



June 13, 2024

Ms. Jessica Patterson  
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: KKR Global Infrastructure Investors V, (USD) SCSp

Dear Ms. Patterson and Ms. Garrity:

As Director of Arkansas Teacher Retirement System (ATRS), my intent and plan is not to use the Imminent Need provisions of Act 1211 unless warranted. But it is occasionally needed to protect against loss, to target maximum return, and to comply with fiduciary obligations. The investment presented at this time is considered Imminent Need due to the fact that it will likely close before the next scheduled meeting of the Arkansas Legislative Council (ALC). If ATRS were to delay closing until a later date, such delay would result in ATRS being charged a higher management fee by the general partner. The ATRS Board of Trustees (Board) determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for the investment submitted today.

On June 12, 2024, the Board, in a called meeting, adopted Resolution 2024-26 to declare an Imminent Need exists to make an investment of up to \$50,000,000.00 in KKR Global Infrastructure Investors V, (USD) SCSp. The investment was recommended by Aon Hewitt Investment Consulting, real assets 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.

Ms. Patterson  
Ms. Garrity  
June 13, 2024  
Page Two

ATRS is hereby requesting that the investment mentioned above be reviewed by ALC at its next meeting. If any additional information is needed, please feel free to contact me on my direct line at 501-621-8853 or by email at: [markw@artts.gov](mailto:markw@artts.gov).

Respectfully,



Mark White  
Executive Director

MW:lw

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

<b>Investment</b>	KKR Global Infrastructure Investors V, (USD) SCSp
<b>Managing Party</b>	KKR Associates Infrastructure V, SCSp.
<b>ATRS Legal Interest</b>	ATRS will be a limited partner.
<b>Report Date</b>	June 2024
<b>Expected Closing Date</b>	June 2024
<b>ATRS Commitment &amp; Reason for Entry</b>	The investment of up to \$50 million is to help achieve a 15% target allocation to real assets. The fund was recommended by the ATRS's real assets consultant, Aon Hewitt Investment Consulting.
<b>Placement Agent</b>	None
<b>Key Terms</b>	<u>Management Fee</u> : 1.3% of commitment amount during the investment period and 1.3% on the invested amount for the remaining term. <u>Carried Interest</u> : 20% of profits after limited partners receive an 8% IRR preferred return.
<b>Justification of Investment Duration Term &amp; Anticipated Termination Date</b>	The strategy requires a period of time to identify, execute and then monetize a value-add infrastructure strategy. The term is twelve years with the possibility of three one-year extensions. The anticipated maturity is in 2037.
<b>Investment Strategy</b>	KKR V is a closed-end infrastructure fund that seeks to pursue value-add investments with a focus on North America and Western Europe. The Fund may invest up to 15% of aggregate capital commitments outside of Organisation for Economic Cooperation and Development (OECD) countries. The fund will primarily focus on acquiring control or significant minority stakes in critical infrastructure businesses that offer low volatility in revenues with strong downside protection including communication, power, energy, transportation, and utility assets. For each investment, KKR will create value through complexity in sourcing, structuring, growth, operational improvements and execution.
<b>Management Team</b>	Led by Raj Agrawal (global head of infrastructure), Brandon Freiman (head of North American infrastructure), Vincent Policard and Tara Davies (co-heads of European infrastructure), and David Luboff (head of Asian infrastructure), the KKR infrastructure team is comprised of more than

ninety dedicated investment professionals across various offices in North America, Europe and Asia. Senior members of the team have an average industry experience of over twenty years each and have worked together since the launch of Fund II. In total, the team has significant experience across all target sectors including utilities, power and renewables, communications, mid-stream energy and certain transportation assets.

**Historical  
Performance**

The first three funds of the series have averaged a 14.4% IRR. Fund IV is still early in its term but has a current IRR in excess of 8%.

**ARKANSAS TEACHER RETIREMENT SYSTEM**

**1400 West Third Street  
Little Rock, Arkansas 72201**

**RESOLUTION**

**No. 2024-26**

**Approving Investment in KKR Global Infrastructure Investors V,  
(USD) SCSp  
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 real assets investment consultant, Aon Hewitt Investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **KKR Global Infrastructure Investors V, (USD) SCSp**, a fund specializing in infrastructure investment opportunities including communication, power, energy, transportation, and utility assets primarily in North America and Western Europe; and

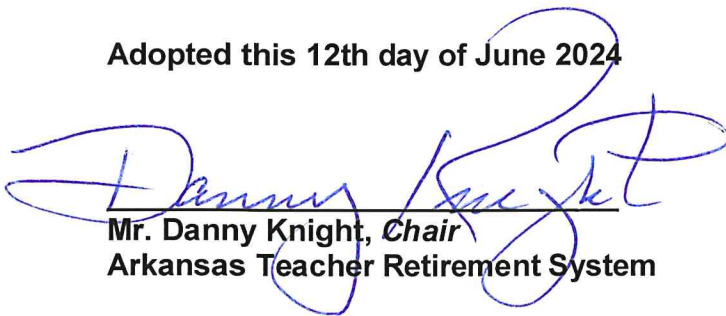
**WHEREAS**, the ATRS Board approves an investment of up to **\$50 million dollars (\$50,000,000.00)** in **KKR Global Infrastructure Investors V, (USD) SCSp**, and the Board, after its review of the timing in which the closing of the investment in **KKR Global Infrastructure Investors V, (USD) SCSp** 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 investment of up to **\$50 million dollars (\$50,000,000.00)** in **KKR Global Infrastructure Investors V, (USD) SCSp** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **KKR Global Infrastructure Investors V, (USD) SCSp**. The total investment amount is to be determined by the real assets investment 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 12th day of June 2024**



**Mr. Danny Knight, *Chair***  
**Arkansas Teacher Retirement System**