



December 5, 2018

Senator Bill Sample
Representative Jim Dotson
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
Investments: Franklin Park International Fund Series 2019, L.P.
ATRS/FP Private Equity Fund, L.P.

Dear Senator Sample and Representative Dotson:

By means of the enclosed Investment Summaries, ATRS is submitting two investments 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 Franklin Park International Fund 2019, L.P. a limited partnership that was formed to provide diversified exposure to international and emerging markets while reducing risk. The fund is managed with no additional fees paid to the private equity consultant by its clients.

An increase in allocation of up to \$30 million to the ATRS/FP Private Equity Fund, L.P. was also approved. This is an existing fund in which ATRS has invested since 2012 that makes investments in individual portfolio companies of top tier private equity funds, in next generation funds managed by highly skilled teams and in appraisal rights. Except for the very small appraisal rights portion of the fund, Franklin Park charges no additional fee to manage this fund.

The ATRS Board approved each of the investments described above at its December 3, 2018, meeting and anticipates closing dates from late December through the first quarter of 2019. A summary of each 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 these investments.

Respectfully,

A handwritten signature in black ink, appearing to read "Clint Rhoden", with a long, sweeping underline.

Clint Rhoden
Executive Director

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Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	Franklin Park International Fund 2019, L.P. (the "Fund")
Managing Party	Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	December 2018
Expected Closing Date	The General Partner is targeting capital commitments of \$80-100 million. Closing is expected in January 2018.
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	There is no placement agent involved with the Fund.
Key Terms	<u>Management Fee</u> : None <u>Carried Interest</u> : None
Justification of Investment Term & Anticipated Termination Date	The term is the later of (i) the liquidation of the last fund investment or (ii) 15 years (anticipated termination in 2034). Term is standard for a private equity fund of funds due to the fact that terms for underlying funds are at least ten years and all underlying funds must be liquidated in order to terminate the fund of funds.
Investment Strategy	The Fund is being formed to build a well-diversified portfolio of top-tier international private equity funds.
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, Neil Mowery, 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 \$10.2 billion to more than 230 private equity funds and co-investments.

Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	ATRS/FP Private Equity Fund, L.P. (formerly Franklin Park Co-Investment Fund, L.P.) (the "Fund")
Managing Party	Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park")
ATRS Legal Interest	ATRS is already a limited partner
Report Date	December 2018
Expected Closing Date	An additional commitment to the Fund is planned for early 2019.
ATRS Commitment & Reason for Entry	ATRS is adding an additional commitment of up to \$30 million to its existing investment in the Fund to help achieve the 10% 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	<p><u>Management Fee</u>: There are no fees charged for the co-investment and next generation manager portions of the fund. For the small part related to appraisal rights, the annual fee is the greater of \$75,000 or 1% of commitments.</p> <p><u>Carried Interest</u>: There is no carried interest on the co-investment and next generation manager portions of the fund. For the small part related to appraisal rights, the general partner is entitled to 10% of profits subject to a high water mark and hurdle.</p>
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.Rod
Investment Strategy	The Fund invests in portfolio companies that have received capital from other top-tier private equity funds but need additional capital to increase value. It will 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. A small portion of the fund is invested in an appraisal rights strategy.
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, Neil Mowery, Raymond Jackson, and John Mahoney (the "Senior Team"). The Senior Team is supported by seven associates, seven analysts and an office manager.

**Historical
Performance**

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