



February 17, 2011

Ms. Jane Benton
Office of State Procurement
1500 West 7th Street, Suite 300
Little Rock, AR 72201

Mr. David Ferguson
Bureau of Legislative Research
Administrative Rules Review Section
State Capitol, Room 315
Little Rock, AR 72201

Re: Notification of Imminent Need Under Act 1211 of 2009
Investment: Wicks Capital Partners IV

As Executive Director of 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 ATRS Board approved the need for Imminent Need in a recent special board meeting.

Based on the consultant and staff's recommendation on February 14, 2011, the ATRS Board of Trustees, in a special Board Meeting, adopted Resolution 2011-09, to declare that an Imminent Need exists for an investment in the Wicks Capital Partners IV. Specifically, the closing should occur in this investment before the Review Committee is scheduled to meet. The Board determined that all criteria were met under Act 1211 to enter into the partial equity ownership agreement for this investment. In accordance with Act 1211, ATRS is providing a copy of the aforementioned resolution to the Office of Procurement and the Legislative Council. ATRS tries to be very limited in the use of the imminent need process and will continue to do so.

This letter has been sent in compliance with the five-day rule in Act 1211. In addition to providing meaningful early disclosure, ATRS intends to comply with the notification procedures set forth in Act 1211. The amount that ATRS intends to invest in this investment is up to \$40,000,000.00. For full and open disclosure, ATRS is attaching an Executive Summary of the investment and details on the investment.

George Hopkins, Executive Director – 501-682-1820 – Email: georgeh@artrs.gov

Ms. Benton
Mr. Ferguson
February 17, 2011
Page Two

ATRS will be following up with a specific procurement form as required in Act 1211. If any additional information is needed, please feel free to contact me on my direct line at 501-682-1820, my cell phone at 501-318-5998, or by email at: georgeh@artts.gov.

Respectfully,

A handwritten signature in black ink, appearing to read "George Hopkins". The signature is stylized and cursive.

George Hopkins
Executive Director

GH:kd
attachment

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

RESOLUTION
No. 2011-09

WHEREAS, the Board of Trustees on February 7, 2011, in accordance with its planned schedule of investments in private equity, approved an investment of up to \$40 million in **Wicks Capital Partners IV, L.P.** which will result in a partial equity ownership agreement; and

WHEREAS, the Arkansas Teacher Retirement System, after its review of the timing of the period in which the general partner of **Wicks Capital Partners IV, L.P.** will accept new investors, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement to make the investment. The board also deems it financially appropriate to enter into the partial equity 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 Board of Trustees agrees to immediately close and subscribe the approved ATRS limited partnership investment interest in **Wicks Capital Partners IV, L.P.**; and

FURTHER, BE IT RESOLVED, that the Board instructs the staff to provide to the Arkansas Legislative Council and the Office of State Procurement all appropriate documents and information regarding this investment as required by law.

Adopted this 14th day of February 2011.



Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

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

Fund	Wicks Capital Partners IV, L.P. (the "Fund")
General Partner	The Wicks Group of Companies, L.L.C. (the "General Partner" or "Wicks")
Report Date	March 2011
Fundraising	The General Partner is targeting capital commitments of \$500 million. A first closing is expected by March 31, 2011.
ATRS Commitment	\$40 million (to help achieve 10% target allocation to private equity)
Placement Agent	The General Partner has retained Credit Suisse 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% per annum of commitments during the commitment period; thereafter, 2.0% per annum on net invested capital. 80% of transaction fees, monitoring fees and break-up or similar fees received by the General Partner, net of expenses, will be credited against management fees.</p> <p><u>Carried Interest:</u> After the limited partners receive a return of capital on all disposed of or written-down investments and an 8% preferred return, 100% to the General Partner until distributions to the General Partner on a cumulative basis equal 20% of all distributions (excluding amounts distributed as a return of capital); and thereafter, 80% to the limited partners, and 20% to the General Partner. There is a clawback provision.</p>
Term of Agreement	Ten years (anticipated termination in 2021) plus two one-year extensions (industry standard for private equity funds due to the time required for buying, improving and selling underlying companies).
Investment Strategy	The Fund is being formed to make buyout investments in the information, education and media industries, principally in the U.S. The General Partner targets small and lower-mid market companies and non-core subsidiaries of large corporations. Wicks often seeks to make initial platform acquisitions and then build companies through add-on acquisitions.
Management Team	Wicks was formed in 1989 by Craig Klosk, Carter Bales and Edgar Berner. Today, the General Partner is led by Craig Klosk, Matthew Gormly, Daniel Kortick, and Daniel Black (the "Principals"). The Principals are supported by seven mid and junior investment professionals, as well as operations and administrative staff. The General Partner is based in New York.

**Historical
Performance**

Since 1989, the General Partner has invested \$716 million in 25 portfolio companies. In aggregate, these investments have generated a gross IRR of 27.3% and a multiple of 1.9x cost as of September 30, 2010. Historical returns are not indicative of future performance.