



July 15, 2021

Senator Terry Rice
Representative Jeff Wardlaw
Arkansas Legislative Council
State Capitol, Room 315
Little Rock, AR 72201

RE: Arkansas Teacher Retirement System (ATRS) Submission of Investments for
Review under ACA §19-11-1302
Investment: Alpine Investors VIII, L.P.

Dear Senator Rice and Representative Wardlaw:

By means of the enclosed Investment Summary, ATRS is submitting an investment for review by the Arkansas Legislative Council (ALC) as required under ACA §19-11-1302 et seq., otherwise referred to as Act 1211 of 2009.

The ATRS Board recently approved an investment of up to \$30 million to be made in Alpine Investors VIII, L.P., a buyout fund that will invest in small and lower middle market software and services companies. The fund was recommended by ATRS's private equity consultant, Franklin Park Associates and ATRS staff concurs.

The ATRS Board approved the investment described above in a called meeting on July 14, 2021 and anticipates closing in late July. A summary of the investment including key terms and investment strategy is enclosed for review by ALC. We will be happy to provide any other information you request regarding this investment.

Respectfully,

Clint Rhoden
Executive Director

CR:lw
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**Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary**

Investment	Alpine Investors VIII, L.P. (the "Fund")
Managing Party	Alpine Investors (the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	July 2021
Expected Closing Date	The General Partner is targeting capital commitments of \$1.7 billion. ATRS is expected to close in late July 2021.
ATRS Commitment & Reason for Entry	The investment of up to \$30 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	The General Partner retained Evercore to assist with fundraising.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 2.0% of capital commitments during the six-year investment period. Thereafter, management fees will equal 2.0% of actively invested capital.</p> <p><u>Carried Interest</u>: The general Partner will be entitled to receive 20% of the fund's profits after the limited partners have received their capital contributions plus an 8% preferred return.</p>
Justification of Investment Term & Anticipated Termination Date	The term is twelve years (anticipated termination in 2033) plus two 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 make control investments in small and lower middle market software and services companies in the U.S.
Management Team	Based in San Francisco, the General Partner was founded in 2001 by Graham Weaver. Today the investment team consists of twenty-four professionals led by five senior professionals (principals). The investment team is supported by seven sourcing professionals, eleven financial operations and support professionals, an investor relations professional and an operations group.
Historical Performance	In its previous seven funds, the General Partner invested approximately \$1.8 billion in fifty-eight deals generating an aggregate gross IRR of 22.2%. Historical returns are not indicative of future performance.