

**Arkansas Legislative Council Report  
For Emergency Approval of  
APERS Investment Summaries**

**July 7, 2025**

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On June 27, 2025, the Co-chairs of the Legislative Council received a request for emergency action related to review of the following proposed investments by the Arkansas Public Employees Retirement System ("APERS"), pursuant to Ark. Code Ann. § 19-11-1302, *et seq.*:


- HarbourVest APERS PC Fund, L.P.;
- Neuberger Berman Private Debt Eagle Fund, L.P.; and
- CBRE Real Estate Partners 2 SCSp, L.P.

The regularly scheduled meeting of the Legislative Council for the month of July 2025, has been cancelled, and the listed APERS investments are expected to be funded in July of 2025, and cannot wait for review until the next regularly scheduled meeting of the Legislative Council in August.

Under Rule 16 of the Rules of the Arkansas Legislative Council, Senator Ben Gilmore and Representative Les Eaves, Co-Chairs of the Legislative Council, have determined that emergency approval of the three (3) APERS investments, as described in the attachment, is necessary, and provide their unanimous agreement to review the investments as required by Ark. Code Ann. § 19-11-1302(a).

This action is taken by the Co-Chairs on behalf of the Legislative Council and shall be reported to the Legislative Council at its next regularly scheduled meeting, in accordance with Rule 16.

Respectfully Submitted,

  
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Senator Ben Gilmore, Co-Chair  
Arkansas Legislative Council

  
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Representative Les Eaves, Co-Chair  
Arkansas Legislative Council

## Private Credit Fund Investment Executive Summary

<b>Investment</b>	HarbourVest APERS PC Fund, L.P. (the "Fund")
<b>Managing Party</b>	HarbourVest Partners, LLC (the "General Partner" or "GP")
<b>APERS Legal Interest</b>	APERS will be a Limited Partner ("LP")
<b>Report Date</b>	July 18, 2025
<b>Expected Funding Date</b>	Beginning July 2025
<b>APERS Commitment &amp; Reason for Entry</b>	A commitment of \$550 million will be necessary to achieve a \$230 million (Year 1) to a \$550 million (Year 5) Net Asset Value target allocation within the APERS' Public Credit/Private Credit investments. The fund was vetted and recommended by the APERS Private Credit consultant.
<b>Placement Agent</b>	No placement agent was utilized.
<b>Key Terms</b>	<p><u>Management Fee</u>: Assuming an 8-year term for both the credit secondaries fund and the direct lending funds, the blended management fee is ~20.3 bps on committed capital for 8 yrs. (The HarbourVest fund is 35bps on invested capital. The external funds are 10bps per year on committed capital.)</p> <p><u>Carried Interest</u>: Blended carried interest is ~5.55% with a 6% hurdle. (HarbourVest is 10% with a 6.00% hurdle; the external funds have none)</p>
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	The investment is an "evergreen" investment structure. There is an initial 3-year lock up. After 36 months, APERS has the option to redeem any or all of the investment.
<b>Investment Strategy</b>	The strategy seeks to provide generate positive returns in private credit markets through primary credit and secondary commitments. The Fund will initially have 2 Tranches; Tranche 1 will make commitments to the HV Credit Secondaries Fund and Tranche 2 will make all other investments.
<b>Management Team</b>	The primary investment strategy team members are: <u>Greg Ciesielski</u> (Managing Director), <u>Lee Incandela</u> (Managing Director), <u>Jeff Keay</u> (Managing Director), <u>Peter Lipson</u> (Managing Director), <u>Greg Stento</u> (Head of Investments) and <u>Charlie Teeple</u> (Managing Director).
<b>Historical Performance</b>	HarbourVest does have a successful track record. The gross model IRR for 1-year is 13.5% and for 3-year is 14.3%

\* Historical returns are not indicative of future performance



## Private Debt Investment Executive Summary

<b>Investment</b>	Neuberger Berman Private Debt Eagle Fund, L.P. (the "Fund")
<b>Managing Party</b>	Neuberger Berman, LLC (the "General Partner" or "GP")
<b>APERS Legal Interest</b>	APERS will be a Limited Partner ("LP")
<b>Report Date</b>	July 18, 2025
<b>Expected Funding Date</b>	Beginning July 2025
<b>APERS Commitment &amp; Reason for Entry</b>	A commitment of \$200 million will be necessary to achieve a \$170 to \$180 million Net Asset Value target allocation within the APERS' Public Credit/Private Credit investments. The fund was vetted and recommended by the APERS Private Credit consultant.
<b>Placement Agent</b>	No placement agent was utilized.
<b>Key Terms</b>	<p><u>Management Fee</u>: The fund will charge a management fee of 0.30% on notional.</p> <p><u>Carried Interest</u>: After a 7.00% hurdle is achieved the General Partner receives a 10.0% carried interest and 100% GP catch-up.</p>
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	The investment is an "evergreen" investment structure. There is a 2-year lock up, with a 1-year extension at the GP's discretion. After 36 months, APERS has the option to redeem any or all of the investment.
<b>Investment Strategy</b>	The strategy seeks to provide generate income through investments primarily in floating rate loans. The loans are first-lien, senior secured loans to US private equity-owned companies. There is a substantial margin of safety with an average enterprise value cushion of 67% in predecessor funds.
<b>Management Team</b>	The primary investment strategy team members are Susan Kasser (Head of Private Debt); Matthew Bird (Head of Private Debt Investments); Michael Schwarz (Managing Director)
<b>Historical Performance</b>	Neuberger Berman has a long track record. Private Debt Fund V levered has a net IRR of 18.7% and the unlevered has a net IRR of 11.1%. Debt Fund IV has a levered net IRR of 13.8% and the unlevered has a net IRR of 9.2%. Debt Fund III has a levered net IRR of 10.5%. Debt Fund II has a unlevered net IRR of 8.8%. Debt Fund I has an unlevered net IRR of 9.8%

\* Historical returns are not indicative of future performance



## Secondary Real Estate Investment Executive Summary

<b>Investment</b>	CBRE Real Estate Partners 2 SCSp, L.P. ("SREP V" or the "Fund")
<b>Managing Party</b>	CBRE Investment Management, LLC (the "General Partner" or "GP")
<b>APERS Legal Interest</b>	APERS will be a Limited Partner ("LP")
<b>Report Date</b>	July 18, 2025
<b>Expected Funding Date</b>	Beginning mid to late 2025
<b>APERS Commitment &amp; Reason for Entry</b>	A commitment of \$100 million will be necessary to achieve a \$65 to \$75 million Net Asset Value target allocation within the APERS' Real Assets investments. The fund was vetted and recommended by the APERS Real Estate consultant.
<b>Placement Agent</b>	No placement agent was utilized.
<b>Key Terms</b>	<p><u>Management Fee</u>: The fund charges a management fee of 1.25% on commitments during the investment period, 1.25% on invested capital thereafter.</p> <p><u>Carried Interest</u>: After an 8% hurdle is achieved the General Partner receives a 20% performance fee, no catch-up.</p>
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	The investment is a "secondary real estate" investment strategy and the life of the investment could extend out to ten years.
<b>Investment Strategy</b>	The CBRE Real Estate Partners 2 strategy is a Secondary Real Estate strategy. The strategy seeks to generate opportunistic returns by identifying thematic real estate trends and accessing them through transactions where liquidity constraints provide an opportunity to acquire high-quality performing assets at a discounted basis.
<b>Management Team</b>	The primary investment strategy team members includes: Chris Dickson (Fund Manager); Achal Gandhi (CIO); Matt Tepper (Head of Americas)
<b>Historical Performance</b>	CBRE REP I had a net realized IRR of 10.5%; CBRE REP 2 had a realized net IRR of 76.2%.

\* Historical returns are not indicative of future performance