



IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Gregory S. Samorajski, CFA**  
Chief Executive Officer

**Kim Reynolds**  
Governor

**Adam Gregg**  
Lt. Governor

June 15, 2020

Iowa Department of Administrative Services  
Office of the Director  
Attn: Legal Counsel  
Hoover State Office Building, Third Floor  
Des Moines, Iowa 50319-0104

To Whom It May Concern:

Attached you will find IPERS' petition for waiver regarding 11 IAC 118.11(3), which requires that a service contract shall not exceed a term of six years. The attached petition provides further detail for the basis of the waiver.

If you have any questions regarding this Petition for Waiver, please feel free to contact me at (515) 281-0070.

Sincerely,

A handwritten signature in black ink that reads "Gregory S. Samorajski". The signature is written in a cursive style.

Gregory S. Samorajski  
Chief Executive Officer

Director of Department of Administrative Services Department of Administrative Services Hoover State Office Building      Iowa Public Employees' Retirement System Petitioner	Petition for Waiver
--	---------------------

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 IPERS investment consulting 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 IPERS with investment consulting services. IPERS is requesting that this rule be waived for a period of one (1) year as it relates solely to Wilshire Associates.

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 petitioner reasons that the 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 Wilshire Associates on October 14, 2014, for investment consulting services. The original contract was for six years in duration. IPERS' contract with Wilshire Associates ends on September 30, 2020. The primary purpose of the contract is for providing investment consulting services to the IPERS Investment Board and Staff. IPERS anticipated issuing a Request for Proposals (RFP) to rebid the contract in April 2020, and requested the input of the Investment Board on the appropriate scope of services at its Board meeting on March 27, 2020. However, several Board members expressed their concern with searching for a consultant at a time of social and financial turmoil due to the coronavirus pandemic, and when IPERS is transitioning to a new Chief Executive Officer. After discussion, the Investment Board unanimously voted to direct IPERS Staff to request a waiver to the rule to allow the contract with Wilshire Associates to be extended for one (1) year past the current contract term to September 30, 2021.

The IPERS Investment Board expressed its opinion that it would be highly disadvantageous for IPERS' contract with Wilshire Associates to end during this unprecedented time of pandemic and at the same time that IPERS was bringing on a new CEO. The Board believed that issuing the RFP one year later, when hopefully the coronavirus pandemic has subsided and the new CEO has had time to settle into the job, 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.

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.

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. Karl Koch, Chief Investments 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. Wilshire Associates, Inc.  
Rose Dean, Managing Director  
Wilshire Associates, Inc.  
1299 Ocean Avenue – Suite 700  
Santa Monica, CA 90401  
(310) 899-5311

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 Wilshire Associates, Inc. (Wilshire) by one (1) additional year past the initial 6-year term.

Dated this 15th day of June 2020

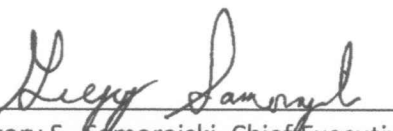
By:   
Gregory S. Samorajski, Chief Executive Officer  
Iowa Public Employees' Retirement System  
7401 Register Drive, P.O. Box 9117  
Des Moines, IA 50306-9117

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

ATTACHMENT 1

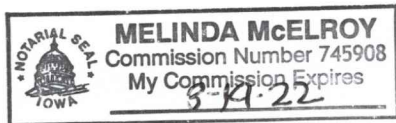
Iowa Public Employees' Retirement System Petitioner	Signed Statement of Petitioner
--	--------------------------------

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 15<sup>th</sup> day of June 2020.

By:   
Melinda McElroy, Executive Assistant  
Notary Public, Commission No. 745908  
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
--	-------------------------------

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. Karl Koch, Chief Investments 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. Rose Dean, Managing Director  
Wilshire Associates, Inc.  
1299 Ocean Ave., Suite 700  
Santa Monica, CA 90401-1084  
(310) 899-5311

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 placed his signature on this document on the 15<sup>th</sup> day of June 2020.

By: Melinda McElroy  
Melinda McElroy, Executive Assistant  
Notary Public, Commission No. 745908  
Iowa Public Employees' Retirement System  
7401 Register Drive, P.O. Box 9117  
Des Moines, IA 50306-9117

