



H.1(a)

December 6, 2022

Mr. Mitch Rouse
Office of State Procurement
1500 West 7th 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: Franklin Park Corporate Finance Access Fund II, L.P.

Dear Mr. Armstrong and Ms. Garrity:

As Executive Director of Arkansas Teacher Retirement System (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 investment presented at this time is considered Imminent Need due to the fact that it will likely need to close before the next scheduled meeting of the Arkansas Legislative Council (ALC).

On December 5, 2022, the ATRS Board of Trustees (Board), in a regular meeting, adopted Resolution 2022-58 to declare an Imminent Need exists to make an additional \$30 million investment in Franklin Park Corporate Finance Access Fund II, L.P. The Board determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for this investment. The investment was recommended by Franklin Park Associates, LLC, private equity consultants for ATRS, and ATRS staff concurs with the recommendation.

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 to the Arkansas Legislative Council. For full and open disclosure, ATRS is attaching an Executive Summary for the investment to provide further details.

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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 me on my direct line at 501-588-4367 or by email at: clintr@artrs.gov

Respectfully,



Clint Rhoden
Executive Director

CR:lw

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

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| Investment | Franklin Park Corporate Finance Access Fund II, L.P. |
| 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 2022 |
| Expected Closing Date | Closing is expected in December 2022. |
| ATRS Commitment & Reason for Entry | The additional investment of up to \$30 million in this fund is to help achieve the 12% 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> : 4% carried interest for total investments of \$60 million or more and 5% for investments below \$60 million, after an 8% preferred return. |
| 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. |
| Investment Strategy | The Fund invests in small top-tier private equity funds that need additional capital to increase value. It may 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. |
| 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, 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 \$19.6 billion in 435 private equity funds and \$618 million in 78 co-investments. |

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

RESOLUTION
No. 2022-58

**Approving Additional Investment in Franklin Park Corporate
Finance Access Fund II, L.P.
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 ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential additional investment in **Franklin Park Corporate Finance Access Fund II, L.P.**, a fund of funds managed by Franklin Park investing in smaller buyout, growth and turnaround private equity funds.

WHEREAS, the ATRS Board approves an additional investment of up to **\$30 million dollars (\$30,000,000.00)** in **Franklin Park Corporate Finance Access Fund II, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Corporate Finance Access Fund II, L.P.** 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;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **\$30 million dollars (\$30,000,000.00)** in **Franklin Park Corporate Finance Access Fund II, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Corporate Finance Access Fund II, L.P.** The total investment amount is to be determined by the private equity consultant and

ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

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 5th day of December 2022


Mr. Danny Knight, Chair
Arkansas Teacher Retirement System