



August 23, 2018

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: GTLA Holdings, LP, owner of GTL Americas, LP and associated projects

Dear Mr. Armstrong and Ms. Garrity:

The Arkansas Teacher Retirement System's (ATRS) 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 investment presented at this time is considered Imminent Need due to the fact that it will need to close immediately, and thus prior to the next scheduled meeting of the Arkansas Legislative Council (ALC).

Based on the recommendation of ATRS Specialty Consultant, Simmons Bank and ATRS staff, on August 22, 2018, the ATRS Board of Trustees (Board), in a called meeting, adopted Resolution 2018-33 to declare an Imminent Need exists to invest in GTLA Holdings, LP owner of GTL Americas, LP and associated projects. The Board determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for this investment.

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 resolution to the Office of State Procurement and the Arkansas Legislative Council. The total amount that ATRS intends to invest in this investment is up to \$30,000,000. For full and open disclosure, ATRS is attaching an Executive Summary for the investment to provide further details.

ATRS is hereby requesting that the investment mentioned above be reviewed by ALC at the next scheduled meeting. If any additional information is needed, please feel free to

contact the executive director at 501-682-1820 or 501-318-5998, or by email at:  
[georgeh@artrs.gov](mailto:georgeh@artrs.gov)

Respectfully,

A handwritten signature in black ink, appearing to read "Rod Graves". The signature is fluid and cursive, with the first name "Rod" being more prominent than the last name "Graves".

Rod Graves  
Deputy Director

RG:lw

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

**RESOLUTION  
No. 2018-33**

**Approving Investment in GTLA Holdings, LP, Owner of GTL Americas, LP, and Associated Projects 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 Board has reviewed the recommendation of its specialty consultant, Simmons Bank, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **GTLA Holdings, LP, owner of GTL Americas, LP**, a natural gas-to-liquids facility being developed near Pine Bluff, Arkansas; and

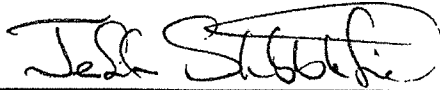
**WHEREAS**, the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **GTLA Holdings, LP, owner of GTL Americas, LP, and associated projects including additional equity related to long lead time items or debt investments, infrastructure investments, or other special opportunity investments in GTL Americas or the project's development group ESP**, with recallable distributions, and the Board, after its review of the timing in which the closing of the investment in **GTLA Holdings, LP, owner of GTL Americas, LP, and associated projects** 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; and

**WHEREAS**, the ATRS Board approves the total investment of up to **\$30 million dollars** in **GTLA Holdings, LP, owner of GTL Americas, LP and associated projects** with initial funding of up to **\$20 million dollars** in **GTLA Holdings, LP, owner of GTL Americas, LP** and a **reserve funding capability** of up to **\$10 million dollars** for **potential future investments associated with GTLA Holdings, LP, GTL Americas, LP, and the project's developer group, ESP**, such as additional equity investments, debt investments, infrastructure investments, or other capital needed for the project.

***NOW, THEREFORE, BE IT RESOLVED***, that the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **GTLA Holdings, LP, owner of GTL Americas, LP, and associated projects including additional equity related to long lead time items or debt investments, infrastructure investments, or other special opportunity investments in GTL Americas or the project's development group ESP**, with recallable distributions and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest with an initial payment of up to **\$20 million dollars** to **GTLA Holdings, LP, owner of GTL Americas, LP**, with the ability to invest up to another **\$10 million dollars** in **GTLA Holdings, LP, owner of GTL Americas, LP, and associated projects including additional equity related to long lead time items or debt investments, infrastructure investments, or other special opportunity investments in GTL Americas or the project's development group ESP**, after affirmative notice with the ATRS Board Chair. The initial investment amount is to be up to **\$20 million dollars** based upon the allocation available to ATRS with additional amounts of up to **\$10 million dollars** plus recallable distributions available to invest.

***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 22nd day of August, 2018.



**Mr. Jeff Stubblefield, Chair**  
**Arkansas Teacher Retirement System**

Arkansas Teacher Retirement System  
Direct Partial Equity Investment  
Executive Summary

<b>Investment</b>	GTLA Holdings, LP, Owner of GTL Americas, LP and associated projects
<b>Managing Party</b>	GTL Americas, LP (the "Managing Party" or "GTL")
<b>ATRS Legal Interest</b>	ATRS will be a partial equity owner in GTLA Holdings
<b>Report Date</b>	August 2018
<b>Expected Closing Date</b>	ATRS is expected to close in August 2018.
<b>ATRS Commitment &amp; Reason for Entry</b>	The investment of up to \$30 million is to help achieve the 7.5% target return of the ATRS investment portfolio. The fund was recommended by the ATRS specialty consultant.
<b>Placement Agent</b>	No placement agent fees were paid by ATRS for the investment.
<b>Key Terms</b>	Since this will be a direct partial equity ownership investment by ATRS, there are no management fees or carried interest associated with the 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>	GTL Americas is a \$3.7 billion natural gas-to-liquids facility designed to convert natural gas to high quality, ultra clean liquid fuels including diesel (70% of output), naptha (30% of output), which is used by chemical and plastic industries and electricity as a by-product.
<b>Management Team</b>	The management and development team is led by Roger Williams who has been involved with sizable projects of this type in the industry.
<b>Historical Performance</b>	The management team has extensive experience in the gas-to-liquids and associated industries.