



June 6, 2025

Senator Ben Gilmore
Representative Les D. Eaves
Arkansas Legislative Council
State Capitol, Room 315
Little Rock, AR 72201

Re: Submission of Investments for Review Under Act 1211 of 2009 (A.C.A. §19-11-1302)
Investments: Arlington Capital Partners VII, L.P.
Great Hill Equity Partners IX, L.P.

Dear Senator Gilmore and Representative Eaves:

By means of the enclosed Investment Summaries, Arkansas Teacher Retirement System (ATRS) is submitting four 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 (Board) recently approved an investment of up to \$40 million to be made in Arlington Capital Partners VII, L.P., a private equity fund that will target control investments in growing middle market companies in the U.S. This investment was recommended by Franklin Park Associates, private equity consultants for ATRS, and ATRS staff concurs with the recommendation.

In addition, an investment of up to \$40 million in Great Hill Equity Partners IX, L.P. was authorized by the Board. This fund will invest in control positions in companies in the technology, financial services and healthcare sectors in the U.S. and Western Europe. Franklin Park Associates also recommended this investment, and ATRS staff concurs.

The ATRS Board approved each of the investments described above at its regular quarterly meeting on June 2, 2025 and anticipates closing dates from late June through July. A summary of each investment including key terms and investment strategy is enclosed for review by ALC. 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

Respectfully,

Mark White
Executive Director

MW:lw
enclosures

Arkansas Teacher Retirement System

Private Equity Investment

Executive Summary

Investment	Arlington Capital Partners VII, L.P. (the "Fund")
Managing Party	Arlington Capital Partners (the "General Partner" or "Arlington")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	June 2025
Expected Closing Date	ATRS is expected to close in late June 2025.
ATRS Commitment & Reason for Entry	The investment of up to \$40 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>: During the investment period (six years), the Fund will pay to the General Partner a management fee of 2% of commitments. After the investment period, the management fee will be 1.5% of actively invested capital.</p> <p><u>Carried Interest</u>: The General Partner will be entitled to 20% of the Fund's profits after the limited partners have received their aggregate capital contributions on all realized investments plus an 8% preferred return.</p>
Justification of Investment Term & Anticipated Termination Date	<p><u>Term</u>: Ten years (anticipated termination in 2035) plus two one-year extensions which is industry standard due to the time required for acquiring, developing and selling underlying assets.</p>
Investment Strategy	The Fund is being formed to make buy-and-build investments in middle market companies based in the U.S. The General Partner targets companies operating in three government-related areas: defense and aerospace, government services and technology, and healthcare.
Management Team	The General Partner was founded in 1999 and is currently led by Matthew Altman, Michael Lustbader, Peter Manos, David Wodlinger and C. Malcolm Little (the "principals"). The principals average twenty-three years of private equity experience and have been working together for more than twenty years.
Historical Performance	The General Partner has generated attractive returns with a gross IRR of 23% on its previous six funds as of December 31, 2024. Historical returns are not indicative of future performance.

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

Investment	Great Hill Equity Partners IX, L.P. (the "Fund")
Managing Party	Great Hill Partners (the "General Partner" or "Great Hill")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	June 2025
Expected Closing Date	ATRS is expected to close in July 2025.
ATRS Commitment & Reason for Entry	The investment of up to \$40 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	No placement agent was used.
Key Terms	<p><u>Management Fee</u>: The Fund will pay the General Partner a management fee starting at 1.5% of commitments in year one that will decrease to .9% in year ten. After the tenth year, no management fee will be paid.</p> <p><u>Carried Interest</u>: The General Partner will be entitled to 20% of the Fund's profits after the limited partners have received their aggregate capital contributions.</p>
Justification of Investment Term & Anticipated Termination Date	<u>Term</u> : Ten years (anticipated termination in 2035) plus three one-year extensions which is industry standard due to the time required for acquiring, developing and selling underlying assets.
Investment Strategy	The Fund is being formed to make control investments in middle market companies based in the U.S. and Western Europe. The General Partner targets companies operating in the technology, financial services and healthcare sectors.
Management Team	The General Partner was founded in 1998 as a spin-out of Media/Communications Partners. Today the firm is led by Christopher Gaffney, Mark Taber, Matthew Vettel and seven other principals. The principals average approximately eighteen years each with Great Hill.
Historical Performance	The General Partner has generated attractive returns with a gross IRR of 33% on its previous four funds as of December 31, 2024. Historical returns are not indicative of future performance.