



February 19, 2014

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)
Investments: Castlake III, L.P.
Sycamore Partners II, L.P.
Court Square Capital Partners III, L.P.

Dear Ms. Benton and Ms. Garrity:

As Executive Director of Arkansas Teacher Retirement System (ATRS), my intent and plan is not to use the Imminent Need provisions of Act 1211 unless warranted. Due to fund manager changes and speed of the markets, it is occasionally needed. The investments presented at this time are considered Imminent Need due to the fact that two of them will need to close within the next thirty to forty-five days, and there is no Arkansas Legislative Council (ALC) meeting scheduled before March 21, 2014. One of the items has already closed and is a true-up of the amount authorized by the ATRS Board to the closing documents.

Based on the recommendation of Franklin Park Associates (ATRS's private equity consultant) and ATRS staff, on February 17, 2014 the ATRS Board of Trustees (Board), in a scheduled Board meeting, adopted Resolutions 2014-14, 2014-15 and 2014-16 to declare an Imminent Need exists for investment in the following funds: Castlake III, L.P., Sycamore Partners II, L.P. and Court Square Capital Partners III, L.P. The Board determined that all criteria were met under Act 1211 to enter into the partial equity ownership agreement for this investment.

Ms. Benton
Ms. Garrity
February 19, 2014
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This letter has been sent in compliance with the five-day rule in Act 1211. In accordance with Act 1211, ATRS is providing a copy of the aforementioned resolutions to the Office of State Procurement and the Arkansas Legislative Council. The total amount that ATRS intends to invest in these investments is \$55,000,000. For full and open disclosure, ATRS is attaching an Executive Summary for each of the investments to provide further details.

ATRS is hereby requesting that the investments 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@atrs.gov

Respectfully,



George Hopkins
Executive Director

GH:lw

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

Investment	Castlelake III, L.P. (the "Fund")
Managing Party	Castlelake, L.P. (the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	February 2014
Expected Closing Date	The General Partner is targeting capital commitments of \$1 billion. ATRS is expected to close in February 2014.
ATRS Commitment & Reason for Entry	The investment of up to \$25 million is to help achieve the 10% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	Denning & Co. was used for fundraising at no cost to ATRS.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 1.75% of commitments during the three-year investment period. Thereafter, management fees will equal 1.5% of net invested capital.</p> <p><u>Carried Interest</u>: After the limited partners receive cumulative distributions equal to 100% of aggregate capital contributions on realized investments, impairments and fees and expenses, plus an 8% preferred return, the General Partner will be entitled to 20% of the Fund's profits.</p>
Justification of Investment Term & Anticipated Termination Date	The term is six years (anticipated termination in 2020) plus three one-year extensions which is common for private equity debt funds due to the time required for buying, restructuring and/or adding value and then monetizing underlying assets.
Investment Strategy	The Fund is being formed to pursue an opportunistic distressed investment strategy primarily in the U.S. and Europe. The fund will invest in secured corporate debt and distressed assets in the aviation space, mortgage and consumer loan portfolios and other financial assets.
Management Team	The General Partner is based in Minneapolis and was founded in 2005 as an affiliate of TPG Capital by Rory O'Neill who previously led Cargill's global credit and special situations investment business. Besides Mr. O'Neill, the firm is led by Evan Carruthers, Jim Musel, Kevin Hackler, Jonathan Fragodt and Brandt Wilson, Principals. The Principals are supported by 14 additional investment professionals and 29 operating, accounting and administrative professionals.

**Historical
Performance**

Since 2005, the General Partner has invested \$2.6 billion in 134 deals. In aggregate, these investments have generated a gross IRR of 13.5% and a multiple of 1.2x cost as of September 30, 2013. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2014-14

**Approving Castlelake III, L.P.
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 benefits of its plan participants; and

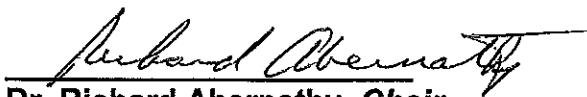
WHEREAS, The ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Castlelake III, LP**, a fund that will pursue an opportunistic distressed investment strategy primarily by acquiring assets such as non-performing loan portfolios, aviation assets, corporate debt and other distressed assets; and

WHEREAS, The ATRS Board approves an investment of up to **\$25 million (\$25,000,000.00)** in **Castlelake III, LP** and the Board, after its review of the timing of the period in which the general partner of **Castlelake III, LP** will accept new investors and the fact that the Arkansas Legislative Council is not scheduled to meet until late March at the earliest, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to postpone closing might cost ATRS the opportunity to make the investment or incur additional fees for late closing;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board agrees to immediately close and subscribe the approved ATRS limited partnership investment interest in **Castlelake III, LP**; and

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

Adopted this 17th day of February 2014.


Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

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

Investment	Sycamore Partners, L.P. (the "Fund")
Managing Party	Sycamore Partners (the "General Partner" or "Sycamore")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	February 2014
Expected Closing Date	The General Partner is targeting capital commitments of \$2 billion million. ATRS is expected to close in March 2014.
ATRS Commitment & Reason for Entry	The investment of up to \$25 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 to assist with marketing and fundraising.
Key Terms	<p><u>Management Fee</u>: The General Partner has proposed an annual management fee of 2.0% per annum of commitments during the investment period; thereafter, 2.0% per annum of the cost basis of portfolio investments (excluding write-offs). Management fees will be reduced by 100% of transaction fees received by the General Partner.</p> <p><u>Carried Interest</u>: After the limited partners receive their aggregate capital contributions and a preferred return of 8%, the General Partner will be entitled to 20% of the Fund's profits.</p>
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2024) plus four 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 acquire underperforming middle market retail and consumer businesses in the U.S. The General Partner will frequently target corporate carve-outs, public-to-private transactions and other special situations. The General Partner may invest in companies in operational or financial distress.
Management Team	The General Partner was founded in 2011 by professionals who formerly worked together at Golden Gate Capital and have raised one fund since forming their own firm. The investment team consists of 14 professionals led by Stefan Kaluzny and Peter Morrow (Principals). The Principals are supported by four mid-level and eight junior professionals.

**Historical
Performance**

The Principals were involved in a portfolio of investments that generated solid performance during their tenures with Golden Gate Capital as well as a net IRR of 47% for their first fund on their own.

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

RESOLUTION
No. 2014-15

Approving Sycamore Partners II, L.P.
with Imminent Need, Subject to Final Due Diligence

WHEREAS, The Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and


WHEREAS, The ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff, subject to final due diligence, regarding a potential investment in **Sycamore Partners II, LP**, a fund that will focus on acquiring underperforming U.S. companies consisting primarily of middle market retail and consumer businesses; and

WHEREAS, The ATRS Board, subject to final due diligence, approves an investment of up to **\$25 million (\$25,000,000.00)** in **Sycamore Partners II, LP** and the Board, after its review of the timing of the period in which the general partner of **Sycamore Partners II, LP** will accept new investors and the fact that the Arkansas Legislative Council is not scheduled to meet until late March at the earliest, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to postpone closing might cost ATRS the opportunity to make the investment or incur additional fees for late closing;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board, subject to final due diligence, agrees to immediately close and subscribe the approved ATRS limited partnership investment interest in **Sycamore Partners II, LP**; and

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

Adopted this 17th day of February 2014.


Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

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

Investment	Court Square Capital Partners III, L.P. (the "Fund")
Managing Party	Court Square Capital Management, L.P. (the "General Partner")
ATRS Legal Interest	ATRS is a limited partner
Report Date	February 2014
Expected Closing Date	ATRS has closed on the investment.
ATRS Commitment & Reason for Entry	The additional \$5 million investment is to true-up the amount authorized by the ATRS Board of Trustees to the amount specified in the closing documents. The additional commitment was recommended by the ATRS private equity consultant.
Placement Agent	UBS was used for initial fundraising at no cost to ATRS.
Key Terms	<p><u>Management Fee</u>: The General Partner will be paid an annual management fee of 1.5% of commitments during the five-year commitment period. Thereafter, management fees will equal 1.0% of the cost basis (less write-offs and write downs) of the Fund's remaining investments. Management fees will be offset by 100% of transaction fee income.</p> <p><u>Carried Interest</u>: After the limited partners receive their aggregate capital contributions on realized investments, write-downs and an 8% preferred return, the General Partner will be entitled to 20% of the Fund's profits.</p>
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2022) plus three 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 was formed to primarily make acquisitions of mature upper middle market U.S. companies in the business services, general industrial, healthcare, telecommunications and technology sectors.
Management Team	The General Partner was formed when the investment team at Citigroup Venture Capital (CVC) spun-out of Citigroup in 2006. Today the firm is led by the following managing partners: William Comfort, David Thomas, Thomas McWilliams, John Weber, Michael Delaney, Joseph Silvestri and Ian Highet as well as six partners. These are supported by two principals, three vice presidents and seven associates as well as accounting, compliance, information technology and investor relations staff.

Historical Performance

The General Partner has invested in 36 deals totaling nearly \$5 billion in three funds and has generated attractive returns to date. Historical returns are not indicative of future performance.

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

RESOLUTION

No. 2014-16

**Approving an Additional \$5 Million Commitment to
Court Square Capital Partners III, L.P.
with Imminent Need**

WHEREAS, In April 2012, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS), after a recommendation by its private equity consultant, Franklin Park Associates, LLC (Franklin Park) authorized a \$35 million investment in **Court Square Capital Partners III, LP** (the Fund); and


WHEREAS, In July 2012, ATRS closed on an investment of \$40 million in **Court Square Capital Partners III, LP**; and

WHEREAS, Franklin Park recommends that ATRS keep its full commitment to the Fund by authorizing an additional \$5 million, and the Board, after its consideration that subscription and closing of the investment have taken place has determined that this additional commitment should be considered an Imminent Need under Act 1211 of 2009;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board agrees to authorize an additional \$5 million commitment to **Court Square Capital Partners III, LP**; and

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

Adopted this 17th day of February 2014.


Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System



March 20, 2014

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)
Investments: BlackRock U.S. Core Plus Bond Fund
Reams Core Plus Bond Fund, L.L.C.
Wellington Management Co., L.L.P. Global Total Return Fund
First Reserve Energy Infrastructure Fund II, L.P.
Antin Infrastructure Partners II, L.P.
BlueOak Arkansas, LLC

Dear Ms. Benton and Ms. Garrity:

As Executive Director of Arkansas Teacher Retirement System (ATRTRS), my intent and plan is not to use the Imminent Need provisions of Act 1211 unless warranted. Due to fund manager changes and speed of the markets, it is occasionally needed. The investments presented at this time are considered Imminent Need due to the fact that they will each likely need to close before the next scheduled Arkansas Legislative Council (ALC) meeting scheduled on April 18, 2014.

ATRTRS plans to transfer approximately \$330 million from an existing BlackRock separate account to the BlackRock U.S. Core Plus Bond Fund for the purpose of reducing costs and simplifying accounting practices. The restructuring of the existing investment was recommended by Hewitt EnnisKnupp, general investment consultants to ATRTRS.

Reams Core Plus Bond Fund, L.L.C. was recommended by the general investment consultants for initial funding of up to \$300 million. The intention for the investment in this open end fund is to adjust the overall fixed income allocations to be better positioned for changes in interest and inflation rates expected in the next few years.

The general investment consultants also recommended initial funding of up to \$300 million in Wellington Management Company, L.L.P., Global Total Return II Fund. This is an open end fund as well, and this investment is also being made to position ATRTRS for changes in interest and inflation rates.

Ms. Benton
Ms. Garrity
March 20, 2014
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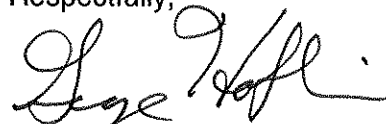
An infrastructure investment of up to \$50 million is planned in Antin Infrastructure Partners II, L.P. as well as one up to \$50 million in First Reserve Energy Infrastructure Fund II, L.P. Both of these funds were recommended by ATRS's Real Assets Consultant, Hewitt EnnisKnupp for the purpose of diversifying the portfolio and achieving our 15% target allocation to real assets.

Based on the recommendations of ATRS's independent consultant, Delta Trust Investments and ATRS staff, ATRS will invest up to \$18 million in BlueOak Arkansas, L.L.C., an e-waste recycling facility in Osceola, Arkansas. This facility will use cutting edge technology to extract precious metals from e-waste in an efficient, environmentally friendly manner.

The ATRS Board of Trustees approved each of the investments mentioned above and determined that all criteria were met under Act 1211 to enter into the partial equity ownership agreement for each investment using Imminent Need. This letter has been sent in compliance with the five-day rule in Act 1211 and in accordance with Act 1211, ATRS is providing a copy of the resolutions related to each of the investments to the Office of State Procurement and the Arkansas Legislative Council. The total amount that ATRS intends to invest in these investments is \$1.048 billion. For full and open disclosure, ATRS is attaching an Executive Summary for each of the investments to provide further details.

ATRS is hereby requesting that the investments 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@artrs.gov

Respectfully,



George Hopkins
Executive Director

GH:lw

**Arkansas Teacher Retirement System
Public Market Investment
Executive Summary**

Investment	BlackRock U.S. Core Plus Bond Fund, a commingled trust fund (CTF) or the "Fund".
Managing Party	BlackRock Financial Management, Inc.
ATRS Legal Interest	ATRS will be a shareholder
Report Date	February 2014
Expected Closing Date	Expected Closing in April 2014
ATRS Commitment & Reason for Entry	The commitment is a restructuring of a current ATRS investment. The approximate \$330 million transfer from the existing BlackRock separate account to fund a structure managed by BlackRock is intended to potentially reduce costs and simplify accounting practices. The restructuring was recommended by the ATRS general investment consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fees</u> 20bps on the first \$200mm 15bps on the next \$200mm 10bps on the next \$400mm 8bps on the balance
Justification of Investment Term & Anticipated Termination Date	The fund is of the "open end" variety and investors may exit subject to notification requirements. The investment will remain until liquidated, if ever, but actual fund amounts will vary over time with funds in excess of the initial allocation added at times and at other times funds would be withdrawn taking the funding level lower based on market returns, liquidity needs, and Hewitt EnnisKnupp recommended rebalancing from time to time.
Investment Strategy	The Fund is a fixed income core plus strategy. The core plus strategy allows the account manager to add investments such as global and emerging market debt to a core portfolio of investment grade bonds in hopes of generating better returns than a standard fixed income core strategy.
Management Team	The BlackRock U.S. Core Plus Bond team is led by Brian Weinstein who has 14 years of industry experience. Other members include David Antonelli with 12 years of experience and Robert Daily with 10 years of experience.
Historical Performance	The Fund has a since inception return of 5.1% compared to the benchmark of 4.8%.

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

RESOLUTION
2014-18

**Approving Transfer of Arkansas Teacher Retirement Assets
from the BlackRock Core Plus Separate Account to the
BlackRock U.S. Core Plus Bond Fund, a Commingled Trust Fund
(CTF) 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 general investment consultant, Hewitt EnnisKnupp, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding the transfer of assets from the BlackRock Core Plus Separate Account to the **BlackRock U.S. Core Plus Bond Fund** in order to potentially reduce overall costs while maintaining the same investment style; and


WHEREAS, on February 17, 2014, the ATRS Board approved this transfer of approximately **\$330 million (\$330,000,000.00)** from the BlackRock Core Plus Separate Account for investment in the **BlackRock U.S. Core Plus Bond Fund** through Resolution 2014-07; and

WHEREAS, The ATRS Board, after its review of the timing needed to redeploy assets from terminated Western Asset Management accounts and the fact that the scheduled March meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in April at the earliest, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves the transfer of approximately **\$330 million (\$330,000,000.00)** for investment in the **BlackRock U.S. Core Plus Bond Fund** with imminent need; and

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

Adopted this 18th day of March, 2014



Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

**Arkansas Teacher Retirement System
Public Market Investment
Executive Summary**

Investment	Reams Core Plus Bond Fund, L.L.C. or the "Fund".
Managing Party	UMB Financial Corp
ATRS Legal Interest	ATRS will be a shareholder
Report Date	February 2014
Expected Closing Date	Expected Closing in April 2014
ATRS Commitment & Reason for Entry	The initial funding of up to \$300 million is intended to adjust the overall fixed income allocations to be better positioned for the interest rate and inflation rate expectations over the next several years. The fund was recommended by the ATRS general investment consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fees</u> 20 bps
Justification of Investment Term & Anticipated Termination Date	The fund is of the "open end" variety and investors may exit subject to notification requirements. The investment will remain until liquidated, if ever, but actual fund amounts will vary over time with funds in excess of the initial allocation added at times and at other times funds would be withdrawn taking the funding level lower based on market returns, liquidity needs, and Hewitt EnnisKnupp recommended rebalancing from time to time.
Investment Strategy	Reams employs an approach to fixed income management that leverages its size through combining top-down and bottom-up sources of active management. Reams is a unique manager; we liken Reams to a contrarian, deep value equity manager. At the center of Reams' investment process is the notion that volatility drives performance in fixed income markets and it is often mispriced in the marketplace. The manager believes that volatility creates opportunities in the market, and therefore expects its strategies to strive during periods of elevated market volatility.
Management Team	The team is led by Mark Egan who has 27 years of industry experience. Other members include Robert Crider with 36 years of experience, Thomas Fink with 27 years of experience, and Todd Thompson with 19 years of experience.
Historical Performance	The strategy has a since inception return of 7.2% compared to the benchmark of 5.9%.

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

RESOLUTION
2014-20

**Approving Reams Core Plus Bond Fund, 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 general investment consultant, Hewitt EnnisKnupp, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Reams Core Plus Bond Fund, LLC** a fixed income fund that seeks to use market volatility to identify investment opportunities; and

WHEREAS, This fund is of the open end variety designed to allow for liquidity and rebalancing and values will fluctuate over time; and


WHEREAS, on February 17, 2014, the ATRS Board approved an initial investment of up to **\$300 million (\$300,000,000.00)** in **Reams Core Plus Bond Fund, LLC** based on current asset allocation percentages through Resolution 2014-09; and

WHEREAS, The ATRS Board, after its review of the timing needed to redeploy assets from terminated Western Asset Management accounts and the fact that the scheduled March meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in April at the earliest, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an initial investment of up to **\$300 million (\$300,000,000.00)** in **Reams Core Plus Bond Fund, LLC** with imminent need; and

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

Adopted this 18th day of March, 2014



Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

**Arkansas Teacher Retirement System
Public Market Investment
Executive Summary**

Investment	Wellington Management Company, L.L.P., Global Total Return II Fund or the "Fund".
Managing Party	Wellington Management Company, L.L.P.,
ATRS Legal Interest	ATRS will be a shareholder
Report Date	February 2014
Expected Closing Date	Expected Closing in April 2014
ATRS Commitment & Reason for Entry	The initial funding of up to \$300 million is intended to adjust the overall fixed income allocations to be better positioned for the interest rate and inflation rate expectations over the next several years. The fund was recommended by the ATRS general investment consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fees</u> 25 bps <u>Incentive Fee</u> 20% above the risk free rate
Justification of Investment Term & Anticipated Termination Date	The fund is of the "open end" variety and investors may exit subject to notification requirements. The investment will remain until liquidated, if ever, but actual fund amounts will vary over time with funds in excess of the initial allocation added at times and at other times funds would be withdrawn taking the funding level lower based on market returns, liquidity needs, and Hewitt EnnisKnupp recommended rebalancing from time to time.
Investment Strategy	The process at Wellington is distinctive as it is built upon the skill of the individual portfolio managers, rather than a team's investment outlook. Each of four alpha sources – Macro, Credit, Quantitative Strategies and Hard Currency EMD - are given an alpha target allocation depending on the skill and success of the respective portfolio managers. Incoming managers, regardless of seniority, are initially given a small alpha target before receiving a higher allocation.
Management Team	The Global Fixed Income team is led by Robert Evans who has 30 years of industry experience. Other members include Louis Chabrier with 23 years of experience, Toby Johnston with 13 years of experience, and John Butler with 15 years of experience.
Historical Performance	The Fund combined with its predecessor, Fund I, has a since inception return of 4.3% compared to the benchmark of 2.2%.

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

RESOLUTION
2014-19

**Approving Wellington Management Company, L.L.P., Global
Total Return II Fund 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 general investment consultant, Hewitt EnnisKnupp, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Wellington Management Company, LLP, Global Total Return II** a fixed income fund that focuses on risk controls and macroeconomic views to select investment opportunities; and

WHEREAS, This fund is of the open end variety designed to allow for liquidity and rebalancing and values will fluctuate over time; and

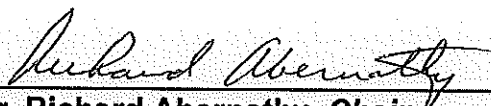
WHEREAS, on February 17, 2014, the ATRS Board approved an initial investment of up to **\$300 million (\$300,000,000.00)** in **Wellington Management Company, LLP, Global Total Return II** based on current asset allocation percentages through Resolution 2014-08; and

WHEREAS, The ATRS Board, after its review of the timing needed to redeploy assets from terminated Western Asset Management accounts and the fact that the scheduled March meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in April at the earliest, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an initial investment of up to **\$300 million (\$300,000,000.00)** in **Wellington Management Company, LLP, Global Total Return II** with imminent need; and

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

Adopted this 18th day of March, 2014



Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

**Arkansas Teacher Retirement System
Real Estate Investment
Executive Summary**

Investment	First Reserve Energy Infrastructure Fund II, LP (FREIF II)
Managing Party	First Reserve Management, LP
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February, 2014
Expected Closing Date	April, 2014
ATRS Commitment & Reason for Entry	The investment of up to \$50 million is to help achieve a 15% target allocation to Real Assets. The fund was recommended by the ATRS's Real Assets consultant, Hewitt EnnisKnupp.
Placement Agent	None
Key Terms	<u>Management Fee</u> : 1.33% blended rate on committed & invested capital. <u>Carried Interest</u> : 15% of profits after LP's receive an 8% IRR preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The strategy requires a period of time to identify, execute and then monetize a core infrastructure strategy. The fund is a "closed end" variety with a ten year term starting at the final close with the possibility of two-one year extensions. The anticipated maturity is in 2023.
Investment Strategy	The investment strategy of the Fund will be to make control investments in long lived energy infrastructure assets and businesses that have low risk profiles. Emphasis will be placed on current income generation with a target dividend yield of 8% to 12%. The targeted total return of the fund is a net IRR of 14% per annum.
Management Team	There are 16 investment professionals dedicated to the infrastructure strategy located in the U.S. as well as Europe. Further, First Reserve has over 160 investment professionals across the world that can be utilized for deals. There is a good mix of bankers, operators and debt financing professionals. For example, Mark Florian was formerly a Partner with Goldman Sachs, managing its global infrastructure investment banking business and Phil Burkhardt is a 30 year energy industry veteran with his most recent role as Vice President Portfolio

Management in the Energy Financial Services Group at General Electric Corporation (GE).

**Historical
Performance**

FREIF I was formed in 2009 with just over \$1.2 billion in commitments. Fund I has invested seven portfolio companies across multiple energy infrastructure industries and geographies. These investments have generated a Gross IRR of 14.9% and a 1.2x multiple of invested capital.

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

RESOLUTION
No. 2014- 21

**Approving Investment in First Reserve Energy Infrastructure Fund II, LP
with Imminent Need**

WHEREAS, The Board of Trustees (the "Board") of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, The ATRS Board has reviewed the recommendation of its infrastructure investment consultant, Hewitt EnnisKnupp, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding an investment in **First Reserve Energy Infrastructure Fund II, LP**, a fund which invests in core plus infrastructure assets located in North America and Europe; and


WHEREAS, on February 17, 2014, the ATRS Board approved an initial investment of up to **\$50 million (\$50,000,000)** in **First Reserve Energy Infrastructure Fund II, LP** based on current asset allocation percentages through Resolution 2014-12; and

WHEREAS, The ATRS Board, after its review of the timing needed to deploy assets and the fact that the scheduled March meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in April at the earliest, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date;

NOW, THEREFORE, BE IT RESOLVED, That the ATRS Board approves an investment of up to **\$50 million dollars (\$50,000,000.00)** in **First Reserve Energy Infrastructure Fund II, LP** with imminent need; and

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

Adopted this 18th day of March, 2014.


Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

**Arkansas Teacher Retirement System
Real Estate Investment
Executive Summary**

Investment	Antin Infrastructure Partners II LP
Managing Party	Antin Infrastructure Partners SAS
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February, 2014
Expected Closing Date	April, 2014
ATRS Commitment & Reason for Entry	The investment of up to \$50 million is to help achieve a 15% target allocation to Real Assets. The fund was recommended by the ATRS's Real Assets consultant, Hewitt EnnisKnupp.
Placement Agent	Global Private Equity & Infrastructure Advisers Fund Placement. ATRS pays no fee.
Key Terms	<u>Management Fee</u> : 1.50% on Committed Capital during the Investment Period, thereafter 1.50% on invested capital. <u>Carried Interest</u> : 20% of profits after LP's receive an 8% IRR preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The strategy requires a period of time to identify, execute and then monetize a core infrastructure strategy. The fund is a "closed end" variety with a ten year term starting at the final close with the possibility of two-one year extensions. The anticipated maturity is in 2023.
Investment Strategy	Antin Infrastructure Partners II LP is a diversified core infrastructure fund investing in Western Europe. The fund is aiming for a 5% annual cash return and 15% total annual IRR from infrastructure assets. The diversification is among communications, energy, environment and transportation sectors. No more than 50% will be invested in any single sector.
Management Team	Antin is a highly credible infrastructure manager. It is led by two impressive managing partners (Alain Rauscher – former head of oil, gas and mining at BNP Paribas and Mark Crosbie – former head of corporate development at Centrica Plc). They are supported by a well-resourced team which has been significantly built out since inception.

**Historical
Performance**

Performance for Fund I has been favorable compared with its peer group. Distribution yield has been well ahead of target with net yield since inception of 6.4%.

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

RESOLUTION
No. 2014- 22

**Approving Investment in Antin Infrastructure Partners II LP with
Imminent Need**

WHEREAS, The Board of Trustees (the "Board") of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, The ATRS Board has reviewed the recommendation of its infrastructure investment consultant, Hewitt EnnisKnupp, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding an investment in **Antin Infrastructure Partners II LP**, a fund which invests in core infrastructure assets located in Western Europe; and


WHEREAS, on February 17, 2014, the ATRS Board approved an initial investment of up to **\$50 million (\$50,000,000)** in **Antin Infrastructure Partners II LP** based on current asset allocation percentages through Resolution 2014-13; and

WHEREAS, The ATRS Board, after its review of the timing needed to deploy assets and the fact that the scheduled March meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in April at the earliest, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$50 million dollars (\$50,000,000.00)** in **Antin Infrastructure Partners II LP** with imminent need; and

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

Adopted this 18th day of March, 2014.


Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System

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

Investment	BlueOak Arkansas, LLC (the "Investment")
Managing Party	BlueOak Arkansas, LLC (the "Managing Party")
ATRS Legal Interest	ATRS will be a partial equity owner
Report Date	March 2014
Expected Closing Date	The Managing Party is targeting capital commitments of approximately \$25 million in equity and approximately \$2 million in financing through private and state sources. Funding is anticipated during March/April 2014.
ATRS Commitment & Reason for Entry	The up to \$18 million investment is to help achieve the 8% target return of the ATRS investment portfolio. The fund was recommended by the ATRS independent consultant.
Placement Agency	Global Principal Partners was used as a placement agent.
Key Terms	<p><u>Management Fees:</u> There is no management fee associated with this investment.</p> <p><u>Carried Interest:</u> a 25% "promote" or performance fee will be paid to the managing partner after investors are returned their initial investment and a 7% preferred return (the preferred return of 7% is on a post-tax basis which significantly increases the return of equity investors such as ATRS).</p>
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 an e-waste recycling facility in Osceola, AR. The facility will have advanced techniques allowing it to recycle e-waste in an efficient, environmentally friendly manner.
Management Team	Key members include Priv Bradoo who has successfully helped start over 70 companies during the past 10 years and Bill Schafer who has over 35 years of industry experience.
Historical Performance	The management team has extensive experience in implementing new technologies and innovative approaches with new businesses. The management team has and continues to attract strong industrial investors that have used their resources to fully vet this investment.

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

RESOLUTION
2014-23

Approving An Investment In BlueOak Arkansas, LLC 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 outside independent investment consultant, Delta Trust, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **BlueOak Arkansas, LLC**, an electronic waste recycling facility which will focus on extracting precious metals from electronic waste; and

WHEREAS, The ATRS Board approves an investment of up to **\$18 million dollars (\$18,000,000.00)** in **BlueOak Arkansas, LLC** to cover all funding required at initial closing, any needed contingency funds in construction, funds for initial operations, and funds to purchase any future equity rights. The ATRS Board, after its review of the timing of the anticipated investment closing date and the fact that the Arkansas Legislative Council is not scheduled to meet until April 2014 at the earliest, has determined that there is an imminent need to enter into the partial equity ownership of **BlueOak Arkansas, LLC** prior the first available legislative review. The Board also deems it financially appropriate to enter into the partial equity ownership of **BlueOak Arkansas, LLC** and concludes that to postpone closing could cost ATRS the opportunity to make the investment;

NOW, THEREFORE, BE IT RESOLVED, That the ATRS Board approves the recommendation for the investment in **BlueOak Arkansas, LLC** of up to \$18 million dollars, agrees to close as soon as possible, and to fund the approved ATRS investment in **BlueOak Arkansas, LLC** using imminent need; and

FURTHER, BE IT RESOLVED, That the ATRS staff is hereby authorized to take all necessary steps to implement this investment, execute all necessary documents to close, pay all required initial funding, pay any required contingency funding in the future as may be provided in the closing documents, obtain

additional equity in the future as may be allowed in the closing documents, and to take any and all other action that may be reasonable.

Adopted this 18th day of March, 2014

A handwritten signature in cursive script, appearing to read "Richard Abernathy", is written over a horizontal line.

Dr. Richard Abernathy, Chair
Arkansas Teacher Retirement System