

Arkansas Teacher Retirement System  
Private Equity Investment  
Executive Summary

**G.2d**

<b>Investment</b>	Clearlake Capital Partners VI, L.P. (the "Fund")
<b>Managing Party</b>	Clearlake Capital Group (the "General Partner" or "Clearlake")
<b>ATRS Legal Interest</b>	ATRS will be a limited partner
<b>Report Date</b>	October 2019
<b>Expected Closing Date</b>	The General Partner is targeting capital commitments of \$5 billion for the Fund. ATRS is expected to close in early December 2019.
<b>ATRS Commitment &amp; Reason for Entry</b>	The investment of up to \$30 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
<b>Placement Agent</b>	The offering was sourced directly from the General Partner; however, Credit Suisse was retained to assist with fundraising.
<b>Key Terms</b>	<p><u>Management Fee</u>: The General Partner will be paid a management fee of 1.75% of total commitments during the six year investment period. Thereafter, the fee will equal 1.75% of actively invested capital.</p> <p><u>Carried Interest</u>: Generally, after the limited partners receive their aggregate capital contributions and an 8% preferred return, the General Partner will be entitled to 20% of the Fund's profits.</p>
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	<p><u>Term</u>: Ten years (anticipated termination in 2029) plus two one-year extensions which is industry standard due to the time required for acquiring, developing and selling underlying assets.</p>
<b>Investment Strategy</b>	The Fund is being formed to make debt and equity investments in middle market companies undergoing significant change or that are in underserved industries, primarily software and technology-enabled services, and industrials and energy sectors. Investment opportunities may involve bankruptcies, restructurings or turnarounds.
<b>Management Team</b>	The General Partner was formed in 2006 and is led today by Jose Feliciano, Behdad Eghbali, Preshant Mehrota, Colin Leonard and James Pade ("Partners"). The Partners are supported by nineteen additional investment professionals, an operations team and administrative staff.
<b>Historical Performance</b>	Since 2009, the General Partner has invested more than \$5 billion in sixty-six deals that have generated an aggregate gross return on investment of 2.0X and IRR of approximately 39% as of June 30, 2019. Historical returns are not indicative of future performance.