Arkansas Teacher Retirement System

October 1, 2026

Ms. Jessica Patterson
Office of State Procurement
1500 West 7th Street, Suite 300
Little Rock, AR 72201

Ms. Marty Garrity
Bureau of Legislative Research
State Capitol, Room 315
Little Rock, AR 72201

Re: Notification of Imminent Need Under Act 1211 of 2009 (A.C.A. §19-11-1303)
Investments: Consonance Private Equity III, L.P.
Digital Realty Flagship Fund-Americas A, L.P.

Dear Ms. Patterson and Ms. Garrity:

As Director of Arkansas Teacher Retirement System (ATRS), my intent and plan is not to use the Imminent Need provisions of Act 1211 unless warranted. But it is occasionally needed to protect against loss, to target maximum return, and to comply with fiduciary obligations. The investments presented at this time are considered Imminent Need due to the fact that they will need to close before the next scheduled meeting of the Arkansas Legislative Council (ALC). If ATRS were to delay, the opportunity to invest may be missed. The ATRS Board of Trustees (Board) determined that all criteria were met under Act 1211 to enter into a partial equity ownership agreement for the investments submitted today.

On September 28, 2026, in a regularly scheduled meeting, the Board adopted Resolution 2026-46 to declare an Imminent Need exists to make an investment of up to $50,000,000.00 in Consonance Private Equity III, L.P. The investment was recommended by Franklin Park Associates, private equity consultants for ATRS, and ATRS staff concurs with the recommendation.

At the same meeting, the Board also adopted Resolution 2026-44 authorizing an investment of up to $100,000,000.00 in Digital Realty Flagship Fund-Americas A, L.P., again with Imminent Need. This investment was recommended by Aon Hewitt Investment Consulting, real assets consultants for ATRS, and ATRS staff concurs.

This letter has been sent in compliance with the five-day rule in Act 1211. Also in accordance with Act 1211, ATRS is providing a copy of the aforementioned resolutions to the Office of State Procurement and to the Arkansas Legislative Council. For full and open disclosure, ATRS is attaching an executive summary for each of the investments to provide further details.

ATRS requests that the investments mentioned above be reviewed by ALC at its next meeting. If any additional information is needed, please feel free to contact me on my direct line at 501-621-8853 or by email at: markw@artrs.gov

Respectfully,

Mark White
Executive Director

MW:lw

Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary

Investment	Consonance Private Equity III, L.P. (the "Fund")
Managing Party	Consonance Capital Partners (the "General Partner" or "Consonance")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	September 2026
Expected Closing Date	ATRS is expected to close in early October 2026.
ATRS Commitment & Reason for Entry	The investment of up to $50 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	The General Partner has retained Monument Capital to assist with fundraising.
Key Terms	Management Fee: The General Partner has proposed an annual management fee of 2.0% of commitments during the five-year investment period. Thereafter, management fees will equal 2.0% of each of the limited partner's pro-rate adjusted cost of unrealized investments. Carried Interest: After the limited partners receive distributions equal to their aggregate capital contributions and a preferred return of 8%, the General Partner will be entitled to 25% of the Fund's profits.
Justification of Investment Term & Anticipated Termination Date	The term is ten years (anticipated termination in 2036) plus three one-year extensions which is the industry standard for private equity funds due to the time required for buying, improving and selling underlying companies.
Investment Strategy	The Fund is being formed to make control and significant minority equity investments in small and middle market companies in the healthcare sector. The Fund will target quality companies with revenue between $50 million and $500 million in healthcare sub-sectors with growth potential.
Management Team	Based in New York, the General Partner was formed in 2011 by Dr. Mitchell Blutt, Ben Edmands and Stephen McKenna as the private equity division of Consonance Capital, a healthcare focused investment manager. Today the investment team is led by five principals including Mssrs. Edmands and McKenna, Nancy-Ann DeParle, Sean Breen and Javier Starkand. The principals are supported by three mid-level

	investment professionals, six junior professionals, a business development partner and support staff.
Historical Performance	The firm has raised two prior funds that have in aggregate generated gross returns of 4.9X cost and 103.7% IRR as of March 31, 2026.

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

RESOLUTION
No. 2026-46

Approving Investment in Consonance Private Equity III, L.P. with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Consonance Private Equity III, L.P.**, a private equity healthcare buyout fund; and

WHEREAS, the ATRS Board approves an investment of up to **$50 million dollars ($50,000,000.00)** in **Consonance Private Equity III, L.P.** and the Board, after its review of the timing in which the closing of the investment in **Consonance Private Equity III, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$50 million dollars ($50,000,000.00)** in **Consonance Private Equity III, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Consonance Private Equity III, 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 Board; and

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

Adopted this 28th day of September 2026.

Dr. Mike Hernandez, *Chair*
Arkansas Teacher Retirement System

Arkansas Teacher Retirement System
Real Estate Investment
Executive Summary

Investment	Digital Realty Flagship Fund-Americas A, LP
Managing Party	Digital Realty Flagship Fund-Americas GP, LP
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	September 2026
Expected Closing Date	October 2026
ATRS Commitment & Reason for Entry	The up to $100 million investment is to help achieve the 14% target allocation to Real Assets. The fund was recommended by the ATRS real assets consultant, Aon Hewit Investment Consulting.
Placement Agent	No placement agent was utilized.
Key Terms	Management Fee: .90% (90 basis points) based on net asset value. Carried Interest: 10% of profits after LP's receive a 7% IRR preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The fund is an open-end structure with no end date. Redemptions are quarterly with a 90-day notice after a 3-year lock-up period. Redemptions are subject to certain liquidity conditions designed to protect the limited partners.
Investment Strategy	Digital Realty targets core-plus investments in North American hyperscale data centers. The strategy focuses on income-producing assets in Tier 1 markets, complemented by selective development to drive NAV growth, with returns underpinned by long-duration leases and investment-grade or equivalent tenants. The fund will target 9–11% net IRR, and 4–6% dividend yield.
Management Team	The investment platform is led by Greg Wright (CIO), supported by a global acquisitions and investments team and a dedicated private capital team that is focused on fund management, investor relations, and finance. The broader organization includes more than four thousand employees within a vertically integrated platform. Senior leadership is comprised of a ten-person executive team with over eight

years of average tenure who work alongside the Investment Committee to oversee key investment activities.

Historical Performance

Being a new fund, the historical performance is extrapolated from the preceding strategy performance. As of June 30, 2026, the Digital Realty joint venture program generated a gross IRR of 27.3% and a 1.9x gross TVPI across $8.6 billion of invested capital. Performance has been broadly positive, with the majority of assets being valued at more than 1.4x cost.

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

RESOLUTION
No. 2026-44

Approving Investment in Digital Realty Flagship Fund-Americas A, L.P. with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its real assets consultant, Aon Hewitt Investment Consulting, Inc, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Digital Realty Flagship Fund-Americas A, L.P.**, an open end core-plus real estate fund focused on data centers; and

WHEREAS, the ATRS Board approves an investment of up to **$100 million dollars ($100,000,000.00)** in **Digital Realty Flagship Fund-Americas A, L.P.** and the Board, after its review of the timing in which the closing of the investment in **Digital Realty Flagship Fund-Americas A, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **$100 million dollars ($100,000,000.00)** in **Digital Realty Flagship Fund-Americas A, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Digital Realty Flagship Fund-Americas A, L.P.** The total investment amount is to be determined by the real assets consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

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

Adopted this 28th day of September 2026.

Dr. Mike Hernandez, *Chair*
Arkansas Teacher Retirement System