

October 9, 2019

Senator Cecile Bledsoe
Representative Jeff Wardlaw
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: Aeolus Catastrophe Keystone PF Fund, LP
AxInfra NA II, LP
BTG Pactual Open Ended Core US Timberland Fund, LP
Clearlake Capital Partners VI, LP

Dear Senator Bledsoe and Representative Wardlaw:

By means of the enclosed Investment Summaries, 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 recently approved an additional allocation of up to \$30 million in Aeolus Catastrophe Keystone PF Fund, LP, an opportunistic/alternative reinsurance fund that specializes in property catastrophe insurance coverage. The investment was recommended by ATRS's alternative investments consultant, Aon Hewitt Investment Consulting and ATRS staff.

Also approved is an investment of up to \$50 million to be made in AxInfra NA II LP, an open-ended infrastructure fund that will invest in U.S. and Canadian energy and transportation assets. This investment was recommended by real assets consultant, Aon Hewitt Investment Consulting and ATRS staff as well.

The ATRS Board also authorized an exchange of certain ATRS timber holdings managed by BTG Pactual for shares of the BTG Pactual Open Ended Core US Timberland Fund, LP, a timber fund focused on long-term commercial timber properties. Aon Hewitt Investment Consulting and ATRS staff recommended this investment.

An investment of up to \$30 million in Clearlake Capital Partners VI, LP was authorized by the ATRS Board as well. This fund will make opportunistic debt and equity investments in middle market companies undergoing change and/or are in underserved industries or markets in North America. Both Franklin Park, private equity consultants for ATRS, and ATRS staff recommended this investment.

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The ATRS Board approved each of the investments described above at its October 7, 2019 meeting and anticipates closing dates from October through December. 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 horizontal flourish extending to the right.

Clint Rhoden
Executive Director

CR:lw
enclosures