



December 7, 2015

Ms. Camber Thompson
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: ATRS/FP Private Equity Fund, L.P.

Dear Ms. Thompson 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 investment presented at this time is considered Imminent Need due to the fact that additional capital is needed for a new opportunity in the ATRS/FP Private Equity Fund, L.P. that will close prior to the Arkansas Legislative Council (ALC) meeting scheduled for December 18, 2015.

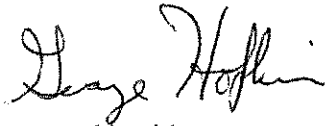
Based on recommendations of ATRS's private equity consultant, Franklin Park and ATRS staff, on December 7, 2015, the ATRS Board of Trustees (Board), in a scheduled Board of Trustees meeting, adopted Resolution 2015-37 to declare an Imminent Need exists for an additional investment in ATRS/FP Private Equity Fund, L.P. The Board determined that all criteria were met under Act 1211 to make an additional funding commitment to this partial equity ownership investment.

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 resolution to the Office of State Procurement and the Arkansas Legislative Council. The total amount that ATRS intends to invest in this investment is up to \$65,000,000. For full and open disclosure, ATRS is attaching an Executive Summary 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@artrs.gov

Respectfully,

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

George Hopkins
Executive Director

GH:lw

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

RESOLUTION
No. 2015-37

**Approving Additional Allocation to
ATRS/FP Private Equity Fund, 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 an additional commitment to its existing investment in **ATRS/FP Private Equity Fund, L.P.** (formerly Franklin Park Co-Investment Fund, L.P.), an open end fund of underlying private equity portfolio companies and next generation manager funds that was formed by ATRS and Franklin Park to enhance the overall performance of the entire private equity portfolio; and

WHEREAS, The ATRS Board approves an additional investment of up to **\$65 million dollars (\$65,000,000.00)** in **ATRS/FP Private Equity Fund, L.P.** and the Board, after its review of the timing of the period in which the general partner of **ATRS/FP Private Equity Fund, L.P.** will require capital for new investments, has determined that there is an imminent need to immediately provide an additional funding commitment in this partial equity ownership investment since the deadline for this fund to participate in certain new investments including an investment in CI Capital Partners III, L.P. is scheduled before the next regular meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to provide an additional funding commitment in this partial equity ownership investment 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 move to provide an additional funding commitment in the approved ATRS investment interest in ATRS/FP Private Equity Fund, L.P.; and

FURTHER, BE IT RESOLVED, That the ATRS staff is hereby authorized to take all necessary steps to implement this additional funding commitment, if acceptable terms are reached.

Adopted this 7th day of December 2015.

A handwritten signature in black ink, appearing to read "Jeff Stubblefield", written over a horizontal line.

Mr. Jeff Stubblefield, *Chair*
Arkansas Teacher Retirement System

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

Investment	ATRS/FP Private Equity Fund, L.P. (formerly Franklin Park Co-Investment Fund, L.P.) (the "Fund")
Managing Party	Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park")
ATRS Legal Interest	ATRS is already a limited partner
Report Date	December 2015
Expected Closing Date	Closing on an additional commitment to the Fund is expected by December 14, 2015.
ATRS Commitment & Reason for Entry	ATRS is adding an additional commitment of up to \$65 million to its existing investment in the Fund 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 fund will end when the last underlying fund or portfolio company is liquidated; therefore, there is not a specific termination date for the fund. This is standard for a private equity co-investment fund.
Investment Strategy	The Fund invests in portfolio companies that have received capital from other top-tier private equity funds but need additional capital to increase value. It will also invest in funds of "next generation" managers who are experienced but are typically raising their first institutional private equity fund.
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, Katherine Carlson Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Neil Mowery, Raymond Jackson, and John Mahoney (the "Senior Team"). The Senior Team is supported by seven associates, six analysts and an office manager.
Historical Performance	Since inception, Franklin Park has committed or advised on commitments totaling \$8.8 billion to approximately 113 corporate finance funds, 59 venture capital funds and 16 co-investments.