

AR)TRS

Arkansas Teacher Retirement System

February 4, 2020

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
Investment: BVIP Fund X, L.P.

Dear Senator Bledsoe and Representative Wardlaw:

By means of the enclosed Investment Summaries, ATRS is submitting an investment 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 investment of up to \$30 million to be made in BVIP Fund X, L.P., a private equity buyout fund that invests in middle market companies in the tech-enabled business services and information technology services sectors. The fund was recommended by ATRS's private equity consultant, Franklin Park Associates and ATRS staff.

The ATRS Board approved the investment described above at its meeting on February 3, 2020 and anticipates closing later this month. A summary of the 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,



Clint Rhoden
Executive Director

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Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	BVIP Fund X, L.P. (the "Fund")
Managing Party	BV Investment Partners (the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February 2020
Expected Closing Date	The General Partner is targeting capital commitments of \$1.0 billion. ATRS is expected to close in late February 2020.
ATRS Commitment & Reason for Entry	The investment of up to \$30 million is to help achieve the 10% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	No placement agent was used for fundraising.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 2.0% of capital commitments during the five-year investment period, Thereafter, management fees will equal 2.0% of net invested capital.</p> <p><u>Carried Interest</u>: The general Partner will be entitled to receive 20% of the fund's profits after the limited partners have received their capital contributions with respect to realized portfolio investments, write-downs, and an allocable portion of fund expenses plus an 8% preferred return.</p>
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2030) plus two one-year extensions which is common for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund is being formed to primarily make buyout investments in middle market companies in the tech-enabled business services and information technology services sectors. The General Partner will target companies with values between \$35 million and \$350 million based primarily in the U.S.
Management Team	BV Investment Partners was originally founded in 1983 as Boston Ventures. The firm was rebranded in 2010 following a leadership succession plan that started in 2004. Today, the General Partner is led by Principals, Vikrant Raina, Justin Harrison, Matthew Kinsey, Mike Ricciardelli, Justin Garrison, Sean Wilder and Jason Kustka.
Historical Performance	In its previous three funds, the General Partner has invested approximately \$1.2 billion in thirty-one deals generating an aggregate gross IRR of over 19.6%. Historical returns are not indicative of future performance.