Subject: RE: Tennenbaum/Energy/Debt
From: Michael Bacine <mbacine@franklinparkllc.com>
Date: Tue, 25 Jan 2011 08:05:08 -0500
To: "'Leslie Ward'" <lesliew@artrs.gov>

Leslie,

You are correct, we did recommend passing on Tennenbaum VI last summer. As you may recall, we did preliminary due diligence on the fund in July/August 2010. ~~In our~~ Due Diligence Analysis memo dated August 9, 2010, we outlined the strategy, team and track record for the opportunity. This memo was discussed in detail with George, Susan and you on our regular monthly call on August 10, 2010. Our concerns related to the attractiveness of the strategy and the mixed performance of the prior funds. At the end of the call, it was agreed that ATRS would pass on the opportunity and at the time Tennenbaum VI was removed from ATRS' private equity deal log.

I then heard nothing about the fund until December 17, more than 4 months after our call in August. On that day, I spoke with George, who alerted me to the fact that conversations and meetings had been ongoing since August between EK, ATRS and Tennenbaum. He further noted that: (i) he sent our Due Diligence Analysis memo to Tennenbaum and they had disagreed with our analysis and the resulting conclusions; and (ii) EK's private equity team was more favorable on the fund and was open to reviewing & recommending the opportunity to ATRS.

I then heard nothing about the fund until January 19, 2011, when George called me to ask if FP could recommend Tennenbaum VI at the February 7 IC/board meeting. I responded by stating that FP is open to updating our prior analysis (including updated track record analysis, site visit in LA and reference calls with third parties) but we could not complete our work in time for the upcoming board meeting (approx. 2½ weeks from that date).

I subsequently sent the e-mail below laying out the timeline through which we could complete proper due diligence on Tennenbaum VI.

Let me know if you have any questions or want to discuss further.

Regards,

Michael

From: Leslie Ward [mailto:lesliew@artrs.gov]
Sent: Monday, January 24, 2011 12:03 PM
To: Michael Bacine
Subject: Re: Tennenbaum/Energy/Debt

Michael,

I noticed that you mentioned Tennenbaum in your message below. I thought you passed on that deal sometime last August. What's going on?

Leslie

On 1/21/2011 9:00 AM, Michael Bacine wrote:

Subject: Re: Fw: LR retail hub attracts system
From: George Hopkins <georgeh@artrs.gov>
Date: Tue, 15 Feb 2011 08:56:25 -0600
To: Michael Tennenbaum <Michael@TennenbaumCapital.com>

I have a blue pen ready to sign the papers once I have them on my desk this morning. Go make ATRS some money. I look forward to seeing the harvest! Ghop

On 2/15/2011 8:48 AM, Michael Tennenbaum wrote:

Fyi

From: Walter Hussman [mailto:weh@arkansasonline.com]
Sent: Tuesday, February 15, 2011 05:15 AM
To: Michael Tennenbaum
Subject: LR retail hub attracts system

Michael, see the last part of this article in our paper today, where it mentions they want to make a $40 million investment in your fund. Thanks, Walter

---

LR retail hub attracts system

MICHAEL R. WICKLINE
Arkansas Democrat-Gazette
February 15, 2011

LR RETAIL

hub attracts system.

LR retail hub attracts system

Owning center possible for teacher pension organization

Trustees for the Arkansas Teacher Retirement System took a step Monday to put the system in position to compete for ownership of the Shackleford Crossings shopping center in west Little Rock.

They authorized their staff to submit a letter to a national real-estate brokerage firm, Holliday, Fenogolio & Fowler LP, to express the system's interest in being a possible investor in loans that have been issued for the center. Today is the deadline to submit such a letter, said George Hopkins, executive director for the system.

The shopping center's development group "has hit legal and financial problems that have placed the note securing the development into difficulty," said a system staff memo to the trustees. "It appears that, although this note is presently current, in the near future, the note will likely go into default."

Whoever buys the note "is likely purchasing this note in order to become the owner of the underlying property," said the memo, and it appears that the current owner is willing to significantly discount the note to eliminate further involvement with the project.

"This can mean a buyers market," it said.
In May, Pulaski County Circuit Judge Tim Fox appointed as receiver over the center Timothy P. Buss, a senior vice president and director of NAI Hiffman Asset Management of Oakbrook, Ill. That came after M&I Bank of Wisconsin sued Shackleford Crossings LLC, owner of the center, seeking to have Buss appointed. M&I said two mortgages on the center weren't paid by their maturity dates. A mortgage of $53.2 million was taken out in 2007 and a second note of $20.8 million was taken out in 2008. Shackleford Crossings LLC was the borrower.
The owner of Shackleford Crossings LCC is Shackleford Holdings LLC, the lawsuit said. Roger Steve Clary of Little Rock, developer of the shopping center at Shackleford Road and Interstate 430, is the majority owner of Shackleford Holdings, it said. Clary could not be reached for comment Monday afternoon at his home.
Shackleford Crossings LCC consented to the appointment of a receiver to manage and control the property under a fourth loan-modification agreement dated Jan. 25, 2010, according to Fox's order.
The shopping center opened in 2008. It was originally scheduled to be about a 600,000-square-foot center 600,000 square feet.
Jerry Meyer, real estate investment manager for the system, wrote in a memo to Hopkins that Holliday, Fenogolio & Fowler is handling the sale on the Shackleford Crossings notes that have an outstanding balance of about $57.4 million.
The property comprises 271,675 square feet of rentable retail space, according to HFF's offering summary, which was given to the system's trustees. The "notable tenants" include Wal-Mart Supercenter, J.C. Penney, Gordman's, Babies R Us and Haverty's Furniture, HFF said.
Hopkins told the trustees that Wal-Mart and J.C. Penney own their land and buildings and are part of the shopping center and pay costs to keep the shopping center in good order.
He said about 90,000 square feet of the rentable retail space is not leased at the property.
The cover page for HFF's offering summary is titled, "$57.4 million sub-performing loan with anticipated maturity default."
HFF operates out of 18 offices across the nation, including Chicago and Dallas, and is a leading provider of commercial real state and capital markets services to the commercial real estate industry, according to the firm.
William Mitchell, the Chicago-based managing director for HFF, said Monday in an interview that M&I hired the firm.
He speculated that 10 to 15 firms could submit what he called "preliminary bids" for the loans.
"It is impossible to tell," Mitchell said.
He said he expected that the preliminary bids would be whittled down to about five finalists.
Meyer's memo to Hopkins said that he would recommend submitting a nonbinding offer for "50 percent or less of outstanding note balance."
A 50 percent discount on the note would be about $28.7 million.
Meyer's memo said there also are about $10 million worth of "out parcels" to be sold.
"Should we be a finalist in the bidding, [the system would] perform appropriate due diligence and evaluate the path to foreclosure and ultimate ownership of the underlying asset," the memo said.
"I believe this is potentially a 'home run' in our backyard that only a cash buyer such as

ourselves can purchase due to financing constraints," Meyer wrote.
The system's staff asked the trustees in a memo to be allowed "to make a non-binding statement of intent to keep ATRS as a potential investor. By continuing to participate, ATRS would be under no responsibility or obligation to buy, but could continue to evaluate property."
Hopkins told the trustees that system officials "are more than willing to pull off" if the trustees aren't interested in pursuing this possible investment.
"We've looked at a lot of opportunities and cast most of them aside. This is one that we have seen that may have some opportunity, unlike the others, to really hit a home run if we can get to the right price," he said.
The trustees, chaired by Richard Abernathy of Bryant, voted to continue pursuing the potential investment.
The system's investments totaled about $11.1 billion as of Dec. 31, according to a preliminary investment report for the past quarter, Hopkins said. The investments include stocks, bonds, private equity, real estate, and farmland.
The unfunded liabilities totaled $3.8 billion as of June 30 and would take 52 years to pay off, according to actuary Gabriel, Roeder, Smith & Co. of Southfield, Mich. Actuaries liken unfunded liabilities to mortgages on houses. The unfunded liabilities are the amount by which liabilities exceed an actuarial value of the system's investments. The liabilities totaled $3.4 billion and would have taken 45 years to pay off as of June 30, 2009, Gabriel said.
The system includes 72,208 working members with an average age of 44.7 and average service of 9.7 years and average annual salary of $32,980 in the last fiscal year, according to Judith Kermans of Gabriel. The system includes 4,608 deferred retirement plan participants with a total of payroll of $275 million, she said.
The system also includes 30,587 retired members with benefit payments of $613 million (an average of $20,041) in the last fiscal year, she said.
The system charges a rate of 14 percent of employee payroll to school districts and other employers with system members. Employers paid $389 million into the system, and system members paid $115 million last fiscal year, Hopkins said.
OTHER BUSINESS The trustees on Monday declared an imminent need to make $140 million in investments before a legislative committee can review the investments agreements this spring.
Those included close a $40 million investment in Wicks Capital Partners IV, a $40 million investment in Tennebaum Opportunities Fund VI, and a $50 million investment in Prudential Real Estate Investors' Property Investment Separate Account.
Wicks Capital Partners is based in New York, Tennebaum is based in Santa Monica, Calif., and Prudential is based in Atlanta.
The Legislature's Review Committee won't meet until the current legislative session is over to consider these contracts, the system's staff said in a memo to the trustees.
Declaring an imminent need to make investments before a legislative committee reviews the agreements is allowed by a law enacted in 2009. Hopkins said the system has previously used that law a few times.
The review committee might not meet until-mid April and "some of these things just need to be funded now," he said.

Sent from my iPad

Subject: Re: Tennenbaum Opportunities Fund VI
From: George Hopkins <georgeh@artrs.gov>
Date: Wed, 16 Feb 2011 10:59:34 -0600
To: Susan Crosby <susanc@artrs.gov>

I am a little confused by your email. I do not agree with some of the representations made. HEK made a very through due diligence review of this investment and did its review of it over a long period of time. You should feel free to read the HEK recommendation as the quality of the investment. I leave the bucket decision to HEW and Wayne, unless I am asked to provide input. One thing I have learned from working with consultants is that often my feelings on an investment is not affirmed by the consultants. It help keeps me humble and lets me realize that my opinion is often one of many. I am looking forward to the new reports I asked you to undertake yesterday and a fine tuned cash flow model. I am sure you will do a good job on all of these. Respectfully, George Hopkins

On 2/16/2011 10:19 AM, Susan Crosby wrote:

> Hi, George.
>
> You must have gleaned compelling information regarding Tennenbaum Opportunities Fund VI after our meeting with Mr. Tennenbaum back in April, 2010 (remember, you, Leslie Ward and myself met with Mr. Tennenbaum in your office). Neither Leslie nor myself felt that this investment opportunity met the general criteria employed by ATRS staff as we strive to meet our fiduciary responsibilities to the Board of Trustees and our members, and as I strive to do my best as ATRS's Senior Investments Analyst.
>
> I recall that you decided to forward it on to Michael Bacine with Franklin Park who in turn "rejected" the Tennenbaum Fund VI as a plausible opportunity for ATRS for a number of reasons.
>
> From my understanding, Hewitt Ennis Knupp's private equity division was then employed to review the Fund VI after Franklin Park communicated that it was unable to rush through further due diligence on behalf of ATRS. On a preliminary level, the Fund VI was presented to the board of trustees for approval pending further "due diligence" as an "alternative" investment although it will be in the "private equity" portfolio, right?
>
> Please clarify, this investment will be in the "Alternatives" bucket or the "Private Equity" bucket (I'll be preparing an Investment Manager summary on the fund, as you know, and need to know where it fits in our asset allocation model). I must say, the "rush rush" on this investment approval, funding, etc., is a concern to me as one can never be so diligent when making $40 million investment decisions on behalf of thousands and thousands of ATRS members.
>
> I want to make sure I understand this situation as I have not been involved since the original meeting with Mr. Tennenbaum. You are quite the savvy investor, Ghop - please let me know the information you had - would love to understand what I missed.
>
> Susan

George Hopkins <georgeh@artrs.gov>
Director
ATRS

March 7, 2011

To the Board of Trustees of the Arkansas Teacher Retirement System

Dear Trustees,

Please read this letter in its entirety.

I was terminated Thursday, February 24, 2011, with no grounds provided. On December 27, 2010, I was given my performance evaluation by Mr. Hopkins and the overall review was "Exceeds Excellence." I had not been written up or warned of problems with my job performance prior to my termination.

At the ATRS board meeting on Monday, February 7, 2011, a $40 million commitment to the Tennenbaum Fund was recommended for approval "subject to final due diligence." Note that historically investments have full due diligence already completed before being presented to you. This investment was represented to you as an **"Alternative"** investment. Some facts related to this investment are:

On August 7, 2010, Mr. Hopkins, myself and another member of ATRS staff met with Mr. Tennenbaum as scheduled by Mr. Hopkins to discuss the upcoming fund and consider a **private equity** commitment. Due to numerous factors, I (and staff) did not feel the investment met the general criteria for further consideration and communicated this to Mr. Hopkins. Mr. Hopkins indicated his intent desire to invest with Mr. Tennenbaum and requested our **private equity** consultant, Franklin Park, perform preliminary due diligence. Michael Bacine of Franklin Park followed up with a report indicating the preliminary due diligence resulted in a **"do not recommend"** conclusion.

Mr. Hopkins continued to push for an investment by ATRS in the Tennenbaum Fund and requested Franklin Park to conduct full due diligence and in a "fast track" manner. Franklin Park's Michael Bacine communicated that full due diligence could be done but would likely not change the "do not recommend" position of the firm, and could NOT be done on a "fast track" basis. Mr. Hopkins then enlisted EnnisKnupp's private equity division to make a recommendation for a $40 million commitment based on "incomplete" due diligence to the Board of Trustees, which EnnisKnupp did and the Board trustfully approved. This $40 million commitment was knowingly misrepresented to you as an "Alternative" investment.

The "fast tracked" due diligence resulted in a recommendation provided by EnnisKnupp on Thursday, February 10, 2011, but with several cautionary statements as to the risks associated with the investment. Further details can be provided.

This misrepresentation to the Board of Trustees was spearheaded by Mr. Hopkins. In an effort to document that I, in my capacity as Senior Investments Analyst, was not involved in this investment recommendation to the Board of Trustees, I sent an e-mail to Mr. Hopkins detailing such. I was subsequently terminated.

The Board of Trustees has been very impressed with Mr. Hopkins. However, the Board needs to be made aware of the details surrounding the Tennenbaum investment (and other issues) and I would encourage you to read all of the relevant consultants' reports on this investment.

As you know, Mr. Hopkins has enormous control in his capacity as Director, control which has been and continues to be used in an irrational and dangerously unhealthy manner.

One example for you: Three days after I introduced myself to you all almost a year ago on February 1, 2010, I was called into Mr. Hopkins's office where he told me that I am "too attractive," and that, "if I walked floor to floor in the ATRS building, I would see that I am clearly the most beautiful woman in the building." He went on to say that I "needed to lay low" and that "we wouldn't be able to travel together because people might think we had a relationship that wasn't totally professional." He not only said this to me, but also to other employees of ATRS and possibly to some of you. In disbelief and with obvious professional concerns, I spent most of the next three months primarily sequestered. There are many, many other examples of malfeasance and pervasive harassment I (and others internally and outside ATRS) can provide as you need to know how the Director operates and manages.

I was allowed to contribute to some decisions related to ATRS investments. After my thorough analysis of the Victory Building along with some staff, the valuation of the building was changed and the decision to sell in the $25 million range was reversed as the building was deemed to be worth closer to the $35 million range and was an asset worth retaining. I was working with senior staff and system managers to have a comprehensive cashflow proforma spreadsheet in place so we could make intelligent decisions as to cashflow and liquidity needs. I embraced the position of Senior Investments Analyst and literally analyzed every single holding in the ATRS portfolio (from loans, to buildings, to private equity, real estate and publicly traded funds, etc.) and produced summary reports on each one. I did a thorough analysis of fees structures and successfully negotiated a lower fee on some assets held at State Street.

I encourage you to be informed and to interview not only myself but other staff but with confidentiality and "whistleblower protection" as the internal environment for many within the ATRS building is threatening and hostile. Many outside people have been exposed to Mr. Hopkins's irrationality and should be contacted, as well. I can provide a detailed list to you.

I write to you knowing that fiduciary responsibility is of utmost importance. Mr. Hopkins should be held accountable for his actions. Abuse of power and authority should not be tolerated and employees should not be threatened into silence or submission. And, as you know, no public servant should ever act on decisions impacting his or her constituents with personal gain in mind, be it egotistical, political, financial, or otherwise.

I should be reinstated to my position as Senior Investments Analyst immediately. I have done nothing to deserve termination and all that goes with it. On the contrary, I have acted professionally, diligently, ethically, and honestly on behalf of you all, the members of ATRS and the taxpayers of the State of Arkansas.

Sincerely,

Susan Crosby

cc: Governor Mike Beebe
Chief of Staff Morril Harriman
Arkansas Ethics Commission
Others

Subject: Fw: Crosby Response
From: "George Hopkins" <georgeh@artrs.gov>
Date: Wed, 9 Mar 2011 01:00:29 +0000
To: "Gail B" <gailb@atrs.state.ar.us>, "Gaye Swaim" <Gaye.Swaim@atrs.state.ar.us>, "Vicky Fowler" <vickyf@artrs.gov>

Fyi. Ghop
ATRS Executive Director

-----Original Message-----
From: "George Hopkins" <georgeh@artrs.gov>
Date: Wed, 9 Mar 2011 00:52:54
To: Trustees<board@artrs.gov>; Charles Dyer<cdyer@almasd.net>
Reply-To: georgeh@artrs.gov
Subject: Crosby Response

Trustees:
I am now aware of and have read the email and attached letter ~~from Susan Crosby, who ceased being employed by ATRS on February 24, 2011.~~ Without specifically addressing each and every detail, her email and letter are inaccurate, unsupported by the ~~facts, exaggerations of any potential facts~~, and for the most part, totally untrue. First, as to Tennebaum, it is important to note that both of the investment consultants for ATRS were present in the Board Room at the time the Tennebaum investment was presented to the Board. If either investment consultant believed that the Tennebaum investment was not a prudent investment based on facts within their knowledge, the investment consult had a fiduciary duty to stand up in the Board meeting and make that statement. Absence of such action, and the positive statements made in the meeting, should shed detailed clarity as to the believability of Ms. Crosby's statement. In addition, any staff member who believed that this was not a prudent investment also had a fiduciary responsibility to stand up and fulfill their fiduciary duty to the Board by speaking on the record. Furthermore, our Internal Auditor has made it clear that staff members have an open door to her office, and I have regularly counseled staff to go to Legislative Audit any time they had a concern. I checked with Brenda West, Internal Auditor, and she made it clear to me that no staff member said anything to her about Tennebaum prior to the Board meeting. To this date, I have not heard from Legislative Auditors about this investment, although I intend to forward Ms. Crosby's email to Legislative Auditors. I am certain that you will soon have information from ATRS staff that contradicts Ms. Crosby's statements that she and ATRS staff felt the investment was not prudent. Her termination ABSOLUTELY had nothing to do with the Tennebaum investment.

For Ms. Crosby to claim credit for a Victory Building analysis and the decisions made on it is inappropriate. There were numerous discussions between Wayne Greathouse, Jerry Meyer, Hewitt Ennis Knupp, and myself, some with Ms. Crosby involved and many without her involvement, as ATRS staff saw the cash flow of Victory Building improve. It is fair to say Ms. Crosby had some input into the process, but for her to claim any significant ownership of that process, is an exaggeration.

Generally, you should be aware that I do not intend to address the myriad other allegations; they are either exaggerations, taken totally out of context, or outright untrue. Typically I would not address as to why a staff member was terminated; however, this email ~~brings about the need for~~ emphatic information. During the week of February 21, 2011, Ms. Crosby informed me ~~that~~ she was not included in the administrative listing on the ATRS website. I informed her I was not aware her name was not present, but would see ~~that she was placed on the list.~~ Prior to this request, Ms. Crosby had informed me that she had experienced resistance from fund managers and others for them to share information on the cash flow analysis project that I had directed Ms. Crosby to manage. Ms. Crosby needed distributions and capital calls expected from fund managers in coming months. In order to enhance her visibility and the priority of the project, I had her name placed on the administrative staff listing with a title of Analyst and Cash Flow Specialist, instead of the title of Senior Investment Analyst as listed on our appropriation. (In fact very few of the ATRS administrative staff members are actually called by the designation in the ATRS appropriation. For instance, Bob Berry's authorized title on the appropriation is ATRS Associate Director Fiscal Affairs, but the title on the administrative staff listing is Chief Fiscal Officer. Wayne Greathouse's title in the appropriation is ATRS Associate Director of Investments versus Director of Public Markets listed on the website. Also, at APERS, the Sr. Investment Analyst position Ms. Crosby filled is designated Chief Investment Officer. At ATRS, decisions were made to leave Wayne Greathouse in charge of investments and use this position only for analysis and special projects.) Since I felt the ATRS mission was furthered by having the DP staff place her name on the administrative staff listing with the title of Analyst and Cash Flow Specialist, I did so. Ms. Crosby sent me an email inquiring why her title was not listed as Sr. Investment Analyst. I told her it would assist in ensuring cooperation and compliance with a project that I expected her to spend 40% of her time on an ongoing basis, which over time, would save ATRS millions in lost investment opportunities. I re-emphasized to her the importance of the project when she had, prior to this time, sent information suggesting the cash flow project was for estimates only, instead of a precision tool as I intended it to be.

Following my reasons for using the Analyst and Cash Flow title, Ms. Crosby stated no objection to me. However, she went to a line staff member in DP and asked who had instructed the DP staff member to use the title of Analyst and Cash Flow Specialist. The staff member said Mr. Hopkins, and Ms. Crosby orally instructed the staff member to remove my designation and replace the title with Senior Investment Analyst. The staff member stated she could not do that without further instructions from me. Ms. Crosby then left the staff member and sent an email to the DP staff member stating I had provided staff member an improper directive, and instructed the staff member to remove my directed designation and replace it with Senior Investment Analyst. Ms. Crosby cc'd Gail Bolden and me on the email to the DP staff member that instructed the staff member to disobey ny directive. The following morning, Ms. Crosby went back to this DP staff member and confronted the staff member for her failure to follow Ms. Crosby's instruction to change her designation to Senior Investment Analyst.

After lengthy consultation with Gail Bolden, HR Staff, Gaye Swaim, and Dr. Abernathy, I decided that Ms. Crosby's insubordination, direct violation of my directive that she clearly understood, and her attempt to place an innocent line staff member into "harms way" by inappropriately placing the staff member in a position to choose which Senior Staff to obey, constituted action that could not be tolerated from any ATRS staff member, especially a Senior Staff member. Placing an innocent staff member into a position of disciplinary action, if Ms. Crosby's instruction had been followed, was felt by my and Gail Bolden to be very serious and egregious offense. Ms Crosby furthered and highlighted her insubordination by ccing both Gail Bolden and myself on the email to the staff member The position and belief termination was the only appropriate response was shared by all ATRS staff involved in the decision. The information I just shared was the reason for Ms. Crosby's termination. Again, to the extent that it is appropriate in a legal context, I generally and specifically deny the allegations with Ms. Crosby's email and letter. Please let me know if you have questions.

Respectfully, George Hopkins
ATRS Executive Director

Hewitt ennisknupp

An Aon Company

Memo

To:	Board of Trustees **Arkansas Teacher Retirement System**
From:	PJ Kelly, CFA
Date:	3/10/2011
Re:	Tennenbaum Capital Due Diligence Process

Comments:

It has been brought to Hewitt EnnisKnupp's (HEK) attention that a former employee of the Arkansas Teacher Retirement System (ATRS), Susan Crosby, has raised questions regarding the due diligence process surrounding ATRS's commitment to Tennenbaum Capital, a new private equity investment approved at the Board's last meeting. That process and the circumstances by which this investment came to our attention are described in the following paragraphs.

In the latter part of 2010, we proposed that ATRS consider alternative investment strategies that should provide diversification to equities but have similar expected returns. Those strategies included global macro and credit strategies. We further believed these opportunities were timely, especially credit strategies, given the 2008 financial crisis and the pending refinancing schedules facing companies with questionable availability of credit in the market.

During these discussions, we were made aware of a closed-end distressed credit fund, Tennenbaum Capital, both through ATRS staff and our own ~~independent due diligence process~~, which included past interviews with and due diligence on Tennenbaum. ~~We thought~~ the fit might be a good one and agreed along with ATRS staff to proceed with additional due diligence. One early issue that was raised was the appropriate asset allocation classification of a potential investment in a closed-end distressed credit fund in the ATRS portfolio. Distressed credit strategies fall into a gray area of alternatives with similarities to private equity and more liquid strategies such as hedge funds. Whether a strategy is considered private equity or liquid alternatives typically depends on whether the goal is to take control or have a significant influence on the management of the company through the purchase of debt securities (known as "distress for control"). Tennenbaum has a large focus of distressed for control but not exclusively so, and is structured as a closed-end fund that draws committed capital over time similar to private equity or opportunistic real estate funds. Furthermore, it does not offer readily available liquidity until the portfolio company investment cycle has been completed. It is commonplace among institutional private equity programs to include private debt oriented strategies in a private equity program (such as distressed debt, mezzanine financing and other debt-related strategies) for diversification and to capture timely market opportunities when these strategies may be more attractive on a risk return basis relative to traditional buyout and venture private equity investments.

Hewitt EnnisKnupp, Inc.
10 South Riverside Plaza, Suite 1600 | Chicago, Il 60606
t 312.715.1700 | f 312.715.1952 | www.hewittennisknupp.com

fixed income, real estate, alternatives and private equity. ATRS has been a grêat partner for Hewitt EnnisKnupp in this endeavor and likely explains why the performance of the System has ranked in the top 15 percent of public funds over the past 10-years (inception of our relationship) and outperformed the performance benchmark by 130 basis points annualized over that period. We will be happy to address any questions regarding Tennenbaum or any other ATRS investments.