



July 23, 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)
Investment: Novacap International Technologies VII-B, 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 investment presented at this time is considered Imminent Need due to the fact that it will likely close before the next scheduled meeting of the Arkansas Legislative Council (ALC). If ATRS were to delay closing until a later date, we would likely lose the opportunity to invest in Novacap International Technologies VII-B, LP, a highly sought-after fund. The ATRS Board of Trustees (Board) determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for this investment.

On July 21, 2025, the Board, in a called meeting, adopted Resolution 2025-31 to declare an Imminent Need exists to make an investment of up to \$35,000,000.00 in Novacap International Technologies VII-B, LP. The investment was recommended by Franklin Park Associates, private equity consultants for ATRS, and ATRS staff concurs with the recommendation.

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 to the Arkansas Legislative Council. For full and open disclosure, ATRS is attaching an executive summary for the investment to provide further details.

Ms. Patterson

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ATRS is hereby requesting that the investment 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	Novacap International Technologies VII-B, L.P. (the "Fund")
Managing Party	Novacap Management Inc., L.P. ("NovaCap" or the "General Partner")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	July 2025
Expected Closing Date	ATRS is expected to close in July 2025.
ATRS Commitment & Reason for Entry	The investment of up to \$35 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	UBS was used as a placement agent; however, ATRS's offering 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 capital commitments during the investment period, and 2.0% of net invested capital after the investment period.</p> <p><u>Carried Interest</u>: After the limited partners receive contributed capital for realized investments, a portion of partnership expenses, and an 8% preferred return on those amounts, 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 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 is being formed to make control buyout investments in middle market technology, media and telecommunications platform companies based in North America. The investment team will seek companies with a broad and diversified customer base with revenues of \$50 to \$500 million.
Management Team	The General Partner is the technology, media and telecommunications affiliate of Novacap, a large Canadian private equity firm founded in 1981. The technology group is led by eight principals including Pascal Tremblay, managing partner who is also president of Novacap.
Historical Performance	The two most recent technology funds have generated an aggregate net return of more than 1.5X cost and 20% IRR. Historical returns are not indicative of future performance.

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

RESOLUTION
No. 2025-31

**Approving Investment in Novacap International
Technologies VII-B, 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 investment in **Novacap International Technologies VII-B, LP**, a buyout fund that will invest in middle market technology, media and telecommunications platform companies in North America with add-on acquisitions made globally; and

WHEREAS, the ATRS Board approves an investment of up to **\$35 million dollars (\$35,000,000.00)** in **Novacap International Technologies VII-B, LP**, and the Board, after its review of the timing in which the closing of the investment in **Novacap International Technologies VII-B, 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 investment of up to **\$35 million dollars (\$35,000,000.00)** in **Novacap International Technologies VII-B, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Novacap International Technologies VII-B, 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 21st day of July 2025



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