



February 7, 2013

Ms. Jane Benton
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)
Investment: Big River Steel, L.L.C.

Dear Ms. Benton and Ms. Garrity:

As Executive Director of ATRS, my intent and plan is not to use the Imminent Need provisions of Act 1211 unless warranted. Due to fund manager changes, speed of the markets, and special opportunities, it is occasionally needed.

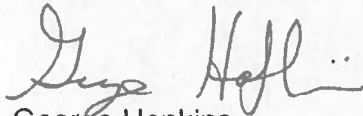
Based on Delta Trust (ATRS's specialty consultant) and ATRS staff recommendations, on February 4, 2013 the ATRS Board of Trustees, in a scheduled Board of Trustees meeting, adopted Resolution 2013-08 to declare an Imminent Need exists for investment in the following partial equity ownership opportunity: Big River Steel, L.L.C. The Board determined that all criteria were met under Act 1211 to enter into the partial equity ownership agreement of this investment. In accordance with Act 1211, ATRS is providing a copy of the aforementioned resolution to the Office of State Procurement and the Arkansas Legislative Council (ALC).

This letter has been sent in compliance with the five-day rule in Act 1211. In addition to providing meaningful early disclosure, ATRS intends to comply with the notification procedures set forth in Act 1211. The total amount that ATRS intends to invest in this investment is \$60,000,000. For full and open disclosure, ATRS is attaching an Executive Summary and executed resolution for this investment to provide further details.

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ATRS is hereby requesting that the investment mentioned above be reviewed by ALC at the next scheduled meeting. If any additional information is needed, please feel free to contact me on my direct line at 501-682-1820, my cell phone at 501-318-5998, or by email at: georgeh@artts.gov

Respectfully,

A handwritten signature in cursive script, appearing to read "George Hopkins".

George Hopkins
Executive Director

GH:rg

**Arkansas Teacher Retirement System
Partial Equity Ownership Investment
Executive Summary**

Investment	Big River Steel, L.L.C. (the "Investment")
Managing Party	Big River Steel, L.L.C. (the "Managing Party" or "Big River Steel")
ATRS Legal Interest	ATRS will be a partial equity owner.
Report Date	February 2013
Expected Closing Date	The Managing Party is targeting capital commitments of \$300 million in equity and approximately \$800 million in financing through private and state sources. Funding is anticipated during Summer/Fall 2013, however this investment is contingent upon the General Assembly's approval of Amendment 82 requirements and agreement to all final terms negotiated by equity investors.
ATRS Commitment & Reason for Entry	The \$60 million investment is to help achieve the 8% target return of the ATRS investment portfolio. The fund was recommended by the ATRS specialty consultant.
Placement Agent	No placement agent was used.
Key Terms	<u>Management Fee</u> : There is no management fee associated with this investment. <u>Carried Interest</u> : There is no carried interest associated with this investment.

**Justification of
Investment Term
& Anticipated
Termination Date**

The term of the Investment is not defined.

**Investment
Strategy**

The Investment is being made to build and operate a mini steel mill in Osceola, AR. The mill will have advanced techniques allowing it to produce several specialized grades of steel.

**Management
Team**

The management team is led by John Correnti. Mr. Correnti and team have been involved with numerous projects in this sector of similar size and scope.

**Historical
Performance**

The management team has built or refurbished fifteen mini steel mills. All fifteen of these projects have resulted in a profitable operation. The management team has and continues to attract strong industrial investors that have used their resources to fully vet not only this investment but prior ones undertaken by this management team.

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

RESOLUTION
2013-08

Approving Big River Steel, L.L.C. 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 benefit of its plan participants; and

WHEREAS, The ATRS Board has reviewed the recommendation of its specialty consultant, Delta Trust, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in Big River Steel, L.L.C., a steel mill which will focus on producing specific grades of steel for uses including flat rolled, automotive, and electrical; and

WHEREAS, The ATRS Board approves an investment of up to \$60 million (\$60,000,000.00) for a 20% equity ownership in Big River Steel, L.L.C.; and

WHEREAS, The Board, after the General Assembly's approval of Amendment 82 requirements, has determined that there is an imminent need to immediately enter into the partial equity ownership of Big River Steel, L.L.C. The Board also deems it financially appropriate to enter into the partial equity ownership of Big River Steel, L.L.C. 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;

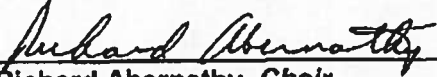
NOW, THEREFORE, BE IT RESOLVED, That the ATRS Board, agrees to immediately close and subscribe the approved ATRS investment in Big River Steel, L.L.C. using imminent need; and

FURTHER, BE IT RESOLVED, That the ATRS staff is hereby authorized to take all necessary steps to implement this investment.

Resolution 2013-08

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Adopted this 4th day of February, 2013



Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System