



April 8, 2011

Ms. Jane Benton  
Office of State Procurement  
1500 West 7<sup>th</sup> 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

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 need for its use is due to the need to move \$200 million that is currently sitting in cash with a small interest rate into the intended investments quickly to not lose a special opportunity that exists in opportunistic debt and global macro funds at this time.

Based on Aon Hewitt Ennis Knupp's (ATRS's consultant) and ATRS staff recommendations on April 4<sup>th</sup>, 2011, the ATRS Board of Trustees, in a scheduled Board of Trustees meeting, adopted Resolutions 2011-12, 2011-13, 2011-14, & 2011-15 to declare an Imminent Need exists for investments in the following funds: Anchorage Capital Partners, L.P.(2011-12), Capula Global Relative Value Master Fund, L.P.(2011-13), Graham Capital Management Proprietary Matrix 10-V Portfolio,L.P. (2011-14) & York Credit Opportunities, L.P. (2011-15) Funds. The Board determined that all criteria were met under Act 1211 to enter into the partial equity ownership agreements of these investments and to move to fund these investments as soon as possible. In accordance with Act 1211 of 2009, ATRS is providing a copy of the aforementioned resolutions to the Office of State Procurement and the Arkansas Legislative Council (ALC).

This letter has been sent in compliance with the five-day notice rule in Act 1211. In addition to providing the required notice, ATRS will address all the required and

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important disclosures about the investments as set forth in Act 1211. The total amount that ATRS intends to invest in these new investments is \$50 million in each of the four (4) funds for a total of \$200,000,000. For full and open disclosure, ATRS is attaching an Executive Summary and executed resolutions for each of the investments to provide further details.

ATRS will be following up with a request for the investments above to be reviewed by ALC at the next scheduled meeting or at a later date if preferred by the committee. 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@atrs.gov](mailto:georgeh@atrs.gov)

Respectfully,

  
George Hopkins  
Executive Director

GH:kd

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

**RESOLUTION  
No. 2011-13**

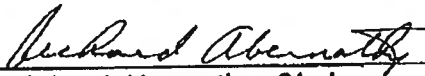
**WHEREAS**, the Board of Trustees, in accordance with its planned schedule of investments in hedge funds, has approved an investment totaling \$50 million in **Capula Global Relative Value Master Fund, L.P.** which will result in partial equity ownership agreements, and

**WHEREAS**, the Board of Trustees, after its review of the timing of the period in which the general partner of **Capula Global Relative Value Master Fund, L.P.** will accept new investors, has determined that there is an imminent need to immediately enter into the partial equity ownership agreements. The board also deems it financially appropriate to enter into the partial equity agreements 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, and

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Trustees agrees to immediately close and subscribe the approved ATRS limited partnership investment interests in **Capula Global Relative Value Master Fund, L.P.** , and

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

**Adopted this 4th day of April 2011.**

  
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**Dr. Richard Abernathy, Chair**  
**Arkansas Teacher Retirement System**

**Arkansas Teacher Retirement System  
Alternative Asset Investment  
Executive Summary**

<b>Fund</b>	Capula Global Relative Value Master Fund, L.P. (the "Fund")
<b>General Partner</b>	Capula General Partner Limited (the "General Partner" or "Capula")
<b>ATRS Ownership</b>	ATRS will be a limited partner
<b>Report Date</b>	April, 2011
<b>Fundraising</b>	Capula is targeting additional investments into the fund of approximately \$6.2 billion. The anticipated funding date by ATRS is May 1 <sup>st</sup> , 2011.
<b>ATRS Commitment</b>	The \$50 million investment is to help achieve the 5% target allocation to alternative investments at ATRS. This is an excellent fund and was recommended by the ATRS financial consultant.
<b>Placement Agent</b>	The General Partner does not utilize a placement agent.
<b>Key Terms</b>	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 2.0% of aggregate invested capital.</p> <p><u>Carried Interest</u>: The General Partner will be entitled to 20% of the Fund's profits, subject to a high water mark.</p>
<b>Term of Agreement</b>	The fund is an "open ended" fund and will remain open until it is liquidated, if ever. The justification for the term of this investment is due to the quality of the investment team at the fund and its historical returns. The fund has a two year lock up period with a 3% redemption charge for withdrawals made prior to the initial expiration of the lock up. Thereafter, ATRS may redeem at each quarter end subject to 45 days' notice.
<b>Investment Strategy</b>	Capula invests capital globally, mainly through the fixed income market, using a relative value approach with a focus on macroeconomic information.
<b>Management Team</b>	Yan Huo Managing, Partner & CIO; Masao Asai, Partner & Head of Yen Macro; Bing-Li Wu Partner & Head of Euro Value.
<b>Historical Performance</b>	Absolute performance for the last 5 years is 13.3% per annum