**Executive Summary**

<b>Investment</b>	Partial Equity Investment in Hybar LLC and Associated Entities (the "Investment").
<b>Managing Party</b>	Hybar LLC
<b>ATRS Legal Interest</b>	ATRS will be a partial equity owner in HyBar.
<b>Report Date</b>	July 2023
<b>Expected Closing Date</b>	ATRS is expected to close in July 2023.
<b>ATRS Commitment &amp; Reason for Entry</b>	The investment of up to \$206,200.00 in equity is to provide opportunity for ATRS to achieve return through the equity investment and to participate in related opportunities associated with Hybar. The investment was approved through ATRS Board Resolution 2023-28 at the July 17, 2023 called meeting. The investment was recommended by the ATRS specialty consultant.
<b>Placement Agent</b>	No placement agent was used.
<b>Key Terms</b>	<u>Management Fee</u> : There is no management fee associated with this investment.  <u>Carried Interest</u> : There is no carried interest associated with this investment.
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	Because this is a direct partial equity ownership investment, there is no defined term or anticipated termination date.
<b>Investment Strategy</b>	Hybar will be a \$206,000,000 rebar manufacturing facility planned to be developed in Mississippi County.
<b>Management Team</b>	Hybar is led by the same development/management team that founded Big River Steel. .
<b>Historical Performance</b>	The management team has extensive experience in developing similar facilities.

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**RESOLUTION**  
**No. 2023-28**

**Approving Investment in Hybar LLC and Associated Entities  
with Imminent Need**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

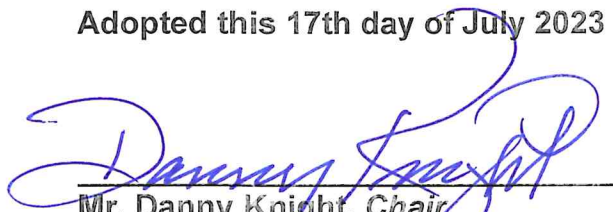
**WHEREAS**, the ATRS Board has reviewed the recommendation of Arkansas Capital Corporation, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Hybar** LLC and associated entities (Hybar). Hybar is a rebar manufacturing facility planned to be developed in Mississippi County near Osceola, AR; and

**WHEREAS**, the ATRS Board approves an investment of up to **\$206,200.00** in **Hybar** and the Board, after its review of the timing in which the closing of the investment in **Hybar** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

**NOW, THEREFORE, BE IT RESOLVED**, that the ATRS Board approves an investment of up to **\$206,200.00** in **Hybar** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Hybar**. The total investment amount is to be determined by Arkansas Capital Corporation and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 17th day of July 2023



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Mr. Danny Knight, *Chair*  
Arkansas Teacher Retirement System

**Arkansas Teacher Retirement System**  
**Promissory Note Related to the Revenue Stream Generated by Tax Credits**  
**Related to Hybar LLC and Associated Entities**  
**Executive Summary**

<b>Investment</b>	Promissory Note Related to the Revenue Stream Generated by Recycling Tax Credits Related to Hybar LLC and Associated Entities (the "Investment").
<b>Managing Party</b>	Act 1046 of 2017 (Act 1046) puts the Arkansas Teacher Retirement System (ATRS) in possession and control of the recycling tax credits on behalf of Hybar LLC and associated entities (Hybar).
<b>ATRS Legal Interest</b>	ATRS will be a partial equity owner in HyBar and will maintain possession and control of the recycling tax credits.
<b>Report Date</b>	July 2023
<b>Expected Closing Date</b>	ATRS is expected to close in July 2023.
<b>ATRS Commitment &amp; Reason for Entry</b>	The investment of up to \$28,512,149.70 (for up to \$48,250,00 in recycling tax credits) was approved through ATRS Board Resolution 2023-29 at the July 17, 2023 called meeting. The investment is to help achieve the 15% target allocation to fixed income of the ATRS investment portfolio. The investment was recommended by the ATRS specialty consultant.
<b>Placement Agent</b>	No placement agent was used.
<b>Key Terms</b>	<u>Management Fee</u> : There is no management fee associated with this investment.  <u>Carried Interest</u> : There is no carried interest associated with this investment.
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	The term of the investment is expected to be 10 years.
<b>Investment Strategy</b>	The Investment is being made to fund a promissory note related to a revenue stream of approximately \$38,600,000 million dollars generated by recycling tax credits paid over 10 years at an expected interest rate of 7.78%.
<b>Management Team</b>	Act 1046 of 2017 (Act 1046) puts the Arkansas Teacher Retirement System (ATRS) in possession and control of the recycling tax credits on behalf of Hybar. .

**Historical  
Performance**

Act 1046 requires the state of Arkansas to purchase the recycling tax credits for 80% of face value. The expected rate of return is approximately 7.78% for the promissory note related to the revenue stream.

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**RESOLUTION**  
**No. 2023-29**

**Approving a Promissory Note Related to the Revenue Stream  
Generated by Tax Credits Related to Hybar LLC and Associated  
Entities  
with Imminent Need**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefit of its plan participants; and

**WHEREAS**, the ATRS Board has reviewed the recommendation of its special investment consultant, Arkansas Capital Corporation, along with the recommendation of the Investment Committee and ATRS staff regarding a promissory note related to the revenue stream generated by the Hybar LLC and associated entities (Hybar) tax credits to be issued by the State of Arkansas; and

**WHEREAS**, the ATRS Board approves an investment of up to \$28,512,149.70 in a promissory note related to the revenue stream generated by the Hybar tax credits to be issued by the State of Arkansas; and

**WHEREAS**, the Board, after its review of the timing in which the closing of the investment in the promissory note related to the revenue stream generated by Hybar tax credits has determined that there is an imminent need to immediately enter into the agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

**NOW, THEREFORE, BE IT RESOLVED**, that the ATRS Board approves an investment of up to \$28,512,149.70 in a promissory note related to the revenue stream generated by Hybar tax credits to be issued by the State of Arkansas and agrees to immediately move to close and subscribe the approved promissory note related to the revenue stream generated by Hybar tax credits to be issued by the State of Arkansas; and



***FURTHER, BE IT RESOLVED***, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

**Adopted this 17th day of July 2023**

A handwritten signature in blue ink, appearing to read "Danny Knight", is written over a horizontal line.

**Mr. Danny Knight, *Chair***  
**Arkansas Teacher Retirement System**

**Arkansas Teacher Retirement System**  
**Promissory Note Related to the Revenue Stream Generated by Create**  
**Rebate Funds Related to Hybar LLC and Associated Entities**  
**Executive Summary**

<b>Investment</b>	Promissory Note Related to the Revenue Stream Generated by Create Rebate Funds Related to Hybar LLC and Associated Entities (the "Investment").
<b>Managing Party</b>	Hybar (Create Rebate funds authorized through Arkansas Code § 15-4-2707)
<b>ATRS Legal Interest</b>	ATRS will be a partial equity owner in HyBar.
<b>Report Date</b>	July 2023
<b>Expected Closing Date</b>	ATRS is expected to close in July 2023.
<b>ATRS Commitment &amp; Reason for Entry</b>	The investment of up to \$10,000,000.00 (for up to \$13,198,848 in Create Rebate funds and \$2,684,124 in additional payments) was approved through ATRS Board Resolution 2023-30 at the July 17, 2023 called meeting. The investment is to help achieve the 15% target allocation to fixed income of the ATRS investment portfolio. The investment was recommended by the ATRS specialty consultant.
<b>Placement Agent</b>	No placement agent was used.
<b>Key Terms</b>	<u>Management Fee</u> : There is no management fee associated with this investment.  <u>Carried Interest</u> : There is no carried interest associated with this investment.
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	The term of the investment is expected to be 12 years.
<b>Investment Strategy</b>	The Investment is being made to fund a promissory note related to a revenue stream of approximately \$13,198,848 generated by Create Rebate funds and additional payments of approximately \$2,684,124 paid over 12 years at an expected blended interest rate of 8.57%.
<b>Management Team</b>	Hybar is led by the same development/management team that founded Big River Steel. .

**Historical  
Performance**

The expected blended rate of return is approximately 8.57% for the promissory note related to the Create Rebate funds revenue stream.

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**RESOLUTION**  
**No. 2023-30**

**Approving a Promissory Note Related to the Revenue Stream  
Generated by Create Rebate Funds Related to Hybar LLC and  
Associated Entities  
with Imminent Need**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefit of its plan participants; and

**WHEREAS**, the ATRS Board has reviewed the recommendation of its special investment consultant, Arkansas Capital Corporation, along with the recommendation of the Investment Committee and ATRS staff regarding a promissory note related to the revenue stream generated by the Hybar LLC and associated entities (Hybar) Create Rebate funds to be issued by the State of Arkansas; and


**WHEREAS**, the ATRS Board approves an investment of up to \$10,000,000.00 in a promissory note related to the revenue stream generated by the Hybar Create Rebate funds to be issued by the State of Arkansas; and

**WHEREAS**, the Board, after its review of the timing in which the closing of the investment in the promissory note related to the revenue stream generated by Hybar Create Rebate funds has determined that there is an imminent need to immediately enter into the agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

**NOW, THEREFORE, BE IT RESOLVED**, that the ATRS Board approves an investment of up to \$10,000,000.00 in a promissory note related to the revenue stream generated by Hybar Create Rebate funds to be issued by the State of Arkansas and agrees to immediately move to close and subscribe the approved promissory note related to the revenue stream generated by Hybar Create Rebate funds to be issued by the State of Arkansas; and

***FURTHER, BE IT RESOLVED***, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

**Adopted this 17th day of July 2023**



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**Mr. Danny Knight, *Chair***  
**Arkansas Teacher Retirement System**

**Arkansas Teacher Retirement System**  
**Direct Partial Equity Investment in Westrock Coffee Company**  
**Executive Summary**

<b>Investment</b>	Partial Equity Investment in Westrock Coffee Company (the "Investment").
<b>Managing Party</b>	Westrock
<b>ATRS Legal Interest</b>	ATRS will be a partial equity owner in Westrock.
<b>Report Date</b>	July 2023
<b>Expected Closing Date</b>	ATRS is expected to close in July 2023.
<b>ATRS Commitment &amp; Reason for Entry</b>	The investment of up to \$25,000,000.00 in equity is to provide opportunity for ATRS to achieve return through the equity investment. The investment was approved through ATRS Board Resolution 2023-31 at the July 17, 2023 called meeting. The investment was recommended by the ATRS specialty consultant.
<b>Placement Agent</b>	No placement agent was used.
<b>Key Terms</b>	<u>Management Fee</u> : There is no management fee associated with this investment.  <u>Carried Interest</u> : There is no carried interest associated with this investment.
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	Because this is a direct partial equity ownership investment, there is no defined term or anticipated termination date. The shares are publicly traded and can be sold by ATRS after certain restriction periods.
<b>Investment Strategy</b>	Westrock is a coffee, tea, flavors, extracts, and ingredients solutions provider based in Little Rock, AR.
<b>Management Team</b>	Westrock is led by Scott Ford, Chris Pledger, Elizabeth McLaughlin, and Will Ford. .
<b>Historical Performance</b>	The management team is a leader in the coffee industry. Westrock is the number one coffee supplier to U.S. restaurants, the number one tea supplier to U.S. restaurants, and the number three coffee extract provider.

**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**1400 West Third Street**  
**Little Rock, Arkansas 72201**

**RESOLUTION**  
**No. 2023-31**

**Approving Investment in Westrock Coffee Company  
with Imminent Need**

**WHEREAS**, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

**WHEREAS**, the ATRS Board has reviewed the recommendation of Arkansas Capital Corporation, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Westrock Coffee Company (Westrock)** a coffee, tea, flavors, extracts, and ingredients solutions provider based in Little Rock, AR; and

**WHEREAS**, the ATRS Board approves an investment of up to **\$25 million dollars (\$25,000,000.00)** in **Westrock** and the Board, after its review of the timing in which the closing of the investment in **Westrock** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

**NOW, THEREFORE, BE IT RESOLVED**, that the ATRS Board approves an investment of up to **\$25 million dollars (\$25,000,000.00)** in **Westrock**. and agrees to immediately move to close and subscribe the approved ATRS interest in **Westrock**. The total investment amount is to be determined by Arkansas Capital Corporation and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 17th day of July 2023

A handwritten signature in blue ink, appearing to read "Danny Knight", is written over a horizontal line.

Mr. Danny Knight, *Chair*  
Arkansas Teacher Retirement System