ARKANSAS TEACHER RETIREMENT SYSTEM

September 11, 2019

1400 West Third Street
BOARD ROOM
Little Rock, AR 72201

<u>Board of Trustees - Called Meeting</u>
1:45 p.m.

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES - CALLED

September 11, 2019
1:45 p.m.
1400 West Third Street
Little Rock, AR 72201

I. ***Call to Order/Roll Call.** page 1.

II. ***Adoption of Agenda.** page 2.

III. Executive Summary. *Clint Rhoden, Executive Director* (Attachment No. 1) page 3.

IV. Investment Committee Report. *Robin Nichols, Investment Committee Chair*

   A. ***Recommendation to Commit up to $30 Million Dollars in KPS Special Situations Fund V, L.P., a Private Equity Turnaround Fund that will Invest in Large Manufacturing Companies with Solvable Operating and Financial Difficulties.** (Attachment No. 2) page 5.

      1. ***Resolution 2019-36.** (Attachment No. 3) page 22.

   B. ***Recommendation to Commit up to $30 Million Dollars in KPS Special Situations Mid-Cap Fund, L.P., a Private Equity Turnaround Fund that will Invest in Middle Market Manufacturing Companies with Solvable Operating and Financial Difficulties.** (Attachment No. 4) page 23.

      1. ***Resolution No. 2019-37.** (Attachment No. 5) page 40.

V. ***Executive Session: Reviewing of Applicant for Appointment of Unexpired Trustee for Position #6.** *Danny Knight, Acting Chair*

VI. ***Potential Appointment of Trustee to Fill Unexpired Term for Member Position #6.**

VII. Other Business.

VIII. ***Adjourn.**

* Action Item

2019-09-04 13:54:49.638086

EXECUTIVE SUMMARY

TO: Board of Trustees

FROM: ATRS Staff

RE: Executive Summary

DATE: September 11, 2019

IV. Investment Committee Report. ***Robin Nichols, Chair***

A. Recommendation to Commit up to $30 Million Dollars in KPS Special Situations Fund V, L.P., a Private Equity Turnaround Fund that will Invest in Large Manufacturing Companies with Solvable Operating and Financial Difficulties. ATRS invested in KPS III Supplemental in 2009 and in KPS IV in 2013. Both funds have performed very well with each generating a net IRR greater than 21%. The firm which is headquartered in New York and has an office in Frankfurt, Germany has historically made operational turnaround investments in mid-market and large manufacturing companies. Fund V will focus solely on larger companies while another new KPS fund will invest in middle market companies (see item B. below). The fund will target companies with appreciable potential that have identifiable and solvable operating and financial problems. Many of the deals will arise out of bankruptcy and out-of-court proceedings as well as acquisitions of underperforming non-core assets of large companies.

The KPS senior team is led by four principals, Michael Psaros, David Shapiro, Raquel Palmer and Jay Bernstein who have an average tenure of 24 years with the general partner. The principals are supported by mid and junior investment professionals, business development professionals and a portfolio operations group.

Both Franklin Park and ATRS staff recommend an investment of up to $30 million in KPS Special Situations Fund V, L.P.

B. Recommendation to Commit up to $30 Million Dollars in KPS Special Situations Mid-Cap Fund, L.P., a Private Equity Turnaround Fund that will Invest in Middle Market Manufacturing Companies with Solvable Operating and Financial Difficulties. This fund will be operated in the same manner as KPS Special Situations Fund V, L.P. described above except that it will focus on middle market companies. Previous KPS funds invested in both large and mid-sized companies and were highly successful with each type. Due to the robust deal flow in both the large and middle market spaces, the general partner has been able to create two separate teams to focus on specific deal sizes. The general partner will bring to bear the same expertise and resources for both funds, and the terms and economics will be the same as well. Both funds are highly sought-after and the general partner will hold only one closing for each fund in early October.

Again, both Franklin Park and ATRS staff recommend an investment of up to $30 million in KPS Special Situations Mid-Cap Fund, L.P.

V. **Executive Session.** The Board has the authority to fill vacant Board positions by appointment for member Trustees. A vacancy exists and the Board has asked for this item to be placed on the agenda. The Board has traditionally gone into Executive Session to discuss an appointment to the Board as allowed by the Arkansas Freedom of Information Act. Therefore, staff has placed this item on the Board agenda for that purpose.

VI. **Potential Appointment of Trustee to Fill Unexpired Term for Member Position #6.** As explained in V above, ATRS Certified Member – Administrator - Superintendent, Trustee Position #6, is currently vacant due to the retirement of Jeff Stubblefield. In the event the Board wishes to appoint an eligible member to serve in that position, ATRS has placed this item on the Board agenda at the request of the Board. ATRS expects that if the Board decides to appoint someone as part of the Executive Session, this will allow the Board to come out of Executive Session and make that appointment publicly.

VII. **Other Business.**

VIII. **Adjourn.**

Recommendation Report
KPS Special Situations Fund V, L.P.

Executive Summary

Fund

KPS Special Situations Fund V, L.P. (the "Fund")

General Partner

KPS Capital Partners (the "General Partner" or "KPS")

Report Date

September 2019

Fundraising

The General Partner is targeting limited partner capital commitments of $5 billion, with a cap of $6 billion. The General Partner expects to hold a single close in early October 2019.

Source

Franklin Park sourced the offering directly from the General Partner.

Key Terms[1]

Management Fee: During the Fund's seven-year investment period, the Fund will charge an annual management fee of 1.25% of commitments. Upon termination of the investment period, the Fund will charge an annual management fee equal to 1.25% of net invested capital. Management fees will be reduced by 80% of transaction fees.

Carried Interest: After limited partners receive their aggregate capital contributions for realized investments, write-offs, fees, expenses and an 8% preferred return, the General Partner will be entitled to 30% of the Fund's profits. The Fund has a clawback provision.

Termination Provisions: The General Partner may be removed for cause upon the approval of a two-thirds in interest of limited partners. The General Partner may be removed after the second anniversary of the effective date without cause upon the approval of limited partners representing 80% in interest.

Key Person: If any two of Michael Psaros, David Shapiro and Raquel Palmer depart, the investment period shall be automatically suspended.

Investment Strategy

The Fund will make control equity investments in manufacturing companies. In particular, the General Partner targets corporate carveouts, turnarounds, restructurings and other special situations. Post-acquisition, the General Partner seeks to develop and implement turnaround and business improvement plans.

Management Team

Based in New York, KPS was formed in 1997 as the successor firm to Keilin & Co., a financial restructuring firm formed in 1991. The General Partner is currently led by six senior professionals (the "Principals"). The Principals are supported by an investment staff of 15 mid and junior professionals, a portfolio operations group of 13

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[1] KPS has not yet issued the Fund's legal document. The terms summarized reflect the expected or preliminary fund terms and may be subject to change.

professionals, two business development professionals, a General Counsel/CCO and a CFO and accounting staff.

Track Record

The General Partner has raised four prior funds. The following chart summarizes the performance, as of March 31, 2019 ($000).

Aggregate Performance Summary[1]

Fund (Vintage)	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Fund I (1999)	8 / 8	174,134	337,473	0	1.9x	19.4%
Fund II (2003)	9 / 9	432,086	1,593,605	0	3.7x	75.1%
Fund III (2007)	10 / 12	1,846,183	4,229,525	425,187	2.5x	34.7%
Fund IV (2014)	2 / 7	1,519,865	944,589	1,445,866	1.6x	48.9%
Total	29 / 36	3,972,268	7,105,193	1,871,054	2.3x	35.0%

[1] Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner. Fund III includes Fund III Supplemental, an annex fund formed in 2009 to co-invest pro rata with Fund III in new investments.

Investment Evaluation

1. The Fund's strategy is compelling. Competition in the Fund's target market is relatively limited given the challenging and time intensive nature of special situations investing. Further, there is opportunity to generate compelling returns by effectively executing turnarounds of underperforming companies.

   However, turnaround investing is a higher risk strategy. While the General Partner will target companies with problems it believes can be corrected, there is risk that unforeseen issues arise or identified problems cannot be adequately addressed. Further, underperforming businesses are more susceptible to economic or capital market volatility compared to healthy companies.

2. The Principals are seasoned private equity investors. The Principals average 20 years of private equity investment experience and 20 years of tenure at KPS. Messrs. Psaros, Shapiro and Ms. Palmer have been working together for 25 years. Additionally, the investment team will leverage the operational expertise of its 13-member Portfolio Operations group to execute value creation strategies at portfolio companies.

3. The General Partner has an impressive track record. Since inception, KPS has generated a 35% gross IRR on nearly $4.0 billion invested in 36 transactions. Each of the prior funds has generated 1st or 2nd quartile performance compared to buyout funds formed in the same vintages.

4. The size of the General Partner's funds have grown significantly. At a cap of $6 billion, the Fund would be 71% larger than Fund IV, which was 75% larger than Fund III. A resulting shift to larger sized transactions could lead to more competition from financial or strategic acquirers.

Additionally, the extended investment pace for Fund IV exacerbates the fund size concern. Fund IV was formed in 2014 and will likely take 6-7 seven years to fully commit, including a two year period when no platforms were completed. However, since 2016, KPS' investment pace has normalized in a range of $440 million to $1.2 billion per year.

5. The General Partner is entitled to premium carried interest. After limited partners receive their aggregate capital contributions to the Fund and an 8% preferred return, the General Partner will be entitled to 30% of the Fund's profits versus the market standard for buyout funds of 20%.

6. In 2016, KPS sold a minority interest in the firm to Dyal Capital. While the interest carries no governance rights, the transaction raises team and alignment of interest concerns.

Recommendation

Franklin Park recommends a commitment of up to $30 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner's strategy is compelling;
- The Principals are seasoned private equity investors; and
- The General Partner's funds have generated attractive returns.

Investment Strategy

The Fund will make control equity investments in manufacturing companies. The Fund will target underperforming, distressed or non-core assets or businesses, and will seek to turnaround and improve performance to achieve stability and profitability and, subsequently, to grow both organically and through strategic acquisitions.

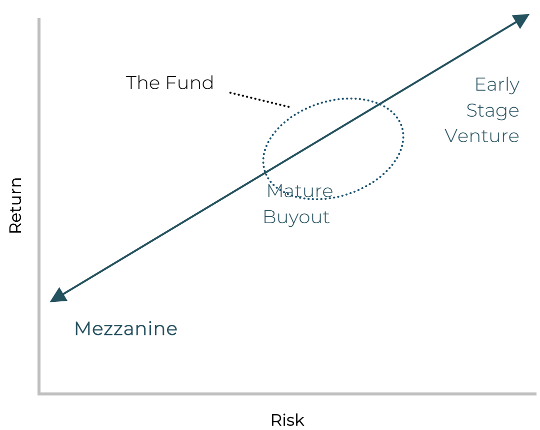
The General Partner will focus on the following types of transactions:

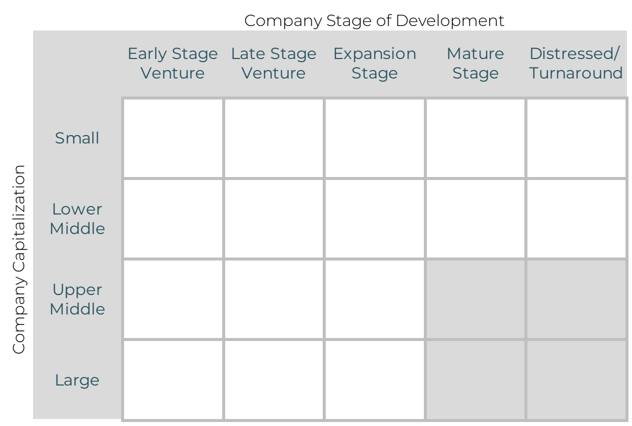
- Complex corporate divestitures and carve-outs: typically involve creating new companies to acquire non-core assets or businesses divested by larger corporations in connection with complex carve-out transactions.

- Bankruptcy and restructuring acquisitions: typically involve creating new companies to buy underperforming or distressed assets or companies, companies operating in bankruptcy, in default of obligations to creditors or with a history of recurring operating losses.

Portfolio Characteristics and Limitations

With a focus on underperforming mid and large sized companies, the Fund has a moderately higher risk profile relative to other private equity strategies. The charts below provide Franklin Park's subjective illustration of the expected risk profile of the Fund. The characteristics (region, size, stage, sector, security) of the companies targeted by the Fund are also described below:





Region: The General Partner will invest in the U.S. and Europe. There is no explicit limitation on non-U.S. investments.

Size: The Fund will target investments of $250 million to $750 million in companies with annual revenues of at least $250 million.

Stage: The Fund will invest in mature and distressed businesses.

Sector: The Fund will invest in manufacturing businesses serving a variety of end markets, including basic materials, branded consumer, healthcare and luxury products, automotive parts, capital equipment and general manufacturing.

Security Type: The Fund will primarily invest in equity and equity-like securities. The Fund may invest in debt securities with the objective of (1) ultimately converting the debt securities into a control equity interest in a company through a restructuring or (2) refinancing the company's balance sheet in the short term and inserting permanent debt financing.

Competition

Competitiveness of Strategy: The General Partner focuses on companies that are operationally challenged or undermanaged. There is typically less competition in this segment from other private equity firms.

Competitors: Other firms that may compete with the General Partner include American Industrial Partners, H.I.G., Platinum Equity and Sun Capital.

Competitive Advantages: KPS' reputation and track record of completing complex carve outs and turnarounds in the manufacturing sector has resulted in advantages in sourcing investment opportunities. Further, the Principals have long-established relationships and a strong reputation with labor unions, which have served as a unique source of deal flow for the General Partner.

Evaluation of the Strategy

1. The Fund will pursue a compelling investment strategy. Because of the complexity of special situations and the time and resources required to effectively improve underperforming businesses, the Fund's target market is relatively less competitive. As a result, turnaround investors can often acquire companies at attractive valuations.

   Further, there are substantial opportunities to improve underperforming businesses, which can lead to attractive returns. The Fund will target companies that are underperforming as a result of mismanagement, poor strategy execution or under-capitalization. Turnaround investors can generate highly attractive returns by rationalizing cost structures, introducing new management and creating appropriate capital structures.

   However, turnaround investing is a higher risk strategy. Effective execution of turnarounds is often complex and time intensive. While the General Partner will target companies with problems it believes can be corrected, there is risk that unforeseen issues arise or identified problems cannot be adequately addressed. Further, underperforming businesses are more susceptible to economic or capital market volatility compared to healthy companies.

2. The size of the General Partner's funds have grown significantly. At a cap of $6 billion, the Fund would be 71% larger than Fund IV, which was 75% larger than Fund III. A resulting shift to larger sized transactions could lead to more competition from financial or strategic acquirers.

   The uneven and extended investment pace for Fund IV exacerbates the fund size concern. Fund IV was formed in 2014 and will likely take 6-7 seven years to fully commit, including a two year period when no platforms were completed.

   The General Partner attributes the Fund IV investment pace to the high price environment when several opportunities were lost in 2015 and 2016, resulting in no investments. However, since 2016, KPS' investment pace has normalized and ranged between $440 million to $1.2 billion per year between 2017 and 2019.

3. The General Partner's strategy has evolved over time. Since Funds I-II, KPS has evolved from investing primarily in turnarounds of smaller sized businesses to investing in carve outs, industry consolidations and turnarounds of middle market companies, as summarized in the table below.

	Median $ Enterprise Value at Entry	Median % EBITDA Margin at Entry	% of Deals Carveouts	% of Deals Turnaround	% of Deals Consolidations
Fund I (est.)	<$100m	N/A	0%	100%	0%
Fund II	36	1%	0%	66%	34%
Fund III	223	4%	50%	46%	4%
Fund IV	392	1%	19%	28%	54%

Management Team

Based in New York, the General Partner was formed in 1997 as the successor firm to Keilin & Co., a financial restructuring firm formed in 1991. The General Partner is currently led by six senior professionals: Messrs. Psaros and Shapiro, Raquel Palmer, Jay Bernstein, Ryan Baker and Kyle Mumford (the "Principals"). Backgrounds of the Principals are summarized below.

Principals	**Title**	Yrs. GP	Yrs. Exp	Background
Michael Psaros	Managing Partner	27	27	Bear Stearns
David Shapiro	Managing Partner	27	27	Drexel Burnham
Raquel Palmer	Managing Partner	24	24	Kidder Peabody
Jay Bernstein	Partner	19	19	Schroders
Ryan Baker	Partner	11	11	Paul, Weiss
Kyle Mumford	Partner	10	10	UBS

Note: Additional biographical information for the team is provided in Appendix II.

Composition of Remaining Team

The Principals are supported by an investment staff of 15 mid and junior professionals, a portfolio operations group of 13 professionals, two business development professionals, a General Counsel/CCO and a CFO and accounting staff.

Historical Turnover

There have been no senior level departures from the investment team since 2005. In 2017, a mid-level professional departed and the former head of the portfolio operations group retired. Two vice presidents departed in 2012.

Future Team Growth

The General Partner believes the team is sufficiently staffed to manage the Fund.

Incentives/ Succession Planning

All investment professionals receive salaries and annual performance-based bonuses. All permanent investment and Portfolio Operations professionals participate in the Fund's carried interest. Approximately 60% of the carry will be allocated to the Principals. In 2016, the General Partner sold a minority interest (estimated at 16.9% according to Franklin Park's due diligence files) to a third party asset manager, Dyal Capital Partners ("Dyal"). Dyal is entitled to a proportional share of management fees and carried interest generated by KPS.

Investment Process and Investment Committee Composition

Once an investment opportunity has been qualified, a deal team, generally consisting of a Principal and two investment professionals, begin analysis of the opportunity. The deal team will utilize external experts to augment its own diligence in specific areas of expertise, such as manufacturing and operational efficiency, environmental risk, cash and working capital management, management information systems, accounting and tax, insurance, employee benefits, market/industry conditions and legal. As due diligence progresses, the deal team develops the target company's turnaround plan and business plan. KPS' turnaround plans are premised on cost reduction, productivity improvements, capital investment, capital availability, and, in many situations, the introduction of a new management team and business strategy. Upon completion of due diligence, investment decisions must be approved unanimously by the Principals.

Conflicts of Interest

Potential conflicts related to the allocation of investment opportunities may arise between the Fund and KPS Special Situations Mid-Cap Fund, an expected $1 billion fund that will target investments in underperforming smaller businesses. Initial equity investments of at least $75 million will generally be allocated to KPS V. Initial equity investments of less than $75 million will generally be allocated to the Mid-Cap Fund.

Litigation Involving the General Partner or Principals

The General Partner reported that there is no outstanding litigation involving the General Partner or the Principals.

Public Domain Search

News runs were conducted on the General Partner and its Principals for a time-period spanning the last five years. There were no material adverse findings.

References

In its evaluation of the Fund, Franklin Park conducted a limited number reference calls on the General Partner. These calls mainly included discussions with existing limited partners. Reference results were generally favorable and uncovered no materially adverse findings.

Evaluation of the Management Team

1. The Principals are experienced turnaround investors and have significant experience working together. The Principals average 20 years of private equity investment experience and 20 years of tenure at KPS. Messrs. Psaros, Shapiro and Ms. Palmer have been working together for 25 years.

2. KPS has dedicated team resources focused on portfolio company operations. KPS' Portfolio Operations group consists of 13 professionals, led by five Managing Directors. Typically, one Portfolio Operations Managing Director joins each portfolio company deal team to help create and monitor the execution of value creation strategies. These resources serve to leverage the investment team and has resulted in impressive operating performance at portfolio companies in KPS' last two funds.

3. The Principals' relationship network with labor unions provides advantages to the Fund. Since 1991, Messrs. Psaros and Shapiro have focused on underperforming manufacturing companies, which often have a significant organized labor presence. Through their experience, Messrs. Psaros and Shapiro have developed strong and trusted relationships with various labor unions, which have led to advantages in attracting and closing investments in companies with organized labor constituencies.

4. The General Partner sold a minority interest in the management company to a third party asset manager, Dyal. While the interest carries no governance rights, the transaction raises team and alignment of interest concerns.

5. The General Partner is simultaneously raising a mid-market fund. While the mid-market fund will be led a dedicated team, the fund may compete for the General Partner's time and resources.

Track Record

KPS has raised four prior private equity funds. Fund I was formed in 1999 with $211 million in capital commitments. Fund II was formed in 2003 with $404 million in commitments. In 2007, KPS formed Fund III with $1.2 billion in commitments. In 2009, KPS formed an annex to Fund III ("Fund III-S") with $800 million in commitments to co-invest pro-rata with Fund III on all new investments. Fund IV was formed in 2014 with $3.5 billion in commitments. The following tables summarize the performance of the prior funds, as of March 31, 2019 ($000).

Aggregate Performance Summary[1]

Fund (Vintage)	**Fund Size**	Rlzd Deals/ # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Fund I (1999)	211,000	8/8	174,134	337,473	0	1.9x	19.4%
Fund II (2003)	404,000	9/9	432,086	1,593,605	0	3.7x	75.1%
Fund III/S (2007)[2]	2,000,000	10/12	1,846,183	4,229,525	425,187	2.5x	34.7%
Fund IV (2014)	3,500,000	2/7	1,519,865	944,589	1,445,866	1.6x	48.9%
Total		29/36	3,972,268	7,105,193	1,871,054	2.3x	35.0%

Performance vs. Benchmark[3,4]

	General Partner			vs. First Quartile Benchmarks		
Fund (Vintage)	Net IRR	DPI	TVPI	Net IRR	DPI	TVPI
Fund I (1999)	14.3%	1.6x	1.6x	14.2%	1.9x	2.0x
Fund II (2003)	56.1%	3.4x	3.4x	21.1%	2.1x	2.2x
Fund III/S (2007)	22.9%	1.8x	2.0x	16.0%	1.9x	2.2x
Fund IV (2014)	20.0%	0.4x	1.3x	23.6%	0.5x	1.6x

Benchmark Analysis[3,4]

	General Partner			Quartile Ranking		
Fund (Vintage)	Net IRR	DPI	TVPI	Net IRR	DPI	TVPI
Fund I (1999)	14.3%	1.6x	1.6x	1st	2nd	2nd
Fund II (2003)	56.1%	3.4x	3.4x	1st	1st	1st
Fund III/S (2007)	22.9%	1.8x	2.0x	1st	2nd	2nd
Fund IV (2014)	20.0%	0.4x	1.3x	2nd	2nd	3rd

[1] Gross of fees and carried interest expenses. The unrealized investments are valued by the General Partner.
[2] Includes both Fund III and Fund III-S.
[3] Net of fees and carried interest expense data provided by the General Partner.
[4] Benchmark data provided by Cambridge Associates: (Buyout Funds) at March 31, 2019.

Evaluation of the Track Record

1. The General Partner's track record is attractive.
   - Since inception, KPS has generated a 35% gross IRR on nearly $4.0 billion invested in 36 transactions. Further, 29 investments have been realized to date generating an aggregate 2.7x gross ROI and a 36% gross IRR.
   - Each of the prior funds has generated 1st or 2nd quartile performance compared to buyout funds formed in the same vintages.
   - Fund IV has generated two realizations for 3.2x and 5.0x.

2. KPS' portfolio companies have generated compelling operating performance since investment. The table below presents median entry and operating performance statistics for the Fund III and IV portfolios.

							EBITDA Margin Change[1]	
	Hold (yrs)	TEV ($M)	Entry Mult.	Rev. CAGR[1]	EBITDA CAGR[1]	Net Debt Change[1]	# Pos.	# Neg.
Fund III	4.6	$222.5	6.0x	2.7%	20.0%	56.7%	10	2
Fund IV	1.7	$392.0	6.8x	11.6%	17.2%	12.6%	5	2

[1] Since investment

Fundraising

The General Partner is targeting capital commitments of $5 billion for the Fund, with a cap of $6 billion. The General Partner expects to hold a single close in October 2019.

Select limited partners in the prior funds are summarized below:

- Cascade Investment, LLC
- J.P. Morgan
- BellSouth Corporation
- CalPERS
- Commonfund
- NYCRF
- MC Capital
- New Mexico State
- General Electric Capital Corporation
- The United Food and Commercial Workers
- Arkansas Teacher Retirement System
- Illinois State Investment Board
- Crown Holdings
- West Virginia Investment Management Board
- State of New Jersey
- 1199 Health Care Employees Pension
- UNITE National Retirement Fund
- IUE-CWA Pension Fund
- UNITE HERE Workers Pension Fund
- Denver Public Schools Retirement System
- Daido Life Insurance
- Hewlett-Packard
- RCP
- Palladian Partners
- Sovereign Fund of Funds
- City of Philadelphia
- Mass. Laborers' Pension Fund
- Montgomery County Employees Retirement
- Florida State Board of Administration
- State of Oregon

Appendix I
Summary of Due Diligence Performed

As part of its review of the Fund offering, Franklin Park completed the following:

- Reviewed the Fund's offering materials in July 2019;
- Conducted analysis on the General Partner's team and track record in July and August 2019;
- Attended the General Partner's investor day conference in New York in July 2019;
- Prepared this memo summarizing our findings.

Appendix II
Principals' Biographies

Michael Psaros is a founding and Managing Partner of KPS Capital Partners. Prior to founding KPS and joining Keilin & Co. in 1991, Mr. Psaros was an investment banker with Bear, Stearns & Co., Inc. He graduated from Georgetown University and attended Sofia University in Tokyo, Japan.

David Shapiro is a founding and Managing Partner of KPS Capital Partners. Prior to founding KPS and joining Keilin & Co. in 1991, Mr. Shapiro was an investment banker with Drexel Burnham Lambert and Dean Witter Reynolds. Mr. Shapiro received a B.A. from the University of Michigan and an MBA from the University of Chicago Graduate School of Business.

Raquel Palmer is a Managing Partner of KPS Capital Partners. Prior to joining KPS in 1997 and Keilin & Co. in 1994, Ms. Palmer was an investment banker with Kidder, Peabody & Co. She received a degree in Political Science from Stanford University.

Jay Bernstein is a Partner of KPS Capital Partners. Prior to joining KPS in 1999, Mr. Bernstein was an investment banker in the M&A Group at Schroders. He received a B.A. from the University of Michigan and an MBA from the Columbia University Graduate School of Business.

Ryan Baker is a Partner of KPS Capital Partners. Prior to joining KPS in 2007, Mr. Baker was an associate at Paul, Weiss, Rifkind, Wharton & Garrison in their Mergers & Acquisitions Group. Mr. Baker graduated from the University of Toronto's Joseph L. Rotman School of Management with an M.B.A and the Faculty of Law with a J.D. Mr. Baker graduated from the University of Western Ontario with a B.S. in computer science and statistical sciences.

Kyle Mumford is a Partner of KPS Capital Partners. Prior to joining KPS in 2008, Mr. Mumford was an analyst with UBS Investment Bank in the Global Industrial Group. Mr. Mumford holds a B.A. from Bucknell University in Philosophy and Comparative Humanities.

Appendix III
Summary of Terms

Term	Fund's Proposed Term	Negotiation Recommendation
Fund Size		
Target Size	$5 billion	None
Minimum Size	Not Stated	None
Maximum Size	$6 billion	None
Duration		
Investment Period	The Fund's investment period will be seven years.	Reduce
Capital Reinvestment[1]	Capital returned to investors within 18 months from the date of the capital call is subject to be recalled for new investments. In addition, fees and expenses returned through distributions may be recalled.	TBD
Term	The Fund's term will be 12 years from the final closing date subject to two one-year extensions with consent from the Advisory Board.	Reduce
Limitations on Investment Activities		
Single Portfolio Company[1]	The Fund will generally not invest more than 20% of the capital in a single portfolio company. However, the threshold may be increased to 25% with Advisory Board approval. Further, including bridge financings, the Fund shall not invest more than 30% of aggregate commitments in a single company.	TBD
Geographic Limitations	TBD.	TBD
Public Securities[1]	The Fund will not invest in publically listed companies unless the intent is to obtain control.	TBD
Fees and Carried Interest		
Management Fee	During the Fund's investment period, the Fund will charge an annual management fee of 1.25% of commitments. Upon termination of the investment period, the Fund will charge an annual management fee equal to 1.25% of net invested capital.	None

Transaction Fees	The management fee will be reduced by 100% of all net monitoring fees and 80% of all other net transaction fees.	Increase offset percentage
Organizational Expenses	TBD.	TBD
Carried Interest	After limited partners receive their aggregate capital contributions on realized investments, write-offs, fees and expenses and an 8% preferred return, the General Partner will be entitled to 30% of the Fund's profits.	Include hurdle for premium carry
Clawback Provision[1]	If the General Partner receives more than in it allocated share of profits, the General Partner will refund such excess. Members of the General Partner receiving carried interest shall severally guaranty to pay his/her share of clawback obligation.	TBD

Management of the Fund

GP Commitment	The General Partner will $120 million to the Fund.	None
Key-Person Provision[1]	If any two of Michael Psaros, David Shapiro and Raquel Palmer depart, the investment period will be automatically suspended. Within 90 days of the suspension, a majority in interest of the limited partners may vote to reinstate the investment period.	TBD
Advisory Committee[1]	The Fund will have an advisory board comprised of limited partners to review certain conflicts of interest matters.	TBD

[1] Reflects term for Fund IV.

Evaluation of the Investment Terms

The General Partner has not yet published a PPM or LPA, however, several of the Fund's terms that have been proposed are not consistent with market standards:

- Investment period: the Fund has proposed a seven-year investment period compared to five to six years that is typical for buyout funds.
- Fund term: the Fund has proposed a 12 year term compared to the market standard of 10 years.
- Transaction fees: similar sized buyout funds have transaction fee offsets of 100% compared to 80% proposed for the Fund.
- Carried interest: the Fund has proposed 30% carried interest compared to the market standard of 20%. Consider adding a TVPI hurdle in order for the General Partner to be entitled to above-market carry.

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

R E S O L U T I O N
No. 2019-36

Approving Investment in KPS Special Situations Fund V, L.P.

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 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 **KPS Special Situations Fund V, L.P.,** a fund that seeks to make turnaround investments in large manufacturing companies.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$30 million dollars ($30,000,000.00)** in **KPS Special Situations Fund V, L.P.** 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 ATRS Board; and

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

Adopted this 11th day of September, 2019.

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

Arkansas Teacher Retirement System

Recommendation Report
KPS Special Situations Mid-Cap Fund, L.P.

FRANKLIN PARK

Executive Summary

Fund	KPS Special Situations Mid-Cap Fund, L.P. (the "Fund")
General Partner	KPS Capital Partners (the "General Partner" or "KPS")
Report Date	September 2019
Fundraising	The General Partner is targeting limited partner capital commitments of $750 million, with a cap of $1 billion. The General Partner expects to hold a single close in early October 2019.
Source	Franklin Park sourced the offering directly from the General Partner.
Key Terms[1]	Management Fee: During the Fund's seven-year investment period, the Fund will charge an annual management fee of 1.25% of commitments. Upon termination of the investment period, the Fund will charge an annual management fee equal to 1.25% of net invested capital. Management fees will be reduced by 80% of transaction fees. Carried Interest: After limited partners receive their aggregate capital contributions for realized investments, write-offs, fees, expenses and an 8% preferred return, the General Partner will be entitled to 30% of the Fund's profits. The Fund has a clawback provision. Termination Provisions: The General Partner may be removed for cause upon the approval of a two-thirds in interest of limited partners. The General Partner may be removed after the second anniversary of the effective date without cause upon the approval of limited partners representing 80% in interest. Key Person: TBD.
Investment Strategy	The Fund will make control equity investments in lower-mid market manufacturing companies serving a diverse set of end markets. Target companies will be experiencing transition or challenged by the need to effect operational change. The Fund will target underperforming, distressed or non-core assets or businesses, and will seek to turnaround or improve performance to achieve stability and profitability and, subsequently, to grow both organically and through strategic acquisitions.
Management Team	Based in New York, KPS was formed in 1997 as the successor firm to Keilin & Co., a financial restructuring firm formed in 1991. The Fund's dedicated team will consist of two senior professionals: Ryan Harrison and Pierre de Villemejane (the "Principals"). KPS' senior partners, including Michael Psaros, David Shapiro, Raquel Palmer and

[1] KPS has not yet issued the Fund's legal document. The terms summarized reflect the expected or preliminary fund terms and may be subject to change.

Jay Bernstein, will provide oversight and support and, together with the Principals, will comprise the Fund's investment committee. The Principals will be supported two mid and two junior professionals, a portfolio operations professional and a business development professional.

Track Record

KPS has raised four prior funds, which have evolved to target larger sized companies. The Fund represents KPS' first vehicle dedicated to mid-sized companies. Performance for KPS' prior flagship funds is summarized below, as of March 31, 2019 ($000).

Aggregate Performance Summary[1]

Fund (Vintage)	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Fund I (1999)	8 / 8	174,134	337,473	0	1.9x	19.4%
Fund II (2003)	9 / 9	432,086	1,593,605	0	3.7x	75.1%
Fund III (2007)	10 / 12	1,846,183	4,229,525	425,187	2.5x	34.7%
Fund IV (2014)	2 / 7	1,519,865	944,589	1,445,866	1.6x	48.9%
Total	29 / 36	3,972,268	7,105,193	1,871,054	2.3x	35.0%

[1] Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner. Fund III includes Fund III Supplemental, an annex fund formed in 2009 to co-invest pro rata with Fund III in new investments.

The following table summarizes performance for investments from KPS' prior flagship funds that are deemed relevant to the Fund's strategy based on investment size, including (1) all investments below $125 million in size ("Small & Mid") and (2) investments between $50 million and $125 million in size ("Mid"), where the Fund is expected to focus. Performance is as of March 31, 2019 ($000).

	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Total (Small & Mid)	18 / 19	816,256	2,350,149	328,811	3.3x	32.7%
Total (Mid Cap)	6 / 7	537,591	1,676,292	328,811	3.7x	58.5%

[1] Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner.

Investment Evaluation

1. The Fund's strategy is compelling. Competition in the Fund's target market is relatively limited given the challenging and time intensive nature of turnaround investing. Further, there is opportunity to generate compelling returns by effectively executing turnarounds of underperforming companies.

   However, turnaround investing is a higher risk strategy. While the General Partner will target companies with problems it believes can be corrected, there is risk that unforeseen issues arise or identified problems cannot be adequately addressed. Further, underperforming businesses are more susceptible to economic or capital market volatility compared to healthy companies.

2. The Principals have not previously managed a fund and do not have deep private equity investment experience. These concerns are partly mitigated by:
   - Involvement and oversight of KPS' senior partners, who will also serve on the Fund's investment committee.
   - Mr. Harrison, who was recently promoted, has worked at KPS for 12 years. He also helped open KPS' office in Germany before returning to the U.S.
   - Mr. de Villemejane has served as a CEO in three prior KPS portfolio companies and has been affiliated with KPS since 2003.

3. KPS' flagship funds have generated attractive returns. Since inception, KPS has generated a 35% gross IRR on nearly $4.0 billion invested in 36 transactions. Each of the prior funds has generated 1st or 2nd quartile performance compared to peer universe buyout funds formed in the same vintages. Further, the more relevant small and mid-cap investments from the earlier flagship funds have generated impressive results.

4. The General Partner is entitled to premium carried interest. After limited partners receive their aggregate capital contributions to the Fund and an 8% preferred return, the General Partner will be entitled to 30% of the Fund's profits versus the market standard for buyout funds of 20%.

5. In 2016, KPS sold a minority interest in the firm to a third party asset manager, Dyal Capital. While the interest carries no governance rights, the transaction raises team and alignment of interest concerns.

Recommendation

Franklin Park recommends a commitment of up to $30 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner's strategy is compelling;
- KPS' flagship funds have generated attractive returns and prior small and mid-cap investments have performed well; and
- The Principals have complementary backgrounds and will be supported by KPS' senior partners, who are seasoned investors.

Investment Strategy

The Fund will make control equity investments in mid-sized manufacturing companies. The Fund will target underperforming, distressed or non-core assets or businesses, and will seek to turnaround and improve performance to achieve stability and profitability and, subsequently, to grow both organically and through strategic acquisitions.

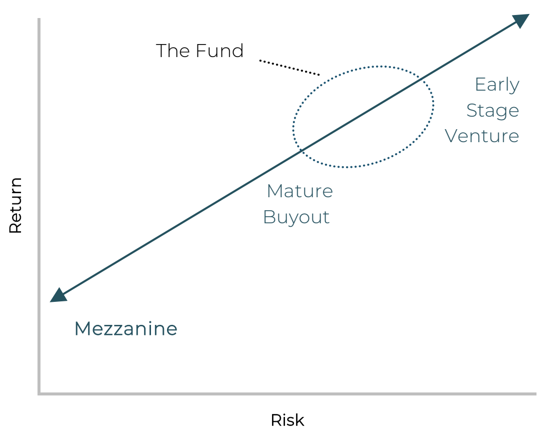
The General Partner will focus on the following types of transactions:

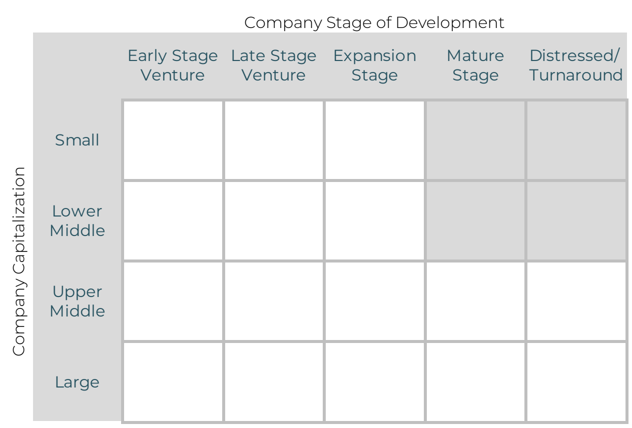
- Complex corporate divestitures and carve-outs: typically involve creating new companies to acquire non-core assets or businesses divested by larger corporations in connection with complex carve-out transactions.

- Bankruptcy and restructuring acquisitions: typically involve creating new companies to buy underperforming or distressed assets or companies, companies operating in bankruptcy, in default of obligations to creditors or with a history of recurring operating losses.

Portfolio Characteristics and Limitations

With a focus on underperforming mid-sized companies, the Fund has a moderately higher risk profile relative to other private equity strategies. The charts below provide Franklin Park's subjective illustration of the expected risk profile of the Fund. The characteristics (region, size, stage, sector, security) of the companies targeted by the Fund are also described below:





Region: The General Partner will invest in the U.S. and Europe. There is no explicit limitation on non-U.S. investments.

Size: The Fund will target investments of $50 million to $125 million in companies with annual revenues of at least $100 million.

Stage: The Fund will invest in mature and distressed businesses.

Sector: The Fund will invest in manufacturing businesses serving a variety of end markets, including basic materials, branded consumer, healthcare and luxury products, automotive parts, capital equipment and general manufacturing.

Security Type: The Fund will primarily invest in equity and equity-like securities. The Fund may invest in debt securities with the objective of (1) ultimately converting the debt securities into a control equity interest in a company through a restructuring or (2) refinancing the company's balance sheet in the short term and inserting permanent debt financing.

Competition

Competitiveness of Strategy: The General Partner focuses on companies that are operationally challenged or undermanaged. There is typically less competition in this segment from other private equity firms.

Competitors: Other firms that may compete with the General Partner include Atlas, Center Rock, Sun Capital, Trive and Wynnchurch.

Competitive Advantages: KPS' reputation and track record of completing complex carve outs and turnarounds in the manufacturing sector has resulted in advantages in sourcing investment opportunities. Further, the Principals have long-established relationships and a strong reputation with labor unions, which have served as a unique source of deal flow for the General Partner.

Evaluation of the Strategy

1. The Fund will pursue a compelling investment strategy. Because of the complexity of distressed situations and the time and resources required to effectively execute turnarounds of underperforming businesses, the Fund's target market is relatively less competitive. As a result, turnaround investors can often acquire companies at attractive valuations.

   Further, there are substantial opportunities to improve underperforming businesses, which can lead to attractive returns. The Fund will target companies that are underperforming as a result of mismanagement, poor strategy execution or under-capitalization. Turnaround investors can generate highly attractive returns by rationalizing cost structures, introducing new management and creating appropriate capital structures.

   However, turnaround investing is a higher risk strategy. Effective execution of turnarounds is often complex and time intensive. While the General Partner will target companies with problems it believes can be corrected, there is risk that unforeseen issues arise or identified problems cannot be adequately addressed. Further, underperforming businesses are more susceptible to economic or capital market volatility compared to healthy companies.

Management Team

Based in New York, KPS was formed in 1997 as the successor firm to Keilin & Co., a financial restructuring firm formed in 1991. The Fund's dedicated team will consist of two senior professionals: Ryan Harrison and Pierre de Villemejane (the "Principals").

Principals	**Title**	Yrs. GP	Yrs. Exp	Background
Pierre de Villeméjane	Partner (Mid Cap)	1	1	Operating company roles
Ryan Harrison	Partner (Mid Cap)	12	12	Aeris Capital

Note: Additional biographical information for the team is provided in Appendix II.

Composition of Remaining Team

KPS' senior partners, including Michael Psaros, David Shapiro, Raquel Palmer and Jay Bernstein, will provide oversight and support and, together with the Principals, will comprise the Fund's investment committee.

The Principals are currently supported by one mid-level professional and one junior professional.

Historical Turnover

The General Partner's senior team was recently formed. There have been no senior level departures from KPS' investment team since 2005. In 2017, a mid-level professional departed and the former head of the portfolio operations group retired. Two vice presidents departed in 2012.

Future Team Growth

The General Partner is planning to add one additional mid-level and one additional junior professional, as well as a professional focused on business development and an operating partner.

Incentives/ Succession Planning

All investment professionals receive salaries and annual performance-based bonuses. The Fund's dedicated team will be allocated 40% of the carried interest, with the remainder allocated to the partners/owners of the firm. In 2016, the General Partner sold a minority interest (estimated at 16.9% according to Franklin Park's due diligence files) to a third party asset manager, Dyal Capital Partners ("Dyal"). Dyal is entitled to a proportional share of management fees and carried interest generated by KPS.

Investment Process and Investment Committee Composition

Once an investment opportunity has been qualified, a deal team, generally consisting of a Principal and two investment professionals, begin analysis of the opportunity. The deal team will utilize external experts to augment its own diligence in specific areas of expertise, such as manufacturing and operational efficiency, environmental risk, cash and working capital management, management information systems, accounting and tax, insurance, employee benefits, market/industry conditions and legal. As due diligence progresses, the deal team develops the target company's turnaround plan and business plan. KPS' turnaround plans are premised on cost reduction, productivity improvements, capital investment, capital availability, and, in many situations, the introduction of a new management team and business strategy. Upon completion of due diligence, investment decisions must be approved unanimously by the Principals.

Conflicts of Interest

Potential conflicts related to the allocation of investment opportunities may arise between the Fund and KPS Special Situations Fund V, an expected $6 billion fund that will target investments in underperforming larger businesses. Initial equity investments of at least $75 million will generally be allocated to KPS V. Initial equity investments of less than $75 million will generally be allocated to the Fund.

Litigation Involving the General Partner or Principals

The General Partner reported that there is no outstanding litigation involving the General Partner or the Principals.

Public Domain Search

News runs were conducted on the General Partner and its Principals for a time-period spanning the last five years. There were no material adverse findings.

References

In its evaluation of the Fund, Franklin Park conducted a limited number reference calls on the General Partner. These calls mainly included discussions with existing limited partners. Reference results were generally favorable and uncovered no materially adverse findings.

Evaluation of the Management Team

1. The Principals have not previously managed a fund and do not have deep private equity investment experience. Further, 60% of the Fund's carry will be allocated to KPS partners/owners and 40% to the team. These concerns are partly mitigated by:
   - Involvement and oversight of KPS' senior partners, who will also serve on the Fund's investment committee;
   - Mr. Harrison, who was recently promoted, has worked at KPS for 12 years. He also helped to opened KPS' office in Germany before returning to the U.S.
   - Mr. de Villemejane has served as a CEO in three prior KPS portfolio companies and has been affiliated with KPS since 2003.

2. KPS' relationship network and reputation with labor unions should provide advantages to the Fund. Since 1991, KPS partners have focused on underperforming manufacturing companies, which often have a significant organized labor presence. Through their experience, the senior team has developed strong and trusted relationships with various labor unions, which have led to advantages in attracting and closing investments in companies with organized labor constituencies.

3. The General Partner sold a minority interest in the management company to Dyal. While the interest carries no governance rights, the transaction raises team and alignment of interest concerns.

Track Record

KPS has raised four prior private equity funds, which have evolved to larger sized transactions. While KPS has not previously managed a fund focused on smaller sized companies, there are relevant prior transactions completed in the earlier flagship funds. The following table summarizes performance for prior investments that are deemed relevant to the Fund's strategy based on investment size, including (1) all investments below $125 million in size ("Small & Mid") and (2) investments between $50 million and $125 million in size ("Mid"), where the Fund is expected to focus. Performance is as of March 31, 2019 ($000).

	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Total (Small & Mid)	18 / 19	816,256	2,350,149	328,811	3.3x	32.7%
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[1] Gross of fees and carried interest expenses. The unrealized investments are valued by the General Partner.

Evaluation of the Track Record

1. KPS's flagship funds have generated attractive returns. Since inception, KPS has generated a 35% gross IRR on nearly $4.0 billion invested in 36 transactions. Each of the prior funds has generated 1st or 2nd quartile performance compared to buyout funds formed in the same vintages.

   Further, the more relevant small and mid-cap investments from the earlier flagship funds have generated impressive results. 19 investments below $125 million in size have generated a 32.7% gross IRR and seven mid cap investments between $50 million and $125 million in invested capital have generated a gross IRR of 58.5%.

Fundraising

The General Partner is targeting capital commitments of $750 million for the Fund, with a cap of $1 billion. The General Partner expects to hold a single close in October 2019.

Appendix I
Summary of Due Diligence Performed

As part of its review of the Fund offering, Franklin Park completed the following:

- Reviewed the Fund's offering materials in July 2019;
- Conducted analysis on the General Partner's team and track record in July and August 2019;
- Attended the General Partner's investor day conference in New York in July 2019;
- Prepared this memo summarizing our findings.

Appendix II
Principals' Biographies

Pierre de Villeméjane has been associated with KPS since 2003, serving as Chief Executive Office of three KPS portfolio companies: Speedline Technologies, Inc., a supplier of high-tech equipment and service solutions used in the electronics industry, WWRD, a provider of luxury home consumer products and Heritage Home Group, a designer, manufacturer and retailer of home furnishings. Mr. de Villeméjane was previously responsible for mergers & acquisitions and strategic planning at Cookson Group. Prior to that, he was responsible for global product management and marketing strategy at a division of L'Oréal. Mr. de Villeméjane graduated from Hautes Etudes Commericales (HEC) with a degree in Marketing and Finance.

Ryan Harrison first joined KPS in 2005 and has worked in both KPS' New York and Frankfurt offices. Prior to joining KPS, Mr. Harrison was an investment banker at Credit Suisse. He received an MBA from the University of Cambridge (2009-2011, rejoining KPS in 2012) and graduated from the University of Western Ontario with an Honors in Business Administration.

Appendix III
Summary of Terms

Term	Fund's Proposed Term	Negotiation Recommendation
Fund Size		
Target Size	$750 million	None
Minimum Size	Not Stated	None
Maximum Size	$1 billion	None
Duration		
Investment Period	The Fund's investment period will be seven years.	Reduce
Capital Reinvestment[1]	Capital returned to investors within 18 months from the date of the capital call is subject to be recalled for new investments. In addition, fees and expenses returned through distributions may be recalled.	TBD
Term	The Fund's term will be 12 years from the final closing date subject to two one-year extensions with consent from the Advisory Board.	Reduce
Limitations on Investment Activities		
Single Portfolio Company[1]	The Fund will generally not invest more than 20% of the capital in a single portfolio company. However, the threshold may be increased to 25% with Advisory Board approval. Further, including bridge financings, the Fund shall not invest more than 30% of aggregate commitments in a single company.	TBD
Geographic Limitations	TBD.	TBD
Public Securities[1]	The Fund will not invest in publically listed companies unless the intent is to obtain control.	TBD
Fees and Carried Interest		
Management Fee	During the Fund's investment period, the Fund will charge an annual management fee of 1.25% of commitments. Upon termination of the investment period, the Fund will charge an annual management fee equal to 1.25% of net invested capital.	None

Transaction Fees	The management fee will be reduced by 100% of all net monitoring fees and 80% of all other net transaction fees.	Increase offset percentage
Organizational Expenses	TBD.	TBD
Carried Interest	After limited partners receive their aggregate capital contributions on realized investments, write-offs, fees and expenses and an 8% preferred return, the General Partner will be entitled to 30% of the Fund's profits.	Include hurdle for premium carry
Clawback Provision[1]	If the General Partner receives more than in it allocated share of profits, the General Partner will refund such excess. Members of the General Partner receiving carried interest shall severally guaranty to pay his/her share of clawback obligation.	TBD

Management of the Fund

GP Commitment	The General Partner will commit $20 million to the Fund.	None
Key-Person Provision	TBD	TBD
Advisory Committee[1]	The Fund will have an advisory board comprised of limited partners to review certain conflicts of interest matters.	TBD

[1] Reflects term for KPS' most recent flagship fund.

Evaluation of the Investment Terms

The General Partner has not yet published a PPM or LPA, however, several of the Fund's terms that have been proposed are not consistent with market standards:

- Investment period: the Fund has proposed a seven-year investment period compared to five to six years that is typical for buyout funds.
- Fund term: the Fund has proposed a 12 year term compared to the market standard of 10 years.
- Transaction fees: similar sized buyout funds have transaction fee offsets of 100% compared to 80% proposed for the Fund.
- Carried interest: the Fund has proposed 30% carried interest compared to the market standard of 20%. Consider adding a TVPI hurdle in order for the General Partner to be entitled to above-market carry.

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

R E S O L U T I O N
No. 2019-37

Approving Investment in KPS Special Situations Mid-Cap Fund, L.P.

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 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 **KPS Special Situations Mid-Cap Fund, L.P.,** a fund that seeks to make turnaround investments in middle market manufacturing companies.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$30 million dollars ($30,000,000.00)** in **KPS Special Situations Mid-Cap Fund, L.P.** 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 ATRS Board; and

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

Adopted this 11th day of September, 2019.

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