



February 4, 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: Franklin Park Corporate Finance Access Fund III, L.P.
Strategic Partners Infrastructure IV, L.P.

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 February 3, 2025, the Board, in a regularly scheduled meeting, adopted Resolution 2025-11 to declare an Imminent Need exists to make an additional investment of up to \$40,000,000.00 in Franklin Park Corporate Finance Access Fund III, L.P. The investment was recommended by Franklin Park Associates, private equity consultants for ATRS, and ATRS staff concurs with the recommendation.

The Board also adopted Resolution 2025-13 authorizing an investment of up to \$100,000,000.00 in Strategic Partners Infrastructure IV, L.P., with Imminent Need as well. This investment was recommended by Aon Hewitt Investment Consulting, real assets consultants for ATRS, and ATRS staff concurs.

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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,

A handwritten signature in blue ink that reads "Mark White". The signature is stylized with a large, flowing "M" and a cursive "White".

Mark White
Executive Director

MW:lw

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

Investment	Franklin Park Corporate Finance Access Fund III, L.P.
Managing Party	Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February 2025
Expected Closing Date	Closing is expected by the end of March 2025.
ATRS Commitment & Reason for Entry	The additional investment of up to \$40 million in this fund 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	<p><u>Management Fee</u>: .5% of total commitments during the investment period</p> <p><u>Carried Interest</u>: 4% carried interest for total investments of \$60 million or more and 5% for investments below \$60 million, after an 8% preferred return.</p>
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 invests in small top-tier private equity funds that need additional capital to increase value. It may also invest in funds of "next generation" managers who are experienced but are typically either smaller or new to public pension plans or institutional investors.
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	The aggregate returns for the previous two funds as well as other similar portfolio investments made by Franklin Park since 2010 is 16.9% net IRR.

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

RESOLUTION
No. 2025-11

**Approving Additional Investment in Franklin Park Corporate
Finance Access Fund III, 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 Corporate Finance Access Fund III, LP**, a fund of funds managed by Franklin Park investing in smaller buyout, growth and turnaround private equity funds; and

WHEREAS, the ATRS Board approves an additional investment of up to **\$40 million dollars (\$40,000,000.00)** in **Franklin Park Corporate Finance Access Fund III, LP** and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Corporate Finance Access Fund III, 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.

NOW, 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 Corporate Finance Access Fund III, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Corporate Finance Access Fund III, 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 3rd day of February 2025


Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

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

Investment	Strategic Partners Infrastructure IV, L.P.
Managing Party	Strategic Partners Fund Solutions Advisors L.P.
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February 2025
Expected Closing Date	March 2025
ATRS Commitment & Reason for Entry	The up to \$100 million investment is to help achieve the 15% target allocation to Real Assets. The fund was recommended by the ATRS real assets consultant, Aon Hewitt Investment Consulting.
Placement Agent	No placement agent was utilized.
Key Terms	<p><u>Management Fee</u>: 1% based on committed capital during the investment period, and 1% on invested commitments thereafter.</p> <p><u>Carried Interest</u>: 12.5% of profits after LP's receive a 7% IRR preferred return.</p>
Justification of Investment Duration Term & Anticipated Termination Date	The strategy has a four-year investment period to allow time for sourcing and purchasing the limited partnership interests. The fund has a twelve-year term with two one-year extensions and anticipated maturity in 2037.
Investment Strategy	Strategic Partners Infrastructure IV L.P. is a closed end, value added fund focused on purchasing infrastructure limited partner fund interests on the secondary market at a discount to net asset value. The Fund will target a 12-15% net IRR.
Management Team	The investment team is led by Mark Bhupathi, who has 20 years of infrastructure industry experience. Mark is supported by eight senior staff members with an average of 15 years' experience each.
Historical Performance	The previous three funds in the secondary's series have averaged approximately an 18% gross IRR.

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

RESOLUTION
No. 2025-13

**Approving Investment in Strategic Partners Infrastructure IV 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

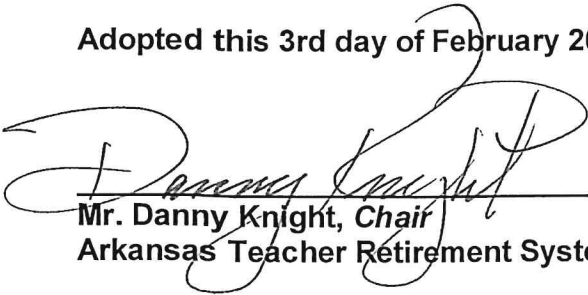
WHEREAS, the ATRS Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Strategic Partners Infrastructure IV L.P.**, a infrastructure fund managed by entities of Blackstone whose strategy will be to acquire a diversified portfolio of infrastructure assets in the form of limited partnership interest at a significant discount to net asset value; and

WHEREAS, the ATRS Board approves an investment of up to **\$100 million dollars (\$100,000,000.00)** in **Strategic Partners Infrastructure IV L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Strategic Partners Infrastructure IV L.P.** 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.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$100 million dollars (\$100,000,000.00)** in **Strategic Partners Infrastructure IV L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Strategic Partners Infrastructure IV L.P.** The total investment amount is to be determined by the real assets 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 3rd day of February 2025



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