



February 9, 2022

Mr. Edward Armstrong
Office of State Procurement
1500 West 7th 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: Big River Steel Tax Credits Revenue Stream
Silver Point Capital Fund, L.P.
SK Capital Partners VI, L.P.
Thoma Bravo Fund XV, L.P.
Thoma Bravo Discover Fund IV, L.P.
Thoma Bravo Explore Fund II, L.P.
Franklin Park Corporate Finance Access Fund II, L.P.

Dear Mr. Armstrong and Ms. Garrity:

As Executive Director of Arkansas Teacher Retirement System (ATRS), my intent and plan is not to use the Imminent Need provisions of Act 1211 unless warranted. Due to fund manager changes and speed of the markets, it is occasionally needed. The investments presented at this time are considered Imminent Need due to the fact that they will likely need to close before the next scheduled meeting of the Arkansas Legislative Council (ALC).

On February 7, 2022, the ATRS Board of Trustees (Board), in a scheduled meeting, adopted Resolution 2022-10 to declare an Imminent Need exists to invest in a revenue stream generated by state of Arkansas tax credits associated with Big River Steel. Arkansas Capital Corporation, an approved subcontractor of Global Principal Partners, special investment consultants to ATRS recommended the investment and ATRS staff concurs.

At the same meeting, the Board authorized Resolution 2022-11 to invest up to \$50 million in Silver Point Capital Fund, L.P. using Imminent Need. This investment was recommended by Aon Hewitt Investment Consulting and ATRS staff concurs as well.

Mr. Armstrong
Ms. Garrity
February 9, 2022
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Also authorized was Resolution 2022-12 to commit up to \$30 million in SK Capital Partners VI, L.P. with Imminent Need. This investment was recommended by Franklin Park Associates, LLC, private equity consultants for ATRS. ATRS staff concurs with the recommendation.

A commitment of up to \$15 million in Thoma Bravo Fund XV, L.P. was approved using Imminent Need through Resolution 2022-13. Franklin Park also recommended this investment and ATRS staff concurs.

In addition, the Board authorized Resolution 2022-14 to invest up to \$15 million in Thoma Bravo Discover Fund IV, L.P. with Imminent Need. Franklin Park recommended the investment and ATRS staff concurs as well.

The Board also approved Resolution 2022-15 to invest up to \$15 million in Thoma Bravo Explore Fund II, L.P. using Imminent Need. This investment was also recommended by Franklin Park and ATRS staff concurs with the recommendation.

An additional commitment of up to \$30 million in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need was authorized by the Board through Resolution 2022-16. Franklin Park recommended the investment and ATRS staff concurs as well.

The Board determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for each of these investments. 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 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 of the investments to provide further details.

ATRS is hereby requesting that the investments mentioned above be reviewed by ALC at the next scheduled meeting. If any additional information is needed, please feel free to contact me on my direct line at 501-588-4367 or by email at: clintr@artrs.gov

Respectfully,



Clint Rhoden
Executive Director

CR:lw

Arkansas Teacher Retirement System
Revenue Stream Generated by Tax Credits Associated with Big River Steel
Executive Summary

Investment	Revenue Stream Generated by Certain Tax Credits Associated with Big River Steel (the "Investment").
Managing Party	Act 3 of the Second Extraordinary Session of the 93 rd Arkansas General Assembly (Act 3) puts the Arkansas Teacher Retirement System (ATRS) in possession and control of certain recycling tax credits associated with Big River Steel.
ATRS Legal Interest	ATRS is a partial equity owner in Big River Steel and will maintain possession and control of the recycling tax credits.
Report Date	February 2022
Expected Closing Date	ATRS is expected to close by the end of February 2022.
ATRS Commitment & Reason for Entry	The investment of up to \$82,119,766 (for up to approximately \$154 million in recycling tax credits resulting in a revenue stream of approximately \$123.2 million) was approved through ATRS Board Resolution 2022-10 at the February 7, 2022 meeting. The investment is to help achieve the 15% target allocation to fixed income of the ATRS investment portfolio. The fund was recommended by the ATRS specialty consultant.
Placement Agent	No placement agent was used.
Key Terms	<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.
Justification of Investment Term & Anticipated Termination Date	The term of the investment is expected to be 14 years.
Investment Strategy	The Investment is being made to purchase a revenue stream of approximately \$123.2 million generated by recycling tax credits paid over 14 years.
Management Team	Act 3 puts the Arkansas Teacher Retirement System (ATRS) in possession and control of certain recycling tax credits associated with Big River Steel.

**Historical
Performance**

Act 3 requires the state of Arkansas to purchase the recycling tax credits for 80% of face value. The expected rate of return is approximately 4% for the revenue stream.

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

RESOLUTION
No. 2022-10

**Approving Purchase of Revenue Stream Generated by Tax
Credits Associated with Big River Steel
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, the approved sub-contractor of its special investment consultant, Global Principal Partners, along with the recommendation of the Investment Committee and ATRS staff regarding the purchase of the revenue stream generated by tax credits associated with Big River Steel to be issued by the state of Arkansas; and

WHEREAS, the ATRS Board approves an investment of up to \$82,119,766 dollars (for up to approximately \$154 million dollars in tax credits producing a revenue stream of approximately \$123.2 million dollars) to purchase the revenue stream generated by the tax credits associated with Big River Steel 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 to purchase the revenue stream generated by tax credits associated with Big River Steel may need to occur, 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 **\$82,119,766 dollars** to purchase the revenue stream generated by tax credits associated with Big River Steel to be issued and agrees to immediately move to close and subscribe the approved purchase of the

revenue stream generated by tax credits associated with Big River Steel 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 7th day of February 2022.


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

**Arkansas Teacher Retirement System
Real Estate Investment
Executive Summary**

Investment	Silver Point Capital Fund, L.P.
Managing Party	Silver Point Capital General Partner, LLC
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February 2022
Expected Closing Date	Second Quarter 2022
ATRS Commitment & Reason for Entry	The investment of up to \$50 million investment is to help achieve the 5% target allocation to Alternative Assets. The investment was recommended by the ATRS Alternative Assets consultant, AonHewitt.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fee</u> : 1.5% per annum based on NAV. <u>Carried Interest</u> : 20% of profits
Justification of Investment Duration Term & Anticipated Termination Date	The fund is an open-ended fund and has no maturity date. After a one-year lock there is quarterly liquidity.
Investment Strategy	The Silver Point Offshore Fund invests in mispriced stressed and distressed and special situation catalyst driven credit focused ideas. The investment team will use a wide range of financial instruments while they take positions across the capital structure of companies. Investment ideas and portfolio decisions will be made based on deep fundamental research executed through a large sector-based research team. The portfolio manager and team run the strategy to be successful across the credit cycle.
Management Team	The Fund was founded in 2002 by Edward Mule and Robert O'Shea, each having in excess of 30 years of credit investing experience. Silver Point is a strong believer in specialization among its teams. Therefore, the manager has broken the investment teams into four separate specialized teams: a credit research team, an idea sourcing team, a restructuring team, and a trading team.

**Historical
Performance**

Performances of the fund average a net 8.3% IRR over the last 10 years.

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

RESOLUTION
No. 2022-11

**Approving Investment in Silver Point Capital Fund, L.P. 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

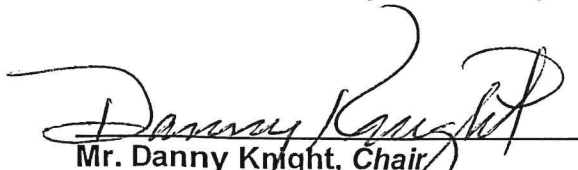
WHEREAS, the ATRS Board has reviewed the recommendation of its general investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Silver Point Capital Fund, L.P.**, a fund that will invest in stressed and mispriced credit instruments traded on the private markets; and

WHEREAS, the ATRS Board approves an investment of up to **\$50 million dollars (\$50,000,000.00)** in **Silver Point Capital Fund, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Silver Point Capital Fund, L.P.** 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 **\$50 million dollars (\$50,000,000.00)** in **Silver Point Capital Fund, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Silver Point Capital Fund, L.P.** The total investment amount is to be determined by the general investment consultant 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 7th day of February 2022

A handwritten signature in black ink, appearing to read "Danny Knight". The signature is written in a cursive style with a large initial "D" and "K".

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

Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	SK Capital Partners VI, L.P. (the "Fund")
Managing Party	SK Capital (the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	February 2022
Expected Closing Date	ATRS is expected to close in the first quarter of 2022.
ATRS Commitment & Reason for Entry	The investment of up to \$30 million is to help achieve the 10% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	UBS was retained for fundraising.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 2.0% of commitments during the six-year investment period. Thereafter, management fees will equal 2.0% of actively invested capital.</p> <p><u>Carried Interest</u>: After the limited partners receive cumulative distributions equal to their aggregate capital contributions for realized investments, a portion of their contributions toward fund expenses, and a preferred return of 8%, the General Partner will be entitled to 20% of the Fund's profits.</p>
Justification of Investment Term & Anticipated Termination Date	Term: Ten years (anticipated termination in 2032) plus three one-year extensions which is industry standard due to the time required for acquiring, improving and selling underlying companies.
Investment Strategy	The fund is being formed to make control equity investments in sound companies with unrealized growth potential in the specialty chemicals and specialty materials sectors.
Management Team	The General Partner was founded in 2007 by Barry Siadat and Jamshid Keynejad. Today the investment team is led by the founders as well as Jack Norris, Aaron Davenport, Stephen d'Incelli and Barry Penney. They are supported by twelve additional investment professionals with various functional types of expertise. The firm is based in New York and Boca Raton, FL.
Historical Performance	The general partner has generated an average gross IRR of over 31% on its previous three funds as of September 30, 2021. Historical returns are not indicative of future performance.

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

**RESOLUTION
No. 2022-12**

**Approving Investment in SK Capital Partners VI, L.P.
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 its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **SK Capital Partners VI, L.P.**, a fund that will invest in middle market specialty chemicals and specialty materials companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **SK Capital Partners VI, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **SK Capital Partners VI, L.P.** 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 **\$30 million dollars (\$30,000,000.00)** in **SK Capital Partners VI, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **SK Capital Partners VI, L.P.** The total investment amount is to be determined by the private equity consultant 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 7th day of February 2022


Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	Thoma Bravo Fund XV, L.P. (the "Fund")
Managing Party	Thoma Bravo LLC (the "General Partner" or "Thoma Bravo")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	February 2022
Expected Closing Date	ATRS is expected to close in April 2022.
ATRS Commitment & Reason for Entry	The investment of up to \$15 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	No placement agent was used to assist with marketing and fundraising.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 1.5% of commitments during the six-year investment period. Thereafter, management fees will equal 1.5% of net invested capital.</p> <p><u>Carried Interest</u>: After the limited partners receive cumulative distributions equal to 100% of aggregate capital contributions on realized investments, the General Partner will be entitled to 20% of the Fund's profits. However, the General Partner will not be entitled to receive any distributions of carried interest until such time as a 120% fair value test is satisfied or limited partners have received distributions equal to their capital contributions.</p>
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2032) plus three one-year extensions which is common for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund is being formed to acquire software and technology-enabled companies in the U.S. The General Partner will typically pursue a buy and build strategy. The team will primarily seek companies operating in the application, infrastructure and security software industries, with a secondary focus on business, media and technology-enable services industries.
Management Team	The General Partner's investment team is led by six partners: Orlando Bravo, Scott Crabill, Seth Boro, Holden Spaht, Carl Thoma and Lee Mitchell,. The principals' average tenure with Thoma Bravo is twenty years, and on average, they have twenty-seven years' experience in the private equity industry. They are supported by thirteen operating partners and a staff of mid and junior level professionals. The firm has offices in San Francisco, Chicago and Miami.

**Historical
Performance**

The General Partner's prior four funds have generated an aggregate IRR of greater than 36% as of September 30, 2021. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2022-13

**Approving Investment in Thoma Bravo Fund XV, L.P.
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

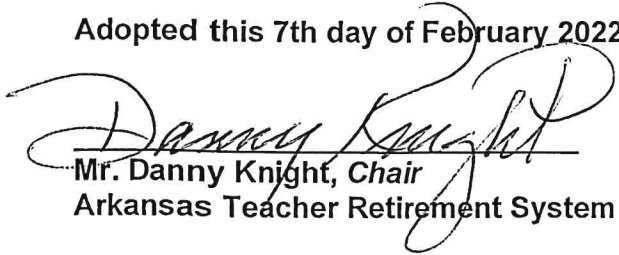
WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Thoma Bravo Fund XV, L.P.**, a private equity buyout fund that invests in larger market software and technology-enabled service companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Fund XV, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Thoma Bravo Fund XV, L.P.** 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 **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Fund XV, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Thoma Bravo Fund XV, L.P.** The total investment amount is to be determined by the private equity consultant 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 7th day of February 2022


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

**Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary**

Investment	Thoma Bravo Discover Fund IV, L.P. (the "Fund")
Managing Party	Thoma Bravo LLC (the "General Partner" or "Thoma Bravo")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	February 2022
Expected Closing Date	ATRS is expected to close in April 2022.
ATRS Commitment & Reason for Entry	The investment of up to \$15 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	No placement agent was used to assist with marketing and fundraising.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 2.0% of commitments during the six-year investment period. Thereafter, management fees will equal 2.0% of net invested capital.</p> <p><u>Carried Interest</u>: After the limited partners receive cumulative distributions equal to 100% of aggregate capital contributions on realized investments, the General Partner will be entitled to 20% of the Fund's profits. However, the General Partner will not be entitled to receive any distributions of carried interest until such time as a 120% fair value test is satisfied or limited partners have received distributions equal to their capital contributions.</p>
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2032) plus three one-year extensions which is common for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund is being formed to acquire lower middle market software companies in the U.S. The General Partner will typically pursue a buy and build strategy. The team will primarily seek companies operating in the application, infrastructure and security software industries, with a secondary focus on business, media and technology-enable services industries.
Management Team	The General Partner team is led by: Orlando Bravo, Scott Crabill, Seth Boro, Holden Spaht, Carl Thoma, Lee Mitchell, AJ Rhode and Hudson Smith. They are supported by eight investment professionals, a director of capital markets and ten operating partners.

**Historical
Performance**

The General Partner's previous three Discover funds have generated an aggregate gross IRR of approximately 51% as of September 30, 2021. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2022-14

Approving Investment in Thoma Bravo Discover Fund IV, L.P.
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

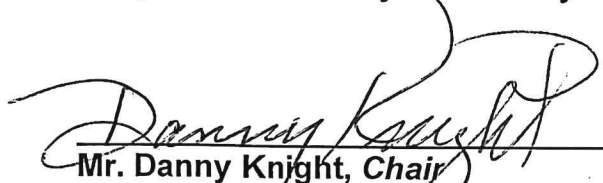
WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Thoma Bravo Discover Fund IV, L.P.**, a private equity buyout fund focused on U.S. investments with a specialization in middle market software and technology-enabled service companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Discover Fund IV, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Thoma Bravo Discover Fund IV, L.P.** 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 **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Discover Fund IV, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Thoma Bravo Discover Fund IV, L.P.** The total investment amount is to be determined by the private equity consultant 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 7th day of February 2022


Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

**Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary**

Investment	Thoma Bravo Explore Fund II, L.P. (the "Fund")
Managing Party	Thoma Bravo LLC (the "General Partner" or "Thoma Bravo")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	February 2022
Expected Closing Date	ATRS is expected to close in April 2022.
ATRS Commitment & Reason for Entry	The investment of up to \$15 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	No placement agent was used to assist with marketing and fundraising.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 2.0% of commitments during the six-year investment period. Thereafter, management fees will equal 2.0% of net invested capital.</p> <p><u>Carried Interest</u>: After the limited partners receive cumulative distributions equal to 100% of aggregate capital contributions on realized investments, the General Partner will be entitled to 20% of the Fund's profits. However, the General Partner will not be entitled to receive any distributions of carried interest until such time as a 120% fair value test is satisfied or limited partners have received distributions equal to their capital contributions.</p>
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2032) plus three one-year extensions which is common for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund is being formed to acquire small and lower middle market software and technology-enabled companies in the U.S. The General Partner will typically pursue a buy and build strategy. The team will primarily seek companies operating in the application, infrastructure and security software industries, with a secondary focus on business, media and technology-enable services industries.
Management Team	The General Partner team is led by: Orlando Bravo, Scott Crabill, Seth Boro, Holden Spaht, Carl Thoma and Lee Mitchell, Carl Press and Adam Solomon. The team is supported by two vice-presidents and two associates as well.

**Historical
Performance**

The General Partner's previous Explore fund has generated a gross IRR of approximately 78.5% as of September 30, 2021. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2022-15

**Approving Investment in Thoma Bravo Explore Fund II, L.P.
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 its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Thoma Bravo Explore Fund II, L.P.**, a private equity buyout fund focused on U.S. investments with a specialization in small and lower middle market software and technology-enabled service companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Explore Fund II, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Thoma Bravo Explore Fund II, L.P.** 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 **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Explore Fund II, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Thoma Bravo Explore Fund II, L.P.** The total investment amount is to be determined by the private equity consultant 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 7th day of February 2022


Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	Franklin Park Corporate Finance Access Fund II, L.P.
Managing Party	Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February 2022
Expected Closing Date	Closing is expected by the end of February 2022.
ATRS Commitment & Reason for Entry	The additional investment of up to \$30 million in this fund is to help achieve the 12% target allocation to private equity. The Fund was recommended by the ATRS private equity consultant.
Placement Agent	There is no placement agent involved with the Fund.
Key Terms	<u>Management Fee</u> : None <u>Carried Interest</u> : 4% carried interest for total investments of \$60 million or more and 5% for investments below \$60 million, after an 8% preferred return.
Justification of Investment Term & Anticipated Termination Date	The fund will end when the last underlying fund or portfolio company is liquidated; therefore, there is not a specific termination date for the fund. This is standard for a private equity co-investment fund or fund of funds.
Investment Strategy	The Fund invests in small top-tier private equity funds that need additional capital to increase value. It may also invest in funds of "next generation" managers who are experienced but are typically either smaller or new to public pension plan or institutional investors.
Management Team	Franklin Park, based near Philadelphia, PA, was founded in 2003 by six professionals that formerly worked together at a global private equity consultant and asset manager. The team is led by Bradley Atkins, Michael Bacine, James McGovern, Karl Hartmann, Katherine Carlson Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Raymond Jackson, and John Mahoney (the "Senior Team"). The Senior Team is supported by seven associates, seven analysts and an office manager.
Historical Performance	Since inception, Franklin Park has committed or advised on commitments in excess of \$15.6 billion to 336 private equity funds and 37 co-investments.

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

RESOLUTION
No. 2022-16

**Approving Investment in Franklin Park Corporate Finance
Access Fund II, L.P. 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

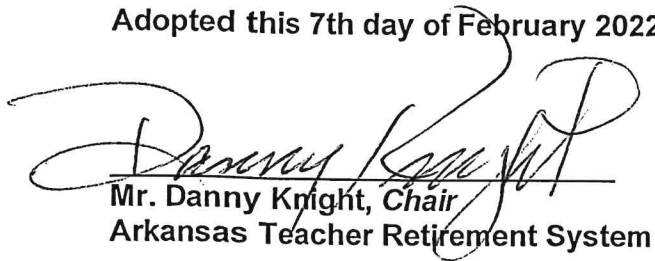
WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Franklin Park Corporate Finance Access Fund II, L.P.**, a fund of funds managed by Franklin Park investing in smaller buyout, growth and turnaround private equity funds; and

WHEREAS, the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **Franklin Park Corporate Finance Access Fund II, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Corporate Finance Access Fund II, L.P.** 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 **\$30 million dollars (\$30,000,000.00)** in **Franklin Park Corporate Finance Access Fund II, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Corporate Finance Access Fund II, L.P.** The total investment amount is to be determined by the private equity consultant 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 7th day of February 2022



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