

To: Sen. Horn, Rep. Dunn – Co-Chairs
Review Sub-Committee, Arkansas Legislative Council

From: Jane Benton, Director

Date:

Subject: Special Procurements, Arkansas Teacher Retirement System; Investments in entities creating ownership interest by the retirement system under Act 1211 of 2009 or otherwise reported under Acts 79 or 1211 of 2009 as an eminent need

Under the provisions of the State Procurement Law, Section 19-11-201 *et. seq.*, this report reflects investments by an Arkansas public retirement system using a procurement that does not create a “contract” as defined under the State Procurement law or is otherwise a special procurement.

Based on the investment authority of the state retirement systems in ACA § 24-2-501 *et. seq.* and the Board’s duty to invest in accordance with the prudent investor rule, it is my determination that an unusual or unique situation exists making the strict application of the State Procurement procedures contrary to the interests of the trust funds under certain circumstances. When investing in a legal structure that creates an ownership interest by a retirement system, the Procurement Laws do not provide the flexibility required to enter into an agreement using standard procedures consistent with the required terms of the investment. Also, market conditions and other factors may limit the opportunities of a state retirement system to invest in meritorious investments due to time sensitivities while strictly complying with State Procurement process. It is my determination that a state retirement system there was an immediate need to implement an investment directive in order to comply with the prudent investor rule for the preservation of trust assets.

Section A reports investments by a state retirement system in which the retirement system is not contracting with an investment manager but entering into an ownership structure with the investment manager investing in underlying assets owned by the entity.

Section B reports investments by a state retirement system in which there was an immediate need to implement an investment directive to comply with the prudent investor rule and appropriate standard of care for the preservation of trust assets. This is due to factors including market volatility, effective management of investment risk and liquidity, mitigation of transition costs and/or other time sensitivities of the investment opportunity. The retirement system has notified OSP within the time required and has provided a copy of the Board resolution demonstrating such need under ACA § 24-2-618 or § 19-11-1301 *et. seq.*

Section C reports investments in a equity ownership agreement by a state retirement system that were previously made using the professional services contract procedure which continue for additional term of year under the terms of the agreement or have not otherwise been previously reported due to ambiguities of the State Procurement law as it relates to equity interests held by the state retirement systems.

**0385 – Arkansas Teacher Retirement System
May 2009**

Section A- Partial Equity Ownership Agreements by State Retirement System under ACA § 19-11-1302

Section B- Investments by a Retirement System due to Eminent Need under ACA § 19-11-1303 or § 24-2-618

Section C - Retrospective Review of Investments with Retirement System as Equity Owner under ACA § 19-11-1304

ATRS Investments Under Act 1211

Special Notations	Contract Number	Agency	Contractor	Authorized Total Investment Commitment	Total Fund Size	Investment Legal Structure	Legal Interest of ATRS	Reason for Entry into Partial Equity Ownership Agreement	ATRS Entry Date	Term and Duration of Investment	Justification for Duration of Investment	Total Amount Funded	Total Distributions To Date	Description of Fee Calculation	Estimated Fees for First Year
Section A															
	P 4600016961	ATRS	D.E. Shaw World Alpha Extension Fund LLC	\$250M	Variable	Limited Liability Company	Member	To diversify the Global Equity portfolio and increase returns	7/1/2009 target funding date	Variable	ATRS may withdraw under terms of fund.	\$0	\$0	84.0 basis points	\$2,000,000
Section B															
	4600016944	ATRS	Insight Equity II, LP	\$25M	\$500M	Limited Partnership	Limited Partner	To satisfy allocation to private equity per Investment Guidelines adopted by ATRS Board	5/29/2009	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$0	\$0	Annual mgmt. fee is 2% of commitments for the investment period (6 yrs). Carried interest of 20% escalating to 30% (based on performance) to the general partner after 9% return to limited partners.	\$500,000
	4600016945	ATRS	Insight Mezzanine I, LP	\$15M	\$250M	Limited Partnership	Limited Partner	To satisfy allocation to private equity per Investment Guidelines adopted by ATRS Board	5/29/2009	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$0	\$0	Annual mgmt. fee is 1.5% of commitments for the investment period (6 yrs). Carried interest of 20% to the general partner after 9% return to limited partners.	\$225,000
	4600017048	ATRS	TA XI, LP	\$40M	\$3.5B	Limited Partnership	Limited Partner	To satisfy allocation to private equity per Investment Guidelines adopted by ATRS Board	5/6/2009	10 yrs +3 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$0	\$0	Management fee is tiered based on committed capital, as follows: 1.125% in year one, 1.9% in year two, 2.25% in years three-seven, 2.0% in year eight, 1.50% in year ten. Carried interest of 20% to general partner after NAV reaches 125%.	\$450,000

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Section C															
P 4600012347	ATRS	JP Morgan Strategic Property Fund		\$120M	Variable	Registered Investment Company	Own units of pooled investment real estate securities	To diversify the total portfolio and satisfy allocation to real estate	12/31/2006	Variable	ATRS may withdraw under terms of fund.	\$120,000,000	\$0	Annual fee is 1.0% of pro-rata share of net asset value of fund plus 0.15% of market value of cash and cash equivalents in excess of 7.5% reserve position.	N/A
P 4600012348	ATRS	JP Morgan Special Situation Property Fund		\$50M	Variable	Registered Investment Company	Own units of pooled investment real estate securities	To diversify the total portfolio and satisfy allocation to real estate	12/31/2006	Variable	ATRS may withdraw under terms of fund.	\$50,000,000	\$0	Annual fee is 1.25% of pro-rata share of net asset value of fund and outstanding third party debt plus 0.15% of market value of cash and cash equivalents in excess of 10.0% reserve position.	N/A
P 4600012532	ATRS	Olympus Real Estate Fund III, LP		\$92.3M	\$1.0B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to real estate	6/30/2000	8 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$112,753,202	\$83,151,477	Annual fee is 1.25% of commitments for the investment period (3yrs) and 1.25% of invested capital thereafter. Carried interest of 20% to general partner after 10% return to limited partners.	N/A
P 4600012539	ATRS	RMK Timberland I & II		\$435.6M	\$435.6M	Limited Partnership	Limited Partner	To diversify the total portfolio through alternative investments in the area of timber.	2/18/1998	40 yrs	Standard terms for funds in this asset class.	\$435,600,000	\$215,800,000	Annual fee is 70% fair market value of assets plus 7.5% of earnings over 8% return to limited partner.	N/A
P 4600012577	ATRS	Cypress Merchant Banking Partners II, LP		\$50M	\$2.376B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	6/18/1999	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$58,329,910	\$37,598,620	Annual fee is 1.5% of commitments for the commitment period (5yrs) and 7.5% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A
P 4600012580	ATRS	State Street Global Advisors Global Index Fund		\$1.0B	Variable	Master Trust	Units of Master Trust	To diversify Global Equity by adding passive indexing.	3/31/2008	Variable	ATRS may withdraw under terms of fund.	1.0 Billion	\$0	4.0 basis points per year plus an annual administration fee of \$25,000.	\$2,000,000

ATRS Investments Under Act 1211

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P 4600012584	ATRS	Westbrook Fund IV		\$109.2M	\$2.5B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to real estate	6/30/2001	8 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$115,186,304	\$176,264,490	Annual fee is 1.5% of commitments for the investment period (3yrs) and 1.5% of contributed capital thereafter. Carried interest of 20% to general partner after 10% return to limited partners.	N/A
P 4600012586	ATRS	Westbrook Fund II		\$75M	\$2.0B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to real estate	12/31/1997	8 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$80,723,428	\$117,885,766	Annual fee is 1.25% of commitments for the investment period (3yrs) and 1.25% of contributed capital thereafter. Carried interest of 20% to general partner after 10% return to limited partners.	N/A
P 4600012589	ATRS	Westbrook Fund III		\$100M	\$2.5B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to real estate	9/30/1988	8 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$112,825,455	\$145,048,290	Annual fee is 1% of commitments for the investment period (3yrs) and 1% of contributed capital thereafter. Carried interest of 20% to general partner after 10% return to limited partners. Fee is composed of a base management fee of .67% net asset value plus an incentive fee of up to 25% (based on performance) and a cash management fee which is .20% of ending quarterly cash balance.	N/A
P 4600012593	ATRS	UBS Trumbull Property Fund		\$120M	Variable	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to real estate	12/31/2005	15yrs from date of conversion of fund to a limited partnership in 2008.	Standard terms for funds in this asset class	\$135,575,386	\$12,200,152	Annual fee is 1.5% of commitments for the investment period (6yrs) and 1.25% of contributed capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A
P 4600012607	ATRS	Oakhill Capital Partners, LP		\$50M	\$1.6B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	4/1/1999	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$55,209,208	\$68,055,646	Annual fee is 1.5% of commitments for the investment period (3yrs) and 1.5% of contributed capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A

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P 4600012694	ATRS	Hicks Muse Tate & Furst III, LP	\$76.74M	\$2.458B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity	3/4/1997	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$88,838,757	\$79,823,878	Annual fee is 1.5% of commitments for the investment period (5yrs) and 75% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A	
P 4600012695	ATRS	Hicks Muse Tate & Furst IV, LP	\$100M	\$4.023B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity	6/18/1998	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$130,740,404	\$97,120,269	Annual fee is 1.31% of commitments for the investment period (5yrs) and 68% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A	
P 4600012697	ATRS	Hicks Muse Tate & Furst V, LP	\$220M	\$1.553B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity	11/28/2000	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$283,113,954	\$390,011,857	Annual fee is 2.0% of commitments for the investment period (5yrs) and 1.0% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A	
P 4600012758	ATRS	PRISA	\$120M	Variable	Registered Investment Company	Pro-rata owner of pooled real estate annuity contracts	To diversify the total portfolio and satisfy allocation to real estate and real estate securities.	3/31/2005	Variable	Standard terms for fund of this type.	\$123,546,418	\$25,501,019	Annual management fee is 50% plus incentive fee which is 5% of annual operating cash flow, and a cash management fee which is 10% of ending quarterly cash balance.	N/A	
P 4600012763	ATRS	CSFB-ATRS 2005-1 Series, 2006-1 Series (Fund of Funds)	\$654.3M	\$658.9M	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	5/1/2005	Term extends through dissolution of all underlying partnerships (est.2022)	Holding period is typical for a private equity fund of funds which is subject to the terms of all underlying funds.	\$345,234,546	\$46,818,843	Annual fee is based on 60% of commitments for the investment period (4yrs) and 60% of invested capital thereafter. Carried interest of 5% to general partner after investment vehicle returns 1.5 times invested capital to limited partner.	N/A	

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M.P.	4600012802	ATRS	21st Century Group I, LP	\$25M	\$75.7M	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	4/6/2000	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$31,973,244	\$24,167,265	Annual fee is 1.5% of commitments for the investment period (5yrs) and .75% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A
P	4600012835	ATRS	Blackstone Mezzanine Partners	\$100M	\$1.14B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	12/22/1999	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$73,229,949	\$86,866,982	Annual fee is 1.5% of commitments for the commitment period (5yrs) and .75% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A
P	4600012868	ATRS	Diamond State Ventures, LP	\$2M	\$46M	Limited Partnership	Limited Partner	To diversify the total portfolio, satisfy allocation to private equity, and gain exposure to Arkansas related investments.	4/15/2000	15 yrs + 2 one-year extensions	Term is set by partnership agreement.	\$2,000,000	\$1,112,000	Annual mgmt. fee based on 2.5% of commitments plus 20% realized income to general partner.	N/A
P	4600013040	ATRS	DJ Real Estate Capital II	\$100M	\$1.163B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to real estate.	9/30/1999	8 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$110,525,967	\$160,976,364	Annual fee is 1.0% of commitments for the commitment period (4yrs) and 1.0% of net contributed capital thereafter. Carried interest of 20% to general partner after 9% return to limited partners.	N/A
P	4600013086	ATRS	Second Cinven Fund	\$43,000,000	\$904,000,000	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	4/30/1998	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$66,056,166	\$97,535,245	Annual fee is 1.5% of commitments for the commitment period (5yrs) and 1.5% of contributed capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A

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P 4600013087	ATRS	Doughty Hanson & Company Limited III		\$100M	\$2.67B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	10/20/1997	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$104,012,150	\$166,163,652	Annual fee is 1.5% of commitments for the commitment period (5yrs) and 1.5% of contributed capital thereafter. Carried interest of 20% to general partner after 10% return to limited partners.	N/A
P 4600013088	ATRS	Doughty Hanson European Real Estate, LP		\$29.3M	\$1.0B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to real estate	12/31/1999	10 yrs + 2 one-year extensions	Holding period is slightly longer than standard for real estate but required for return strategy. Term is set by partnership agreement.	\$34,422,352	\$89,443,452	Annual fee is 2.5% of commitments for the commitment period (5yrs) and 2.5% of net invested capital thereafter. Carried interest of 20% to general partner after 11% return to limited partners.	N/A
P 4600013089	ATRS	Doughty Hanson Tech Fund, LP		\$50M	\$236.7M	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity with exposure to venture capital.	1/12/2000	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$58,569,868	\$9,962,077	Annual fee is 2.0% of commitments for the commitment period (5yrs) and 2.0% of contributed capital thereafter. Carried interest of 20% to general partner after 10% return to limited partners.	N/A
P 4600013141	ATRS	DLJ Merchant Banking Partners III, LP		\$200M	\$5.305B	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	7/19/2000	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$273,108,542	\$330,145,328	Annual fee is 1.5% of commitments for the investment period (5yrs) and 1.0% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A
P 4600013142	ATRS	DLJ Investment Partners II, LP		\$80M	\$909.2M	Limited Partnership	Limited Partner	To diversify the total portfolio and satisfy allocation to private equity.	11/10/1999	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$77,008,437	\$86,877,252	Annual fee is 1.75% of commitments for the investment period (5yrs) and 1.25% of invested capital thereafter. Carried interest of 20% to general partner after 8% return to limited partners.	N/A

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P	4600015089	ATRS	Putnam Financial Management Fund	\$250M	Variable	Limited Partnership	Limited Partner	To diversify the fixed income portfolio and increase returns.	8/31/2008	Variable	Standard terms for funds in this asset class.	\$250M	\$0.00	50.0 basis points annually.	\$1,000,000
P	4600016704	ATRS	OpCap Enhanced Index-US Large Cap Core LLC	\$198M	Variable	Limited Liability Company	Member	To diversify the US Equity portfolio, and increase returns.	5/1/2009	Variable	Standard terms for funds in this asset class.	\$196M	\$0.00	Performance incentive fee of 30.0% of quarterly return exceeding the benchmark (S&P 500). 150 basis points + 20.0% P. Index. performance fee over S. & P. Index.	\$4,000,000
P	4600016925	ATRS	Relational Investors XXIII, LP	\$100M	Variable	Limited Partnership	Limited Partner	To diversify the US Equity portfolio, and increase returns.	5/31/2008	Variable	Standard terms for funds in this asset class.	\$100 million	\$0.00	1.5% per annum plus 20.0% of capital appreciation with a high water mark.	\$2,000,000
P	4600016926	ATRS	Pershing Square, LP	\$100M	Variable	Limited Partnership	Limited Partner	To diversify the US Equity portfolio, and increase returns.	5/31/2008	Variable	Standard terms for funds in this asset class.	\$100 million	\$0.00	Fund is managed by private equity consultant with no additional fees charged. Partnership expenses are pro-rated among partners.	\$2,000,000
	4600016941	ATRS	Franklin Park Venture Fund Series 2008, LP	\$30M	\$102M	Limited Partnership	Limited Partner	To satisfy allocation to private equity venture capital per investment Guidelines adopted by ATRS Board	1/19/2008	15 yrs + 1 one-year extension	Market standard holding period for private equity. Term is set by partnership agreement.	\$2,965,534	\$203,061	Annual mgmt. fee is 2% of commitments for the investment period (5yrs). Carried interest of 20% to general partner after 8% return to limited partners.	\$0
	4600016942	ATRS	Natural Gas Partners IX, LP	\$50M	\$4B	Limited Partnership	Limited Partner	To satisfy allocation to private equity per investment Guidelines adopted by ATRS Board	2/27/2008	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$9,690,952	\$74,867	Annual fee based is 2% of commitments for the investment period (5yrs). Carried interest of 20% to general partner after 8% return to limited partners.	\$1,000,000
M	4600016943	ATRS	Vista Equity Partners Fund III, LP	\$50M	\$1.287B	Limited Partnership	Limited Partner	To satisfy allocation to private equity per investment Guidelines adopted by ATRS Board	7/11/2008	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$27,515,463	\$2,492,097	Annual fee is 2% of commitments for the investment period (5yrs). Carried interest of 20% to general partner after 8% return to limited partners.	\$1,000,000
	4600016946	ATRS	LLR Equity Partners III, LP	\$50M	\$803M	Limited Partnership	Limited Partner	To satisfy allocation to private equity per investment Guidelines adopted by ATRS Board	5/9/2008	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$10,000,000	\$0	Annual fee is 2% of commitments for the investment period (5yrs). Carried interest of 20% to general partner after 8% return to limited partners.	\$1,000,000
	4600016951	ATRS	Boston Ventures Limited Partnership III, LP	\$50M	\$434.5M	Limited Partnership	Limited Partner	To satisfy allocation to private equity per investment Guidelines adopted by ATRS Board	12/14/2007	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$27,271,755	\$1,155,219	Annual fee is 2% of commitments for the investment period (5yrs). Carried interest of 20% to general partner after 8% return to limited partners.	\$1,000,000

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	4600016952	ATRS	CB Richard Ellis Strategic Partners US Opportunity 5, LP	\$50M	\$679.1M	Limited Partnership	Limited Partner	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board	3/31/2008	7 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$13,197,538	\$0	Annual fee is 1.25% of committed capital. Carried interest of 20% of cumulative distributions after 10% compound annual IRR.	\$625,000
	4600016954	ATRS	ING Claron Debt Opportunity Fund II, LLC	\$55M	\$732.1M	Limited Liability Company	Member	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board	12/31/2007	8 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$55,000,000	\$2,300,668	Annual fee is 1.5% of commitments for the investment period (3yrs) and 1.5% of contributed capital thereafter. Carried interest of 20% to managing member after 9% return to members.	\$825,000
	4600016955	ATRS	ING Claron Debt Opportunity Fund III, LLC	\$30M	\$416.9M	Limited Liability Company	Member	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board	6/30/2008	8 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$3,000,000	\$0	Annual fee is 1.5% of commitments for the investment period (3yrs) and 1.5% of contributed capital thereafter. Carried interest of 20% to managing member after 9% return to members.	\$450,000
	4600016958	ATRS	O'Connor North American Property Partners II, LP	\$50M	\$526.5M	Limited Partnership	Limited Partner	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board	3/31/2008	8 yrs	Market standard holding period for real estate. Term is set by partnership agreement.	\$34,078,866	\$4,817,290	Annual fee is 1.50% of committed capital. Carried interest of 20% to general partner after 9% return to limited partners.	\$750,000
	4600016962	ATRS	Five Arrows Realty Securities V, L.P.	\$50M	\$639.2M	Limited Partnership	Limited Partner	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board	4/16/2008	10 yrs + 3 one-year extensions	Holding period is slightly longer than standard for real estate but required for return strategy. Term is set by partnership agreement.	\$6,623,719	\$660,153	Annual fee is 85% of committed capital for first 36 months and 1.25% of unreturned capital contributions for the following 36 months. Carried interest of 20% to general partner after 8% return to limited partners.	\$531,250
	4600016963	ATRS	Fidelity Real Estate Growth Fund III, LP	\$35M	\$875.6M	Limited Partnership	Limited Partner	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board	12/31/2007	8 yrs + 1 one-year extension	Market standard holding period for real estate. Term is set by partnership agreement.	\$7,725,493	\$134,234	Annual fee is 1% of commitments for the investment period (4yrs) and 1% of contributed capital thereafter. Carried interest of 20% to general partner after 10% return to limited partners.	\$350,000

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Special Notations	Contract Number	Agency	Contractor	Authorized Total Investment Commitment	Total Fund Size	Investment Legal Structure	Legal Interest of ATRS	Reason for Entry into Partial Equity Ownership Agreement	ATRS Entry Date	Term and Duration of Investment	Justification for Duration of Investment	Total Amount Funded	Total Distributions To Date	Description of Fee Calculation	Estimated Fees for First Year
	4600016964	ATRS	Franklin Park Venture Fund Series 2009, LP	\$25M	\$75M	Limited Partnership	Limited Partner	To satisfy allocation to private equity venture capital per Investment Guidelines adopted by ATRS Board	1/16/2009	15 yrs + 1 one-year extension	Market standard holding period for private equity. Term is set by partnership agreement.	\$381,250	\$0	Fund is managed by private equity consultant with no additional fees charged. Partnership expenses are pro-rated among partners.	\$0
	4600016966	ATRS	New Boston Institutional Fund, LP VII	\$10M	\$212.3M	Limited Partnership	Limited Partner	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board	9/5/2008	7 yrs + 2 one-year extensions	Market standard holding period for real estate. Term is set by partnership agreement.	\$4,595,405	\$0	Annual fee is 1.5% of commitments for the investment period (3yrs) and 1.5% of contributed capital thereafter. Carried interest of 20% to general partner after 9% return to limited partners.	\$150,000
	4600016984	ATRS	Heiman European Property Partners IV	34.8M Euro	360M Euro	Limited Partnership	Limited Partner	To satisfy allocation guidelines per Real Estate Statement of Investment Policy adopted by ATRS Board and obtain additional exposure to non-U.S. investments.	9/19/2008	7 yrs	Market standard holding period for real estate. Term is set by partnership agreement.	\$127,392	\$0	Annual fee based on 75% gross acquisition costs and 75% cumulative gross construction costs. Carried interest of 20% to general partner after 9% return to limited partners.	\$350,000
	4600017007	ATRS	Knight Vinke Institutional Partners, LP	\$100M	Variable	Limited Partnership	Limited Partner	To diversify the Global Equity portfolio and increase returns	5/31/2008	Variable	Standard terms of funds in this asset class.	\$100 million	\$0	Annual mgmt. fee is 1.5% of market adjusted committed capital and performance fee of 20.0% of excess net capital appreciation.	\$2,500,000
	4600017042	ATRS	Advent International GPE VI-A, Limited Partnership	\$40M	\$9,049B	Limited Partnership	Limited Partner	To satisfy allocation to private equity per Investment Guidelines adopted by ATRS Board	3/12/2008	10 yrs + 2 one-year extensions	Market standard holding period for private equity. Term is set by partnership agreement.	\$5,000,000	\$0	Annual mgmt. fee is 1.5% of commitments for the investment period (6 yrs). Carried interest of 20% to the general partner after 8% return to limited partners.	\$600,000
P	4600017073	ATRS	Jacobs Levy 130/30 Core III Fund, LLC	\$113M	Variable	Limited Liability Company	Member	To diversify the US Equity portfolio, and increase returns	12/1/2007	Variable	Standard terms for funds in this asset class	\$113M	\$0	60.0 basis points on assets.	\$1,750,000
	4600017074	ATRS	Black Rock Fixed Income Opportunistic Fund, LLC	\$259M	Variable	Limited Liability Company	Member	To diversify the fixed income portfolio, and increase returns	1/18/2008	Variable	Standard terms for funds in this asset class	\$259M	\$0	0.25% on all assets, plus an incentive fee of 20.0% of profits over 3-month LIBOR.	\$1,500,000
	4600017076	ATRS	American Center, Partnership	\$21.5M	\$27M	Partnership	Limited Partner	To diversify the real estate portfolio, increase returns and provide cash flows.	12/30/2000	15 yrs	Term is set by partnership agreement.	\$21.5 million	\$14.4 million	Management fee is 4.0% of net cash receipts	\$500,000

ATRS Investments Under Act 1211

Special Notations	Contract Number	Agency	Contractor	Authorized Total Investment Commitment	Total Fund Size	Investment Legal Structure	Legal Interest of ATRS	Reason for Entry into Partial Equity Ownership Agreement	ATRS Entry Date	Term and Duration of Investment	Justification for Duration of Investment	Total Amount Funded	Total Distributions To Date	Description of Fee Calculation	Estimated Fees for First Year
P	4600017077	ATRS	Western Asset Absolute Return Strategy, LLC	\$256M	Variable	Limited Liability Company	Member	To diversify the fixed income portfolio, and increase returns	1/19/2008	Variable	Standard terms for funds in this asset class	\$256M	\$0	60 basis points for assets up to \$100 million and 40 basis points thereafter. Base fee of 0.24% plus 20% of profits over 1-month LIBOR.	\$1,500,000
P	4600017078	ATRS	PIMCO PARS II Fund, LLC	\$270M	Variable	Limited Liability Company	Member	To diversify the fixed income portfolio, and increase returns	1/19/2008	Variable	Standard terms for funds in this asset class	\$270M	\$0	Base fee of 60 basis points with a 20.0% performance fee for annual return over the S&P 500 Index plus 1.25%.	\$1,500,000
P	4600017222	ATRS	ING Investment Trust Company/Portable Alpha Fund	\$55.6M	Variable	Master Trust	Units of Master Trust	To diversify the US Equity portfolio, and increase returns	4/7/2008	Variable	Standard terms for funds in this asset class	\$55.6M	\$0	2.0% annual fee plus performance fee of 20.0% of excess net capital appreciation.	\$1,800,000
	4600017223	ATRS	Lincoln Vale European Partners Fund, LP	\$15M	Variable	Limited Partnership	Limited Partner	To diversify the Global Equity portfolio and increase returns	11/1/2008	Variable	Standard terms for funds in this asset class.	\$15M	\$0		\$1,000,000
	4600017225	ATRS	Moore Golf Development, LP	\$2.1M	\$4.3M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	2/1/2001	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$2.1M	\$0	\$2,500.00 per month	\$30,000
	4600017226	ATRS	The Greens at Moore, LP	\$7.6M	\$15.3M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	2/1/2001	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$7.6M	\$0	6% management fee annually unless ATRS does not receive its 7% distribution on its overall investment capital commitment in the nine partnerships, then the management fee is reduced to 7% annually.	\$200,000
	4600017227	ATRS	The Greens at Moore, Phase II, LP	\$6.6M	\$13.5M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	7/1/2003	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$6.6M	\$5 million	6% management fee annually unless ATRS does not receive its 7% distribution on its overall investment capital commitment in the nine partnerships, then the management fee is reduced to 7% annually.	\$200,000
	4600017229	ATRS	Broken Arrow Golf Development, LP	\$2.5M	\$5.1M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	2/1/2001	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$2.5M	\$0	\$2,500.00 per month	\$30,000

ATRS Investments Under Act 1211

Special Notations	Contract Number	Agency	Contractor	Authorized Total Investment Commitment	Total Fund Size	Investment Legal Structure	Legal Interest of ATRS	Reason for Entry into Partial Equity Ownership Agreement	ATRS Entry Date	Term and Duration of Investment	Justification for Duration of Investment	Total Amount Funded	Total Distributions To Date	Description of Fee Calculation	Estimated Fees for First Year
	4600017230	ATRS	The Greens at Broken Arrow, LP	\$8.1M	\$16.4M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	2/1/2001	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$8.1M	\$0	6% management fee annually unless ATRS does not receive its 7% distribution on its overall investment capital commitment in the nine partnerships, then the management fee is reduced to 7% annually.	\$200,000
	4600017231	ATRS	The Greens at Broken Arrow Phase II, LP	\$3.0M	\$6.1M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	9/15/2002	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$3.0M	\$0	6% management fee annually unless ATRS does not receive its 7% distribution on its overall investment capital commitment in the nine partnerships, then the management fee is reduced to 7% annually.	\$80,000
	4600017233	ATRS	The Greens at Owasso, LP	\$8.3M	\$16.8M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	2/1/2001	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$8.3M	\$0	6% management fee annually unless ATRS does not receive its 7% distribution on its overall investment capital commitment in the nine partnerships, then the management fee is reduced to 7% annually.	\$225,000
	4600017234	ATRS	Owasso Golf Development, LP	\$2.3M	\$4.7M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	2/1/2001	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$2.3M	\$0	\$2,500.00 per month.	\$30,000
	4600017238	ATRS	The Greens at Owasso, Phase II, LP	\$2.5M	\$5.2M	Limited Partnership	Limited Partner	To diversify the real estate portfolio with exposure to Arkansas related properties, increase returns and provide cash flows.	9/15/2002	Termination of partnership in 2025 per agreement.	Applicable holding period for core real estate assets; term set by partnership documents	\$2.5M	\$0	6% management fee annually unless ATRS does not receive its 7% distribution on its overall investment capital commitment in the nine partnerships, then the management fee is reduced to 7% annually.	\$80,000

ATRS Investments Under Act 1211

Special Notations	Contract Number	Agency	Contractor	Authorized Total Investment Commitment	Total Fund Size	Investment Legal Structure	Legal Interest of ATRS	Reason for Entry into Partial Equity Ownership Agreement	ATRS Entry Date	Term and Duration of Investment	Justification for Duration of Investment	Total Amount Funded	Total Distributions To Date	Description of Fee Calculation	Estimated Fees for First Year
	4600017239	ATRS	Diamond State Ventures II, LP	\$4.0M	\$30M	Limited Partnership	Limited Partner	To diversify the total portfolio, satisfy allocation to private equity, and gain exposure to Arkansas related investments.	1/4/2007	15 yrs + 5 one-year extensions	Term is set by partnership agreement.	\$2,025,000	\$0	Annual fee is 2.5% of commitments plus 20% realized income to general partner. \$5.0 basis points plus 15.0% incentive fee for gross performance above the benchmark.	\$100,000
P1	4600017252	ATRS	Wellington Global Opportunistic Fund	\$250M	Variable	Group Trust	Units of Group Trust	To diversify the Global Equity portfolio and increase returns	11/15/2007	Variable	Standard terms for funds in this asset class.	\$250M	\$0		\$2,500,000

Special Notations Legend

- M= Minority Manager
- Previously procured with a
- P= PCS contract



June 19, 2009

VIA: HAND DELIVERY

Ms. Jane Benton, Director
Office of State Procurement
1500 W. Seventh Street
Little Rock, AR 72201

RE: Arkansas Teacher Retirement System (ATRS) Addendum to ACA §19-11-1302 Report/Spreadsheet

Dear Ms. Benton:

On June 1, 2009, ATRS submitted a spreadsheet reporting of all its investments which must be reported under ACA §19-11-1302 *et.seq.*, otherwise referred to as Act 1211 of 2009. The listing includes investments which were made by the System in the past as well as new investments which the System has entered into under the Imminent Need clause of the law or will close after proper review by the Legislative Council.

Since the report was sent on June 1, the ATRS Board has authorized amendments to two investments. Upon the recommendation of our private equity consultants, the Board approved a change in the amount to fund our investment in Insight Equity II from \$25 million to \$30 million and a change in the amount of our investment in Insight Mezzanine I from \$15 million to \$10 million. The total amount invested in these two related investments remains \$40 million and the changes were made as a result of the general partner of the investments recently allowing for greater flexibility in the allocation between the two funds.

We understand that the spreadsheet is to be reviewed by the Legislative Review Committee on July 1, 2009. In an effort to provide updated information to the Committee, we have enclosed an addendum to the report/spreadsheet which details the aforementioned changes as well as some minor corrections to the description of fee calculations for two other investments. The addendum shows what was originally reported for each investment on one line and the corrected information immediately below it. We respectfully submit this additional information to you and request that it be included with our original spreadsheet in the review process.

Sincerely,

George Hopkins, Executive Director
Arkansas Teacher Retirement System

George Hopkins, Executive Director

Special Notations	Contract Number	Contractor	Authorized Total Investment Commitment	Total Capital/Investment Costs Funded To Date	Total Fund Size	Investment Legal Structure	Legal Interest of ATRS	Reason for Entry into Partial Equity Ownership Agreement	ATRS Entry Date	Term and Duration of Investment	Justification for Duration of Investment	Total Distributions To Date	Description of Fee Calculation	Estimated Fees for First Year
Section C														
Originally reported on June 1, 2009:														
	Prev 4600012539	RMK Timberland I & II	\$435.6M	\$435.6M	\$435.6M	Limited Partnership	Limited Partner	To diversify the total portfolio through alternative investments in the area of timber	2/18/1998	40 yrs	Standard terms for funds in this asset class.	\$215.8M	Annual fee is .70% fair market value of assets plus 7.5% of earnings over 8% return to limited partner.	N/A
Information reported as of June 19, 2009:														
	Prev 4600012539	RMK Timberland I & II	\$435.6M	\$435.6M	\$435.6M	Limited Partnership	Limited Partner	To diversify the total portfolio through alternative investments in the area of timber	2/18/1998	40 yrs	Standard terms for funds in this asset class.	\$215.8M	Annual fee is .69% fair market value of assets plus 7.5% of earnings over 8% return to limited partner.	N/A
Originally reported on June 1, 2009:														
	Prev 4600012758	PRISA	\$120M	\$120M	Variable	Registered Investment Company	Pro-rata owner of pooled real estate annuity contracts	To diversify the total portfolio and satisfy allocation to real estate and real estate securities.	3/31/2005	Variable	Standard terms for fund of this type.	\$25.5M	Annual management fee is .50% plus incentive fee which is 5% of annual operating cash flow, and a cash management fee which is .10% of ending quarterly cash balance.	N/A
Information reported as of June 19, 2009:														
	Prev 4600012758	PRISA	\$120M	\$120M	Variable	Registered Investment Company	Pro-rata owner of pooled real estate annuity contracts	To diversify the total portfolio and satisfy allocation to real estate and real estate securities.	3/31/2005	Variable	Standard terms for fund of this type.	\$25.5M	Annual fees are composed of tiered base management fee which is .50% to .75% of asset cost; tiered incentive fee which is 5-6% of annual operating cash flow; and cash management fee which is .10% of ending quarterly cash balance.	N/A

Special Notations	Contract Number	Contractor	Authorized Total Investment Commitment	Total Capital/Investment Costs Funded To Date	Total Fund Size	Investment Legal Structure	Legal Interest ATRS	Reason for Entry into Partial Equity Ownership Agreement	ATRS Entry Date	Term and Duration of Investment	Justification for Duration of Investment	Total Distributions of Fee To Date	Description of Fee Calculation	Estimated Fees for First Year
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Special Notations Legend

Min=Minority Manager **B**=Billion **K**=Thousands

Prev=Previously procured with a PCS contract. **M**=Million



June 19, 2009

VIA: HAND DELIVERY

Jane Benton, Director
Office of State Procurement
1509 West 7th Street, Suite 300
Little Rock, AR 72201

David Ferguson, Director
Bureau of Legislative Research
Administrative Rules Review Section
State Capitol, Room 315
Little Rock, AR 72201

RE: Notification of Imminent Need Under Act 1211 of 2009
Investment: KPS III Supplemental
Five-day notice provision
Standard Procurement Sought With Imminent Need as Back-up

Dear Ms. Benton and Mr. Ferguson:

The Arkansas Teacher Retirement System has a private equity consultant, Franklin Park that provides private equity recommendations to ATRS. Franklin Park has made a strong recommendation that ATRS invest \$40 million in KPS III Supplemental. ATRS only has this opportunity due to Franklin Park's other clients already being other participants in KPS III Standard. ATRS has submitted this investment through standard procurement processes. However, the timing of meetings left no room for error in the event of a delayed Committee meeting or the Committee adjourning before the matter was taken up. ATRS hopes standard procurement occurs prior to execution. However, to ensure ATRS followed the prudent investor rule and complied with all legal processes, imminent need is being used as back up to prevent improper execution of a contract without lawful authority.

As Executive Director of ATRS, my intent and plan is not to use the Imminent Need provisions of Act 1211 on a frequent basis. At the same time, our consultant was convinced that KPS III Supplemental was an excellent opportunity. Based upon the consultants' strong recommendation, staff agreed that in this instance notification of Imminent Need existed. However, I have notified our consultants that use of Imminent Need will be the rare exception and not the rule.

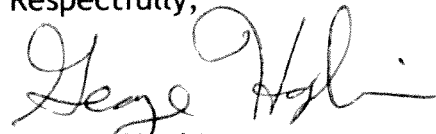
George Hopkins, Executive Director

Based upon the consultant and staff's recommendation, on June 16, 2009, the ATRS Board of Trustees adopted Resolution number 2009-17 to authorize the investment. Resolution 2009-17 was adopted in order to specify Imminent Need. The Board determined that all criteria were met under Act 1211 (formerly SB 812) to enter into the partial equity ownership agreements of this investment. In accordance with Act 1211, ATRS is providing a copy of the aforementioned resolution to the Office of State Procurement and the Legislative Council.

This letter has been sent in compliance with the five-day rule in Act 1211. In addition to providing meaningful early disclosure, ATRS intends to comply with the notification procedures set forth in Act 1211 on or before the closing date. In fact, as stated above, ATRS has already sent this in a standard procurement submission with all information required by Act 1211. The amount of the ATRS investment in the fund is up to \$40,000,000. For full and open disclosure, ATRS is attaching an Executive Summary of the investment, which includes certain terms and dynamics of the investment.

ATRS has already submitted a specific procurement form that complies with Act 1211. If additional information is needed, please feel free to contact me.

Respectfully,



George Hopkins
Executive Director, ATRS
1400 West 3rd
Little Rock, AR 72201
P: 501-682-180
M: 501-318-5998
F: 501-371-2161
georgeh@artrs.gov

To	Arkansas Teacher Retirement System ("ARTRS")
From	Franklin Park
Date	May 29, 2009
Subject	KPS Special Situations Supplemental Fund III ("KPS III Supplemental")

Background

KPS Capital Partners LLC (the "General Partner"), based in New York, was formed in 1997 as the successor firm to Keilin & Co., a financial advisory and restructuring firm formed in 1991 by Eugene Keilin, Michael Psaros and David Shapiro.

KPS Special Situations Fund III ("KPS III") targets control private equity investments in operationally distressed or underperforming businesses in the U.S. More specifically, KPS III generally focuses on the following transaction types: (1) acquisitions of assets out of Chapter 11 bankruptcy, (2) complex, out-of-court restructurings, and (3) acquisitions of underperforming, non-core assets from large companies.

KPS III was raised in 2007 with \$1.2 billion in commitments. As of March 31, 2009, KPS III had invested approximately 31.2% of its capital commitments and has made three investments.

Franklin Park recommended KPS III to three of its clients which committed an aggregate of \$60 million to the fund in mid-2007.

Opportunity

KPS III's limited partnership agreement was recently amended by existing limited partners to allow the General Partner to raise \$800 million for KPS III Supplemental to invest alongside KPS III. The General Partner requested this increase due to the unprecedented level of distressed opportunities in the current environment with limited competition from other financial firms.

KPS III Supplemental, which will only invest in new transactions going forward (expected to be 12-15 deals), will be offered primarily to existing KPS III investors. While a majority of the capital is expected to be subscribed by existing investors, the General Partner is offering Franklin Park's clients, including ARTRS, an opportunity to invest in KPS III Supplemental.

Franklin Park initially learned about this opportunity in mid-May 2009 and the General Partner is seeking to close the fund in July or August 2009 at the latest. Given this short time frame, there is an Imminent Need for ARTRS to approve and close its investment in KPS III Supplemental if Investment Committee and Board approval is achieved.

Franklin Park and ARTRS' staff are focused on committing ARTRS' capital to the highest quality private equity managers, of which the General Partner is one. While many of the best private equity opportunities will move in an expedited manner, Franklin Park and ARTRS' staff will continue to seek to take funds through ARTRS' standard 90-day procurement process whenever possible.

To	Arkansas Teacher Retirement System ("ARTRS")
From	Franklin Park
Date	June 16, 2009
Subject	KPS Special Situations Supplemental Fund III ("KPS III Supplemental")

Background

KPS Capital Partners LLC (the "General Partner"), based in New York, was formed in 1997 as the successor firm to Keilin & Co., a financial advisory and restructuring firm formed in 1991 by Eugene Keilin, Michael Psaros and David Shapiro.

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Due Diligence Update

Franklin Park completed comprehensive due diligence on the General Partner in 2007, which is summarized in the attached report, as part of its review of KPS III. An update on the General Partner's team and track record is provided below:

Team Update

- Bruce Curley, who joined the General Partner in 2005, was promoted to Managing Director. Mr. Curley previously was CEO of Curtis Papers Inc., a former KPS portfolio company. Prior to that, he held management positions with International Paper, Boise Cascade and Mead.
- Randy Hicks joined the General Partner as a Managing Director in 2007 to focus on Business Development. Prior to joining the firm, he was a Managing Director at

FirstLight Financial Corporation and Managing Director/Northeast Region Manager for GE's Corporate Lending.

- The junior team has doubled in size from five Associates in 2007 to a team of four Senior Associates, five Associates and a professional focused on portfolio company operations.
- No senior level departures have occurred since 2007.

Track Record Update

- Fund I has been substantially realized for a gross IRR of 19% and a multiple of 1.9x cost. On a net basis, Fund I generated an IRR of 14%, which is first quartile compared to the relevant *Thomson Financial's* private equity benchmark.
- Fund II, which has invested \$403.2 million in 10 portfolio companies, has generated a net IRR of 59% and a multiple of 1.8x cost as of March 31, 2009. This represents first quartile performance compared to the relevant *Thomson Financial's* private equity benchmark. A summary of Fund II's investments is provided below, as of March 31, 2009 (\$ millions).

Realized Holdings

Company	Date of Investment	Invested	Realized	Unrealized	Gross ROI
Wire Rope Corporation of America, Inc.	6/30/03	\$16.5	\$177.9	\$0.0	10.8x
Speedline Technologies, Inc.	10/30/03	24.3	91.0	0.0	3.7x
AmeriCast Technologies, Inc.	11/14/03	55.0	107.6	0.0	2.0x
Ashcroft Holdings, Inc. / Ebro	10/26/05	17.5	46.9	0.0	2.7x
Total Realized		\$113.3	\$423.4	\$0.0	3.7x

Unrealized Holdings

Company	Date of Investment	Invested	Realized	Unrealized	Gross ROI
Hephaestus Holdings, Inc.	6/30/05	\$71.0	\$41.9	\$40.9	1.2x
Blue Water Automotive Systems, Inc.	9/28/05	41.7	12.7	0.0	0.3x
Cloyes Gear and Products, Inc.	5/15/06	10.0	10.0	9.1	1.9x
Attends Healthcare, Inc.	1/17/07	50.0	48.3	42.1	1.8x
Bristol Compressors	3/5/07	55.0	55.5	1.0	1.0x
Global Brass & Copper Holdings	11/20/07	62.1	14.5	84.0	1.6x
Total Unrealized		\$289.9	\$182.8	\$177.1	1.2x

Total Fund II		\$403.2	\$606.3	\$177.1	1.9x
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- Fund III has made three investments to date, two of which (WWRD Holdings and North American Breweries) closed during the first quarter of 2009. The third portfolio company was a co-investment with Fund II in Global Brass & Copper Holdings, which is currently valued at 1.6x cost.

Recommendation

Franklin Park recommends a commitment of up to \$40 million in the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner has generated an attractive track record;
- The General Partner's senior team is experienced and cohesive; and
- The Fund will target an attractive market segment.

PROFESSIONAL SERVICE CONTRACTS
\$5-\$25k REPORT
JULY 2009

Agency #	Agency Name	Contract #	Vendor Name	Total Amount	Contract Start	Contract End	Method
400	AAD - Livestock & Poultry	4600017284	Engineering Consultants Inc	\$10,700.00	5/20/2009	6/30/2010	SS
400	AAD-Forestry Commission	4600017293	Harris, Don	\$10,000.00	5/15/2009	6/30/2010	RFQ
520	Arkansas Rehab Services/ H.S.R.C.	4500943208	Lockeby & Assoc Inc.	\$24,500.00	5/4/2009	6/30/2010	RFQ
710	DHS/DBHS	4500943531	South Arkansas Regional Health Center	\$6,070.89	5/1/2009	6/30/2009	RFP
710	DHS/DBHS	4500943599	South Arkansas Regional Health Center	\$6,070.89	5/1/2009	6/30/2009	RFQ
710	DHS	4600016816	South Arkansas Substance Abuse, Inc.	\$22,200.00	7/1/2009	6/30/2010	RFQ
710	DHS	710DD10063	Arkansas Enterprises for the Developmentally Dis	\$12,575.00	7/1/2009	6/30/2010	SS
710	DHS	710DD10069	BOST, INC	\$8,401.00	7/1/2009	6/30/2010	SS

E1

MONTHLY REPORT OF FEDERAL GRANT APPLICATIONS BY STATE AGENCIES, BOARDS AND COMMISSIONS FOR THE MONTH OF JUNE 2009

ARKANSAS DEPARTMENT OF FINANCE & ADMINISTRATION - OFFICE OF INTERGOVERNMENTAL SERVICES
STATE CLEARINGHOUSE 2009

Item#	Date of Application	State Agency	Project Description	Area of Impact	Federal Funding Agency	Funding Amounts
(1)	05-22-2009	Arkansas Department of Health	To promote Early Hearing Detection and Intervention (EHDI) national and state goals of hearing screening for all newborns before one month of age, diagnostic hearing evaluations by three months of age and indentified infants/children with confirmed hearing loss enrolled in Early Intervention Services by six months of age. The goals include: 1) Enhance the tracking and surveillance systems to accurately identify, match and collect unduplicated individual identifiable data at the State EHDI Program level;; 2) Enhance the capacity to accurately report the status of every occurrent birth throughout the EHDI process for the purpose of evaluating EHDI goals; 3) Develop and enhance the state capacity of EHDI integration with other state programs for children with special needs; 4) Improve the capacity of the State EHDI infrastructure for the provision of quality service	Statewide	Centers for Disease Control and Prevention	Federal Applicant State Other Total \$174,734.00 \$174,734.00
(2)	05-28-2009	Arkansas Livestock and Poultry Commission	Foreign Animal Disease Surveillance - Obtain a more widespread sampling for the presence of Classical Swine Fever by our livestock inspection staff. The herds sampled will include both licensed garbage feeding and transition - type swine operations. Overall purpose in to safeguard swine health.	Statewide	U.S. Department of Agriculture/ APHIS Veterinary Services	Federal Applicant State Other Total \$40,883.00 \$40,883.00
(3)	05-28-2009	Arkansas Livestock and Poultry Commission	Classical Swine Flu - Obtain a more widespread sampling for the presence of Classical Swine Fever by our livestock inspection staff. The herds sampled will include both licensed garbage feeding and transition -type swine operations. Overall purpose in to safeguard swine health.	Statewide	U.S. Department of Agriculture/ APHIS Veterinary Services	Federal Applicant State Other Total \$15,000.00 \$15,000.00

(4)	06-01-2009	Arkansas Department of Health/Maternal and Child Health	<p>Arkansas Project LAUNCH – The Arkansas Department of Health and the Department of Human Services will partner to develop and implement a state and locally-based project for young children, birth to eight years of age. Goals are: (1) Improve health promotion/prevention systems; (2) Improve the rate/quality of well-child screens; (3) Ensure parents have tools/resources to effectively promote children's health/identify or prevent negative health outcomes; (4) Maximize use of early childhood providers. The local initiative will occur in Stuttgart, a community located in the Delta Region of the state and in an area designated as medically underserved. Arkansas Project Launch will also include state and local oversight groups to function as councils on child wellness.</p>	Statewide	U.S. Department of Health and Human Services/SAMHSA	<p>Federal Applicant State Other Total</p> <p>\$849,749.00 \$10,165.00 \$859,914.00</p>
(6)	06-01-2009	Arkansas State Crime Laboratory	<p>Improve the Quality of Forensic Science and Medical Examiner Services – The Arkansas State Crime Laboratory is proposing to use the funding received for training of laboratory personnel, training for the coroners in Arkansas and to purchase mobile morgue refrigerator units. The objective is to improve the quality and timeliness of forensic science and medical examiner services. The goals for achieving this objective are 1. To increase the analysts' knowledge of new methods and instrumentation and keep the analyst abreast with the latest forensic techniques and trends, 2. Fulfill the laboratory's training requirements to remain accredited and demonstrate to the general public and the criminal justice system that the laboratory output is of the highest quality and that the procedures used meet established standards. 3. Keep coroners in Arkansas up to date on medical legal issues as it relates to deaths in Arkansas and 4. Ensure that counties have adequate refrigeration equipment for post-mortem storage.</p>	Statewide	U.S. Department of Justice	<p>Federal Applicant State Other Total</p> <p>\$240,724.00 \$240,724.00</p>
(7)	06-01-2009	Arkansas Livestock and Poultry Commission	<p>Brucellosis Post-eradication Maintenance Activities – Project objective is the achievement and maintenance of brucellosis class free status for Arkansas, using all tools available, including a strong first-point testing program with the use of state inspectors. Their duties will include performing brucellosis tests on test-eligible cattle at Arkansas action markets and slaughter plants and protecting against the reintroduction of brucellosis into Arkansas's cattle herds.</p>	Statewide	U.S. Department of Agriculture/APHIS Veterinary Services	<p>Federal Applicant State Other Total</p> <p>\$17,500.00 \$17,500.00</p>

(8)	06-01-2009	Arkansas State Library	LSTA State Grants – Federal Library Services and Technology Act funds awarded under P.L. 108-81 support library programs and services for libraries of all types. Funds are administered by the State Library Administrative Agency in each state	Statewide	Institute of Museum and Library Services	Federal Applicant State Other Total	\$ 1,936,529.00 \$997,606.00 \$2,934,135.00
(9)	06-02-2009	Arkansas Department of Human Services/Office of Community Services	To provide Community Services Block Grant Recovery Act funding to the State's 16 Community Action Agencies for the provision of services and activities to create and sustain economic growth and employment opportunities. <u>American Recovery and Reinvestment Act</u>	Statewide	U.S. Department of Health and Human Services/ Admin. for Children and Families	Federal Applicant State Other Total	\$ 13,595,871.00 \$13,595,871.00
(10)	06-02-2009	Arkansas Department of Emergency Management	FY2009 Interoperable Emergency Communication Grant Program – To establish the Arkansas Interoperable Communications Committee (AICC) and gain formal authority for the AICC. Further, this project will establish a regular meeting schedule, issues to be addressed by the AICC and processes by which issues will be resolved.	Statewide	U.S. Department of Homeland Security - FEMA	Federal Applicant State Other Total	\$307,672.00 \$307,672.00
(11)	06-03-2009	Arkansas Forestry Commission	Forest Inventory and Analysis	Statewide	U.S. Department of Agriculture/ Forest Service	Federal Applicant State Other Total	\$551,612.00 \$551,612.00
(12)	06-03-2009	Arkansas Game and Fish Commission	F-106-6 "Stream/Aquatics Habitat Evaluation and Planning"	Statewide	U.S. Department of Interior, Fish and Wildlife Service	Federal Applicant State Other Total	\$131,250.00 \$43,750.00 \$175,000.00
(13)	06-03-2009	Arkansas Game and Fish Commission	F-105-6 "Southeastern Cooperative Fish Genetics Study"	City of Corning, Clay County, AR	U.S. Department of Interior, Fish and Wildlife Services	Federal Applicant State Other Total	\$12,000.00 \$4,000.00 \$16,000.00

(14)	06-03-2009	Arkansas Game and Fish Commission	F-76-7 "Arkansas Trout Program"	Statewide	U.S. Department of Interior, Fish and Wildlife Service	Federal Applicant State Other Total	\$300,000.00 \$100,000.00 \$400,000.00
(15)	06-04-2009	Arkansas Department of Emergency Management	This grant is designed to reduce vulnerabilities of CI/KR (Critical Infrastructure/Key Resource) sites by extending the protected area around a site into the surrounding community and supporting the prevention and preparedness efforts of local first responders. This grant will provide funding for the equipment and management of these protective actions at CI/KR sites to minimize the potential for terrorist attacks.	Statewide	U.S. Department of Homeland Security/FEMA	Federal Applicant State Other Total	\$400,000.00 \$400,000.00
(16)	06-04-2009	Arkansas Game and Fish Commission	"Lake and Access Areas Facilities Maintenance and Operation" F-65-11	Statewide	U.S. Department of Interior, Fish and Wildlife Service	Federal Applicant State Other Total	\$573,750.00 \$191,250.00 \$765,000.00
(17)	06-05-2009	Arkansas State Crime Laboratory	FY2009 Forensic DNA Backlog Reduction Program – The purpose of this grant is to fund outsourcing of backlogged cases, renovating lab space, and purchasing updated DNA analysis software. This will allow the Arkansas State Crime Laboratory to decrease it's backlog of cases to be processed and increase the capacity to process future DNA cases In-House	Statewide	U.S. Department of Justice	Federal Applicant State Other Total	\$685,500.00 \$685,500.00

(18)	06-08-2009	Arkansas Department of Health	Continuation application for DP07-70303CONT09. Includes breast and cervical cancer, colorectal cancer, comprehensive cancer and cancer registry. This grant has four components: National Breast and Cervical Cancer Early Detection Program, Comprehensive Cancer Control, Colorectal, and the Central Cancer Registry Project. The breast and cervical section provides free breast and cervical cancer screenings, diagnosis and treatment services to women forty and over who are uninsured and underinsured residents of Arkansas. The program focus is on low income, medically underserved and minority women. The Comprehensive Cancer Control component works in tandem with the AR Cancer Coalition to provide a framework for action to reduce the burden of cancer in Arkansas. The Colorectal component works with the AR Cancer Coalition to increase education on colorectal cancer and provide primary care provider education to raise professional awareness of symptoms and risk factors. The registry is a population based registry housed at the Department of Health that collects and maintains data on all cancer cases in AR. The registry collects complete, accurate, and timely information about the incidence of cancer, the types of cancer diagnosed and their locations within the body, the extent of cancer at the time of diagnosis and the kinds of treatment that patients receive.	Statewide	U.S. Department of Health and Human Services/ Centers for Disease Control and Prevention	Federal Applicant State Other Total \$3,771,644.00 \$3,771,644.00
(19)	06-09-2009	Arkansas State Highway and Transportation Department	Capital Items defined by 49 U.S.C. section 5302(a)(1) for Rural Public Transit Operators and Intercity Bus. The purpose of this grant is to provide capital, and Preventive Maintenance assistance, to agencies, who provide transit services to the public in rural areas. <u>American Recovery and Reinvestment Act</u>	Statewide	U.S. Department of Transportation/ Federal Transit Administration	Federal Applicant State Other Total \$15,139,150.00 \$15,139,150.00
(20)	06-09-2009	Arkansas State Highway and Transportation Department	Transit assistance to employment opportunities for persons with low incomes. This is a grant for assistance under Chapter 53, of title 49, United States Code, 5316, JARC Formula Grant.	Statewide	U.S. Department of Transportation/ Federal Transit Administration	Federal Applicant State Other Total \$1,344,668.00 \$1,000,471.00 \$2,345,139.00
(21)	06-09-2009	Arkansas State Highway and Transportation Department	Transit assistance for persons with disabilities – This is a grant for assistance under Chapter 53, of title 49, United States Code, 5317, New Freedom Formula Grant	Statewide	U.S. Department of Transportation/ Federal Transit Administration	Federal Applicant State Other Total \$1,592,437.00 \$808,982.00 \$2,401,419.00

(22)	06-09-2009	Arkansas State Highway and Transportation Department	Transit Planning activities in metropolitan and rural areas of AR. This is a grant for assistance under Chapter 53, of title 49, United States Code, 5303 and 5304, Planning Program. The purpose of this grant is to provide Planning and Program Support/Assistance, to MPOs who provide consolidated planning services.	Statewide	U.S. Department of Transportation/ Federal Transit Administration	Federal Applicant State Other Total	\$1,981,735.00 \$495,435.00 \$2,477,170.00
(23)	06-09-2009	Arkansas State Police	Internet Crimes Against Children Project	Statewide	U.S. Department of Justice/Office of Juvenile Justice and Delinquency Prevention	Federal Applicant State Other Total	\$298,451.00 \$298,451.00
(24)	06-09-2009	Arkansas Energy Office	Perform 100 Energy Audits through the REAP Energy Audit Program in the State of Arkansas on agriculture land and/or small businesses. The Arkansas Energy Office (AEO), in partnership with the Arkansas Association of Resource Conservation and Development Councils (AARC&D) and the EnSave Corporation will conduct 100 energy audits for farmers and rural small business using the in house partnership workforce trained and experienced in conducting audits and preparation of financial assistance applications. The State Assn of Resource Conservation and Development Councils will provide administrative assistance to audit recipients in completing their REAP program financial assistance applications	Statewide	U.S. Department of Agriculture/ Rural Development	Federal Applicant State Other Total	\$100,000.00 \$48,130.00 \$58,570.00 \$206,700.00
(25)	06-09-2009	Arkansas Livestock and Poultry Commission	Notifiable Avian Influenza – NPIP – The purpose of this grant is to enhance avian influenza surveillance by identifying, controlling and eliminating the disease in commercial poultry. Such activity is essential to maintain free international trade for the commercial poultry industry for both live poultry and poultry products and to eliminate production loss due to infection	Statewide	U.S. Department of Agriculture/ APHIS Veterinary Services	Federal Applicant State Other Total	\$365,000.00 \$365,000.00
(26)	06-09-2009	Arkansas Department of Finance and Administration/ Office of Intergovernmental Services	OVC FY 09 VOCA Victim Assistance Formula Grant/ American Recovery and Reinvestment Act	Statewide	U.S. Department of Justice/Office for Victims of Crime	Federal Applicant State Other Total	\$3,616,868.00 \$3,616,868.00

(27)	06-12-2009	Arkansas Forestry Commission	Pine-Flatwoods Recovery Initiative Grant	Statewide	U.S. Department of Agriculture/ Forest Service	Federal Applicant State Other Total	\$2,060,000.00 \$882,500.00 \$2,942,500.00
(28)	06-12-2009	Arkansas Forestry Commission	Forest Legacy Program – to conserve and protect important forest areas threatened by conversion to non-forest uses.	Statewide	U.S. Department of Agriculture/ Forest Service	Federal Applicant State Other Total	\$25,000.00 \$8,333.00 \$33,333.00
(29)	06-12-2009	Arkansas Livestock and Poultry Commission	Swine Health Protection – Conduct monitoring activities that will provide information to federal and state authorities for enhanced surveillance of swine garbage feeding operations.	Statewide	U.S. Department of Agriculture/ APHIS Veterinary Services	Federal Applicant State Other Total	\$44,700.00 \$44,700.00
(30)	06-15-2009	Arkansas Department of Human Services/Aging and Adult Services	Senior Community Service Employment Program (SCSEP) – This project will provide subsidized part-time opportunities in community service assignments for low income persons ages 55 and over.	Statewide	U.S. Department of Labor, Employment and Training Administration	Federal Applicant State Other Total	\$2,067,748.00 \$229,750.00 \$2,297,498.00
(31)	06-15-2009	Arkansas Livestock and Poultry Commission	National Animal Identification System (NAIS) Continued implementation of standardized voluntary premises registration system in Arkansas in accordance with federal requirements contained in the National Animal Health Identification. Premises registration will be expanded to include all livestock species	Statewide	U.S. Department of Agriculture/ APHIS Veterinary Services	Federal Applicant State Other Total	\$167,975.00 \$33,595.00 \$201,570.00
(32)	06-17-2009	Arkansas Natural Resources Commission	Non-Point Source Section 319 Project	Statewide	U.S. Environmental Protection Agency	Federal Applicant State Other Total	\$4,707,051.00 \$362,991.00 \$2,810,969.00 \$7,881,011.00

(33)	06-19-2009	Arkansas Game and Fish Commission	Leased Lands Program /W-89-6 – Setting up a new five year project	Statewide	U.S. Department of Interior, Fish and Wildlife Service	Federal Applicant State Other Total	\$469,000.00 \$156,333.00 \$625,333.00
(34)	06-19-2009	Arkansas State Police	2009 Methamphetamine Initiative Program	Statewide	U.S. Department of Justice/Office of Community Oriented Policing Services	Federal Applicant State Other Total	\$500,000.00 \$500,000.00
(35)	06-19-2009	Arkansas State Police	Grant to Combat Odometer Fraud in Arkansas – Training of Investigators and procurement of equipment to combat Odometer Fraud.	Statewide	U.S. Department of Transportation/National Highway Traffic Safety Admin.	Federal Applicant State Other Total	\$21,103.00 \$21,103.00

**TECHNICAL FOR REPORTING
JULY 2009**

Agency Name	Commodity	Contract Amt	Vendor Name	Method of Procurement
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None for July

**ARRA FUNDS CONTRACTS FOR REPORTING
JULY 2009**

Contract #	AMD #	Agcy #	Agency	Prcrmt Mthd	Increase Amount	Grand Total	Vendor Name	State
46000017368		710	DHS	RFP	\$902,207.00	\$2,295,624.00	Fox Systems Inc.	AZ
46000017266		710	DHS/DYS	SSJ	\$76,075.00	\$76,075.00	Comprehensive Juvenile Services Inc	AR
46000017547		710	DHS/DCFS	SSJ	\$943,440.00	\$1,886,880.00	Hornby Zeller Associates Inc.	NY
46000017272		710	DHS/DYS	SSJ	\$36,116.00	\$36,116.00	Ouachita Children's Center	AR
46000017273		710	DHS/DYS	SSJ	\$33,858.00	\$33,858.00	Phoenix Youth and Family Services, Inc.	AR
46000017276		710	DHS/DYS	SSJ	\$180,524.00	\$180,524.00	United Family Services, Inc.	AR
46000017278		710	DHS/DYS	SSJ	\$22,716.00	\$22,716.00	Professional Counseling Associates	AR
46000017279		710	DHS/DYS	SSJ	\$128,908.00	\$128,908.00	Consolidated Youth Services, Inc.	AR
46000017270		710	DHS/DYS	SSJ	\$46,211.00	\$46,211.00	East Arkansas Youth Services Inc.	AR
46000017275		710	DHS/DYS	SSL	\$53,634.00	\$53,634.00	Southwest Arkansas Counseling & Mental Health Center	AR
46000017268		710	DHS/DYS	SSJ	\$105,005.00	\$105,005.00	Conway County Community Service Inc.	AR