



April 11, 2025

Ms. Jessica Patterson
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: MML Partnership Capital VIII, SCSp
Franklin Park Venture Capital Fund XV, LP
Franklin Park Venture Capital Opportunity Fund II, LP

Dear Ms. Patterson and Ms. Garrity:

As Director of Arkansas Teacher Retirement System (ATRS), my intent and plan is not to use the Imminent Need provisions of Act 1211 unless warranted. But it is occasionally needed to protect against loss, to target maximum return, and to comply with fiduciary obligations. The investments presented at this time are considered Imminent Need due to the fact that they will need to close before the next scheduled meeting of the Arkansas Legislative Council (ALC). If ATRS were to delay, the opportunity to invest may be missed. The ATRS Board of Trustees (Board) determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for the investments submitted today.

On April 7, 2025, the Board, in a regularly scheduled meeting, adopted Resolution 2025-18 to declare an Imminent Need exists to make an investment of up to €40,000,000.00 (approximately the equivalent of \$43,000,000.00) in MML Partnership Capital VIII, SCSp. The investment was recommended by Franklin Park Associates, private equity consultants for ATRS, and ATRS staff concurs with the recommendation.

At the same meeting, the Board adopted Resolution 2025-19 authorizing an additional investment of up to \$40,000,000.00 in Franklin Park Venture Capital Fund XV, LP with Imminent Need as well. This investment was also recommended by Franklin Park Associates, and ATRS staff concurs.

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The Board also adopted Resolution 2025-20 approving an additional investment of up to \$40,000,000.00 in Franklin Park Venture Capital Opportunity Fund II, LP. with Imminent Need. Again, Franklin Park Associates recommended the investment, and ATRS staff concurs.

This letter has been sent in compliance with the five-day rule in Act 1211. Also in accordance with Act 1211, ATRS is providing a copy of the aforementioned resolutions to the Office of State Procurement and to the Arkansas Legislative Council. 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 its next meeting. If any additional information is needed, please feel free to contact me on my direct line at 501-621-8853 or by email at: markw@artts.gov

Respectfully,



Mark White
Executive Director

MW:lw

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

Investment	MML Partnership Capital VIII, SCSp (the "Fund")
Managing Party	MML Capital Partners (the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	April 2025
Expected Closing Date	ATRS is expected to close in the second quarter of 2025.
ATRS Commitment & Reason for Entry	The investment of up to €40 million (approximately the equivalent of \$43 million) is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	The Fund was sourced directly from the General Partner.
Key Terms	<p><u>Management Fee</u>: The Fund will charge an annual management fee of 2.0% of aggregate committed capital during the five-year investment period and 2.0% of net invested capital after the investment period.</p> <p><u>Carried Interest</u>: After the limited partners receive their aggregate capital contributions 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 2035) 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 provide structured capital solutions to middle-market companies in Europe and the U.S. targeting 75% debt and 25% equity investments. The focus will be on non-sponsored companies where the Fund can partner with management.
Management Team	The General Partner is led by Bal Johal, Ian Wallis, Henry-Louis Merieux, Richard Mayers, Rob Devonshire, Sean Quinn and Louis de Montille (principals) who are based in London, Paris, New York and Dublin.
Historical Performance	The previous three MML funds have generated an aggregate gross IRR of 31.4% as of September 30, 2024. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2025-18

**Approving Investment in MML Partnership Capital VIII, SCSp
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 **MML Partnership Capital VIII, SCSp**, a fund that provides structured capital solutions including debt and equity to middle-market companies in Europe and the U.S.; and

WHEREAS, the ATRS Board approves an investment of up to **€40 million euros (€40,000,000.00)**, approximately the equivalent of **\$43 million dollars (\$43,000,000.00)** in **MML Partnership Capital VIII, SCSp** and the Board, after its review of the timing in which the closing of the investment in **MML Partnership Capital VIII, SCSp** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement 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.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **€40 million euros (€40,000,000.00)**, approximately the equivalent of **\$43 million dollars (\$43,000,000.00)** in **MML Partnership Capital VIII, SCSp** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **MML Partnership Capital VIII, SCSp**. The total investment amount is to be determined by the private equity consultant and

ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of April 2025



Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

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

Investment	Franklin Park Venture Capital Fund XV, 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	April 2025
Expected Closing Date	Closing is expected in the second quarter of 2025.
ATRS Commitment & Reason for Entry	The additional investment of up to \$40 million is to help achieve the 12% 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> : 4% carried interest after an 8% preferred return.
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 2038). 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 was 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, Katherine Carlson, Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Raymond Jackson and John Mahoney (the "Senior Team"). The Senior Team is supported by additional managing directors and analysts, as well as finance, legal and administrative staff.
Historical Performance	Since 2008, Franklin Park has invested \$1.324 billion in fourteen venture capital funds that have generated an aggregate net IRR of 19.1% as of September 30, 2024. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2025-19

**Approving Additional Investment in Franklin Park Venture
Capital Fund XV, LP 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 additional investment in **Franklin Park Venture Capital Fund XV, LP**, a fund of funds managed by Franklin Park investing in early stage venture capital funds; and

WHEREAS, the ATRS Board approves an additional investment of up to **\$40 million dollars (\$40,000,000.00)** in **Franklin Park Venture Capital Fund XV, LP** and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Venture Capital Fund XV, LP** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement 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.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **\$40 million dollars (\$40,000,000.00)** in **Franklin Park Venture Capital Fund XV, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Venture Capital Fund XV, LP**. The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of April 2025



Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

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

Investment	Franklin Park Venture Capital Opportunity Fund II, 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	April 2025
Expected Closing Date	Closing is expected in the second quarter of 2025.
ATRS Commitment & Reason for Entry	The additional investment of up to \$40 million is to help achieve the 12% 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> : 0% carried interest on fund investments and 10% on co-investments, after an 8% preferred return.
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 2039). The 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 was formed to build a well-diversified portfolio of top-tier, later stage 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, Katherine Carlson, Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Raymond Jackson and John Mahoney (the "Senior Team"). The Senior Team is supported by seven associates, seven analysts and an office manager.
Historical Performance	Franklin Park Venture Capital Opportunity Fund I is still very young and returns at this point are not meaningful. The aggregate performance for all of Franklin Park's early stage venture funds since 2008 is 19.1% net IRR as of September 30, 2024.

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

RESOLUTION
No. 2025-20

**Approving Additional Investment in Franklin Park Venture
Capital Opportunity Fund II, LP 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

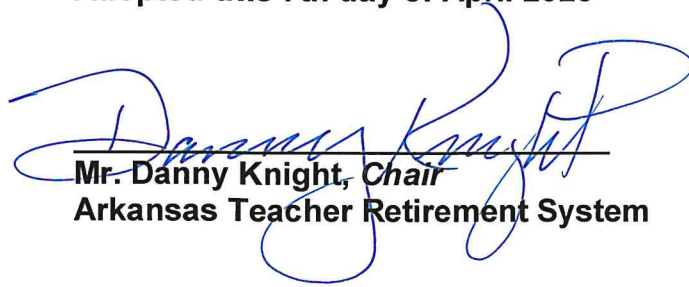
WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential additional investment in **Franklin Park Venture Capital Opportunity Fund II, LP**, a fund of funds managed by Franklin Park investing in later stage venture capital funds and venture capital co-investments; and

WHEREAS, the ATRS Board approves an additional investment of up to **\$40 million dollars (\$40,000,000.00)** in **Franklin Park Venture Capital Opportunity Fund II, LP** and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Venture Capital Opportunity Fund II, LP** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement 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.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **\$40 million dollars (\$40,000,000.00)** in **Franklin Park Venture Capital Opportunity Fund II, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Venture Capital Opportunity Fund II, LP**. The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of April 2025



Mr. Danny Knight, Chair
Arkansas Teacher Retirement System