



December 10, 2012

Senator Mary Anne Salmon
Representative Tommy Lee Baker
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

Dear Senator Salmon and Representative Baker:

By means of the enclosed Investment Summaries, ATRS is submitting two private partnership 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.

An investment of \$20 million is to be made in Franklin Park Venture Series 2013, a limited partnership that will then invest in small venture capital funds. The partnership is a fund of funds that is managed by Franklin Park Associates, private equity consultants to ATRS and was formed for the purpose of obtaining access to the best venture capital funds available. The fund is managed with no additional fees paid to the consultant by its clients.

Similar in structure to the venture capital fund is the Franklin Park International Fund 2013 which was formed to provide diversified exposure to international and emerging markets while reducing risk. ATRS plans to invest \$20 million in this fund as well. Again, Franklin Park charges no fee and recovers only legal and accounting expenses incurred by the fund.

The ATRS Board approved each of the investments described above at its November 15, 2012 meeting and anticipates closing dates in early January 2013. 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,



George Hopkins
Executive Director

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enclosures

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

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| Investment | Franklin Park Venture Fund 2013, L.P. (the "Fund") |
| Managing Party | Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park") |
| ATRS Legal Interest | ATRS will be a limited partner |
| Report Date | December 2012 |
| Expected Closing Date | The General Partner is targeting capital commitments of \$90 million. Closing is expected by early January 2013. |
| ATRS Commitment & Reason for Entry | The \$20 million investment is to help achieve the 10% target allocation to private equity. The fund was recommended by the ATRS private equity consultant. |
| Placement Agent | There is no placement agent involved with the Fund. |
| Key Terms | <u>Management Fee</u> : None <u>Carried Interest</u> : None |
| Justification of Investment Term & Anticipated Termination Date | The term is the later of (i) the liquidation of the last fund investment or (ii) 15 years (anticipated termination in 2028). Term is standard for a private equity fund of funds due to the fact that terms for underlying funds are at least ten years and all underlying funds must be liquidated in order to terminate the fund of funds. |
| Investment Strategy | The Fund is being formed to build a well-diversified portfolio of top-tier venture capital funds. |
| Management Team | Franklin Park, based near Philadelphia, PA, was founded in 2003 by six professionals that formerly worked together at a global private equity consultant and asset manager. The team is led by Bradley Atkins, Michael Bacine, James McGovern, Karl Hartmann, Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Neil Mowery and Raymond Jackson (the "Senior Team"). The Senior Team is supported by ten associates, four analysts and an office manager. |
| Historical Performance | Since inception, Franklin Park has committed or advised on commitments totaling \$5.6 billion to approximately 73 corporate finance funds, 35 venture capital funds and 4 co-investments. |

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Private Equity Investment
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| Justification of Investment Term & Anticipated Termination Date | The term is the later of (i) the liquidation of the last fund investment or (ii) 15 years (anticipated termination in 2028). Term is standard for a private equity fund of funds due to the fact that terms for underlying funds are at least ten years and all underlying funds must be liquidated in order to terminate the fund of funds. |
| Investment Strategy | The Fund is being formed to build a well-diversified portfolio of top-tier international private equity funds. |
| Management Team | Franklin Park, based near Philadelphia, PA, was founded in 2003 by six professionals that formerly worked together at a global private equity consultant and asset manager. The team is led by Bradley Atkins, Michael Bacine, James McGovern, Karl Hartmann, Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Neil Mowery and Raymond Jackson (the "Senior Team"). The Senior Team is supported by ten associates, four analysts and an office manager. |
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