

<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 operational due diligence services. 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 operational due diligence services. IPERS is requesting that this rule be waived for a period of one (1) year as it relates solely to the contract with Fortifinancial (USA), Ltd.

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 Fortifinancial (USA), Ltd. on April 27, 2016 for operational due diligence services. The original contract was for three years with the option to extend the agreement for three additional one-year terms. The final extension for the agreement is set to expire on April 27, 2022. The primary purpose of the contract is to provide operational due diligence services for all non-custody mandates utilized by IPERS' staff in meeting the Investment Board's Strategic Asset Allocation and desired active risk targets. Non-custody mandates selected through a formal RFP process must successfully complete three phases: Investment Due Diligence, Operation Due Diligence and Legal Contracting. Operational due diligence is a key piece of the due diligence process. IPERS' Investment Board made a number of changes to the Strategic Asset Allocation at the September 2020 meeting. These changes included significant increases to the target allocations for Private Equity (11% to 13%), Private Real Assets (7.5% to 8.5%) and Private Credit (3% to 8%). In order to address these changes, IPERS' Investment Staff took on several initiatives over the last year:

- 1. Two RFP's were issued to identify Private Credit mandates and a third RFP is planned for later this year to identify Private Real Asset mandates. To date, one the Private Credit searches has been completed, with the second Private Credit search on-going.

2. IPERS posted, recruited and hired an analyst position to assist with the Private Markets Program. The candidate that was selected is currently in their probationary period and being trained in their new role.

3. Finally, IPERS issued an RFP for Investment Software Services to improve the oversight of the Private Markets Program. This RFP was completed last year and the service is currently being on-boarded.

After discussion, IPERS Investment Staff confirms that the existing service provider, Fortifinancial (USA), Ltd, has been in compliance with the operational due diligence service agreement and has provided thorough, insightful and timely reporting over the entire term of the agreement. We believe it would be prudent to delay an RFP for the evaluation of operational due diligence services, given the on-going initiatives within the Private Markets Program. IPERS Investment Staff requests a waiver to the rule to allow the agreement with Fortifinancial (USA), Ltd to be extended for one (1) year past the current agreement term to April 27, 2023. IPERS' Investment Staff would plan to issue an RFP for operational due diligence services later in CY 2022 to evaluate our existing service provider versus other services available in the market

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. Jeff Lisle
Fortifinancial (USA), Ltd.
1321 Upland Drive
PMB 16434
Houston, Texas 77043
(415) 418-8423

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.

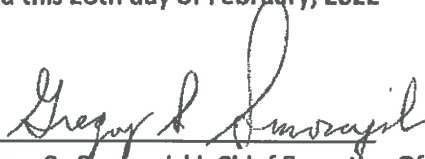
Conclusion:

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 Fortifinancial (USA), Ltd 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.

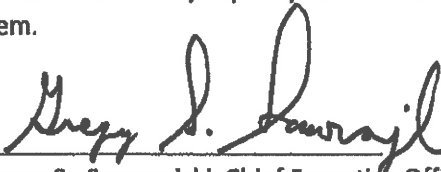


Director, Department of Administrative Services


ATTACHMENT 1

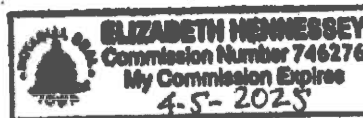
Iowa Public Employees' Retirement System Petitioner	Signed Statement of Petitioner
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I, Gregory S. Samorajski, the Petitioner in this action, attest to the accuracy of the facts and statements made in this petition. I make this statement in my capacity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

By: 
Gregory S. Samorajski, 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 28th day of February, 2022.

By: 
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

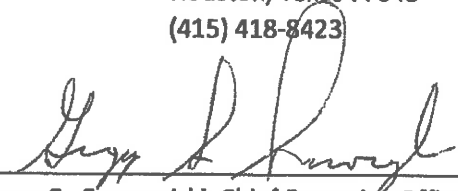


ATTACHMENT 2

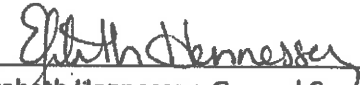
Iowa Public Employees' Retirement System Petitioner	Signed Release of Information
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I, Gregory S. Samorajski, the Petitioner in this action, authorize the following people to release any information to the Department of Administrative Services that may 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. Jeff Lisle
Fortifinancial (USA), Ltd.
1321 Upland Drive, PMB 16434
Houston, Texas 77043
(415) 418-8423

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 28th day of February, 2022.

By: 
Elizabeth Hennessey, General Counsel
Notary Public, Commission No. 746276
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