Arkansas Teacher Retirement System

July 7, 2026

Ms. Jessica Patterson
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)
Investments: Sheridan Capital Partners Fund IV, L.P.

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 need to close before the next scheduled meeting of the Arkansas Legislative Council (ALC). If ATRS were to delay, the opportunity to invest may be missed. 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 July 7, 2026, in a called meeting, the Board adopted Resolution 2026-36 to declare an Imminent Need exists to make an investment of up to $45 million dollars in Sheridan Capital Partners Fund IV, L.P. The investment was recommended by the ATRS private equity consultant, and ATRS staff concurs with the recommendation.

This letter has been sent in compliance with the five-day rule in Act 1211. Also, 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.

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@artrs.gov

Respectfully,

Mark White
Executive Director

Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	Sheridan Capital Partners Fund IV, L.P. (the "Fund")
Managing Party	Sheridan Capital Partners (the "General Partner" or "Sheridan")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	July 2026
Expected Closing Date	ATRS is expected to close in July 2026.
ATRS Commitment & Reason for Entry	The investment of up to $45 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 has retained Evercore to assist with fundraising.
Key Terms	Management Fee: The General Partner has proposed an annual management fee of 2.0% of commitments during the five-year investment period. Thereafter, management fees will equal 2.0% of net invested capital. Carried Interest: After the limited partners receive cumulative distributions equal to their aggregate capital contributions, write-downs and a preferred return of 8%, the General Partner will be entitled to 20% of the Fund's profits.
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2036) plus three one-year extensions which is the industry standard for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund will make control investments in small and middle market healthcare companies in the United States. The Fund will primarily invest in growth oriented, often founder-owned companies with enterprise values between $100million and $300 million.
Management Team	The General Partner was founded in 2012 by Jonathan Lewis and Michael Allietta (the "Co-Founders") in affiliation with the Richard Stephenson Family Office. Today, the General Partner's investment team consists of approximately 31 professionals including Mr. Lewis and is headquartered in Chicago.
Historical Performance	In its previous two funds, the General Partner generated an aggregate gross return of 2.3x cost and an IRR of 27.3% as of March 31, 2026. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2026-36

Approving Investment in Sheridan Capital Partners Fund IV, 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 investment in **Sheridan Capital Partners Fund IV, L.P.,** a fund specializing in middle market healthcare companies; and

WHEREAS, the ATRS Board approves an investment of up to **$45 million dollars ($45,000,000.00)** in **Sheridan Capital Partners Fund IV, L.P.** and the Board, after its review of the timing in which the closing of the investment in **Sheridan Capital Partners Fund IV, 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 investment of up to **$45 million dollars ($45,000,000.00)** in **Sheridan Capital Partners Fund IV, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Sheridan Capital Partners Fund IV, 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 7th day of July 2026

Dr. Mike Hernandez, *Chair*
Arkansas Teacher Retirement System