

<p>Director of Department of Administrative Services  Department of Administrative Services  Hoover State Office Building</p> <p>Iowa Public Employees' Retirement System  Petitioner</p>	<p>Petition for Waiver</p>
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The Iowa Public Employees' Retirement System (IPERS), through its Chief Executive Officer, Gregory S. Samorajski, petitions the Director of the Department of Administrative Services to waive Part 11 IAC 118.11(3) in relation to one service contract that provides administration and margin management services for IPERS Liquid Absolute Return Strategies ("LARS"). This Petition for Waiver requests that the Director of the Department of Administrative Services waive the six-year maximum contract duration limitation in 11 IAC 118.11 (3) as it relates to one service provider contract.

The statutory authority for this petition is Iowa Code § 17A.9A. The regulatory authority for this petition is 11 IAC Chapter 9 and 11 IAC 118.16.

On behalf of IPERS, I submit the following information as required by 11 IAC 9.6:

1. The name, address, and telephone number of the entity or person for whom a waiver is being requested and the case number of any related pending appeal.

**Answer:** Chief Executive Officer Gregory S. Samorajski, Iowa Public Employees' Retirement System, P.O. Box 9117, Des Moines, Iowa, 50306-9117, (515) 281-0070. There is no pending or related appeal associated with this petition.

2. A description and citation of the specific rule (and the stated requirement in a procurement, auction or sale) from which a waiver is requested.

**Answer:** 11 IAC 118.11 (3) states:

A service contract should be competitively selected on a regular basis so that a state agency obtains the best value for the funds spent; avoids inefficiencies, waste or duplication; and may take advantage of new innovations, ideas and technology. A service contract, including all optional renewals, shall not exceed a term of six years; however, information technology service contracts entered into by the department or office of chief information officer may have a term length not to exceed ten years. Service contracts shall not exceed the term lengths set forth herein unless the state agency obtains a waiver of this provision pursuant to rule 11-118.16(8A).

3. The specific waiver requested, including the precise scope and duration, and any alternative means or other condition or modification proposed to achieve the purpose of the rule.

**Answer:** The waiver that IPERS is requesting from 11 IAC 118.11(3) pertains to a service contract with one contractor that provides administration and margin management services for IPERS Liquid Absolute Return Strategies ("LARS"). IPERS is requesting that this rule be waived for a period of one (1) year as it relates solely to the contract with New Hyde Park Alternative Funds, LLC.

4. The relevant facts that the petitioner believes would justify a waiver under each of the four criteria described in subrule 9.4(1) or the criteria in subrule 9.4(3) if the request relates to a procurement, sale or auction. This statement shall include a signed statement from the petitioner attesting to the accuracy of the facts provided in the petition, and a statement of reasons that the petitioner believes will justify the waiver.

**Answer:** The Director may issue an order waiving in whole or in part the requirements of a rule if the Director finds that there is good cause for a waiver. Good cause includes, but is not limited to, a showing that a requirement or provision of a rule should be waived because the requirement or provision would likely result in an unintended, undesirable, or adverse consequence or outcome. An example of good cause for a waiver is when a contract duration period of longer than six years is more economically or operationally feasible than a six-year contract in light of the service being purchased by the state agency. Additionally, a waiver may be granted if the director finds based on clear and convincing evidence each of the following:

- A. The application of the rule would pose an undue hardship on the person for whom the waiver is requested;
- B. The waiver from the requirements of the rule in the specific case would not prejudice the substantial legal rights of any person;
- C. The provisions of the rule subject to the petition for a waiver are not specifically mandated by a statute or another provision of the law; and
- D. Substantially equal protection or public health, safety and welfare will be afforded by a means other than that prescribed in the particular rule for which the waiver is requested.

IPERS contracted with our Liquid Absolute Return Strategies ("LARS") administrator NorthStar Financial Services Group, LLC on April 25th, 2016, for administering an overlay strategy approved by the IPERS investment board. There have been several name changes for the administrator since then. The administrator is now known as New Hyde Park Alternative Funds, LLC. The original contract was for up to six years in duration. The original term was three years, with an additional three one-year contracts possible. IPERS' contract with the LARS administrator ends on April 25th, 2022. The primary purpose of the contract is to provide administration and margin management services for LARS. IPERS anticipated issuing a Request for Proposals (RFP) to rebid the contract in early 2022, in order to expand the scope of services to now include a new internal investment strategy that uses similar instruments as the LARS strategy does. The LARS strategy was overseen at IPERS by the Investment Risk/Asset Allocation Officer and Quantitative Retirement Investment Officer. IPERS Chief Investment officer retired in Dec 2021 and the Risk/Asset Allocation Officer has been promoted as the Chief Investment Officer. IPERS also lost the quantitative investment staff member to another firm and hasn't been able to hire a suitable replacement yet. We are in the process of recruiting for these

positions and hope to do so in the next 3 months. After discussion, IPERS staff requests a waiver to the rule to allow the contract with New Hyde Park Alternative Funds, LLC to be extended for one (1) year past the current contract term to April 25th, 2023.

The IPERS Investment Staff feels that it would be highly disadvantageous for IPERS' contract with New Hyde Park Alternative Funds, LLC to end during this time of personnel turnover at IPERS. The IPERS Staff believes that issuing the RFP a year later, when hopefully all staff members are hired, would provide stability in investment oversight and operations.

5. A history of any prior contacts between the department and the petitioner relating to the activity that is the subject of the requested waiver including, but not limited to, a list or description of contested hearings relating to the activity within the past five years, and penalties relating to the proposed waiver.

**Answer:** IPERS received a waiver of the 6-year term for a service contract in 2008. The Department of Administrative Services granted IPERS Petition—see Waiver Request No. IPERS1 2008. Iowa Department of Administrative Services extended the waiver on March 27, 2012 for a period of ten years. IPERS received a waiver of the 6-year term for a different service contract in 2020.

6. Any information known to the requester regarding the department's treatment of similar cases.

**Answer:** IPERS received a waiver of the 6-year term for a service contract in 2008. The Department of Administrative Services granted IPERS Petition—see Waiver Request No. IPERS1 2008. Iowa Department of Administrative Services extended the waiver on March 27, 2012 for a period of ten years. IPERS received a waiver of the 6-year term for a different service contract in 2020.

7. The name, address, and telephone number of any public agency or political subdivision which also regulates the activity in question, or which might be affected by the granting of a waiver.

**Answer:** There are no other public agencies or political subdivisions that regulate the activity in question, or that would be impacted by granting the waiver.

8. The name, address, and telephone number of any entity or person who would be adversely affected by the granting of a petition, if reasonably known to the petitioner.

**Answer:** IPERS is unaware of anyone or any entity that would be impacted by granting the waiver.

9. The name, address, and telephone number of any person with knowledge of the relevant facts relating to the proposed waiver.

**Answer:**

- a. Gregory S. Samorajski, Chief Executive Officer  
IPERS  
P.O. Box 9117  
Des Moines, Iowa 50306-9117  
(515) 281-0070

b. Sriram Lakshminarayanan, Chief Investment Officer

IPERS

P.O. Box 9117

Des Moines, Iowa 50306-9117

(515) 281-0040

c. Elizabeth A. Hennessey, General Counsel

IPERS

P.O. Box 9117

Des Moines, Iowa 50306-9117

(515) 281-0054

d. David Young

New Hyde Park Alternative Funds, LLC

106 East Liberty Drive #200

Wheaton, Illinois 60187

(312) 504-0096

10. Signed releases of information authorizing persons with knowledge regarding the request to furnish the department with information relevant to the waiver or variance.

Answer: See Attachment 2.

**Conclusion:**

IPERS believes that granting this waiver will result in no unintended, undesirable, or adverse consequences or outcome. IPERS further believes that granting the petition would not pose an undue hardship on any person or prejudice the substantial legal rights of any person or entity.

For the reasons stated herein, IPERS is requesting a waiver to the rule to allow IPERS to extend its contract with New Hyde Park Alternative Funds, LLC by one (1) additional year past the initial 6-year term.

Dated this 28th day of February, 2022

By: 

Gregory S. Samorajski, Chief Executive Officer

Iowa Public Employees' Retirement System

7401 Register Drive, P.O. Box 9117

Des Moines, IA 50306-9117

Attachments: (1) Signed Statement of Petitioner  
(2) Signed Release

Approved based on the justification provided.

  
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Director, Department of Administrative Services

Iowa Public Employees' Retirement System Petitioner	Signed Statement of Petitioner
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ATTACHMENT 1

I, Gregory S. Samorajski, the Petitioner in this action, attest to the accuracy of the facts and statements made in this petition. I make this statement in my capacity as the Chief Executive Officer of the Iowa Public Employees' Retirement System.

By: Gregory S. Samorajski  
Gregory S. Samorajski, Chief Executive Officer  
Iowa Public Employees' Retirement System  
7401 Register Drive, P.O. Box 9117  
Des Moines, IA 50306-9117

Before me appeared Gregory S. Samorajski, the Petitioner in this action, who attested to the accuracy of the petition and placed his signature on this document on the 28<sup>th</sup> day of February, 2022.

By: Elizabeth Hennessey  
Elizabeth Hennessey, General Counsel  
Notary Public, Commission No. 746276  
Iowa Public Employees' Retirement System  
7401 Register Drive, P.O. Box 9117  
Des Moines, IA 50306-9117

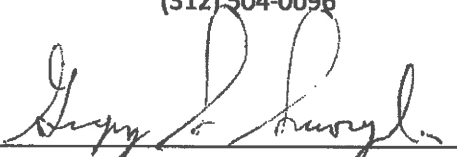


ATTACHMENT 2

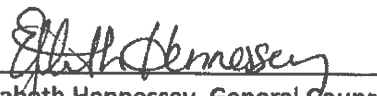
Iowa Public Employees' Retirement System Petitioner	Signed Release of Information
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I, Gregory S. Samorajski, the Petitioner in this action, authorize the following people to release any information to the Department of Administrative Services that may assist it in making a determination relative to this Petition. I make this authorization in my capacity as the Chief Executive Officer of the Iowa Public Employees' Retirement System.

- a. Gregory S. Samorajski, Chief Executive Officer  
IPERS  
P.O. Box 9117  
Des Moines, Iowa 50306-9117  
(515) 281-0070
- b. Sriram Lakshminarayanan, Chief Investment Officer  
IPERS  
P.O. Box 9117  
Des Moines, Iowa 50306-9117  
(515) 281-0040
- c. Elizabeth A. Hennessey, General Counsel  
IPERS  
P.O. Box 9117  
Des Moines, Iowa 50306-9117  
(515) 281-0054
- d. David Young  
New Hyde Park Alternative Funds, LLC  
106 East Liberty Drive #200  
Wheaton, Illinois 60187  
(312) 504-0096

By:   
Gregory S. Samorajski, Chief Executive Officer  
Iowa Public Employees' Retirement System  
7401 Register Drive, P.O. Box 9117  
Des Moines, IA 50306-9117

Before me appeared Gregory S. Samorajski, the Petitioner in this action, who placed his signature on this document on the 28<sup>th</sup> day of February, 2022.

By:   
Elizabeth Hennessey, General Counsel  
Notary Public, Commission No. 746276  
Iowa Public Employees' Retirement System  
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