

SECURITIES LENDING AUTHORIZATION AGREEMENT

THIS AGREEMENT, is effective as of *insert date*, and is made by and between the **TREASURER OF THE STATE OF IOWA** and *securities lending agent*.

In consideration of the mutual promises and covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. Identity of the Parties.

- 1.1** The Treasurer of the State of Iowa (the “Treasurer”) is authorized by Iowa Code section 12.8 to enter into securities lending transactions on behalf of the Iowa Public Employees’ Retirement System (“IPERS”). The Treasurer’s address is State Capitol Building, Room 114, Des Moines, Iowa 50319.
- 1.2** *Securities lending agent* (“Firm”) has the capacity and expertise to conduct a securities lending program for assets of a public employee retirement system. For purposes hereof, the address for *securities lending agent* is *address*.

Section 2. Representations and Background. The parties have entered into this Securities Lending Authorization Agreement (this “Agreement”) based upon the following:

- 2.1** *Securities lending agent* represents and warrants that it has the capacity and specialized expertise to effectively and safely conduct a securities lending program for assets of a public employee retirement system; and
- 2.2** *Custodian* (“Custodian”) holds certain securities on behalf of IPERS (the “Fund”) as trustee or custodian; and
- 2.3** The Treasurer desires to authorize Firm to establish, manage and administer a securities lending program in accordance with the provisions hereof with respect to certain securities held by the Fund (the “Program”); and
- 2.4** Firm is willing to establish, manage, and administer the Program on behalf of the Fund in accordance with and subject to the terms of this Agreement.

Section 3. Appointment of Lending Agent. The Treasurer hereby authorizes and appoints *securities lending agent* as agent for the Fund, to lend securities of United States issuers and non-United States issuers held by the Fund to such borrowers as may be selected by Firm for the Program (each a “Borrower”). The Treasurer hereby acknowledges that it is independent of Firm and that the Treasurer has authority to execute this Agreement with Firm on behalf of the Fund. Firm shall, on a quarterly basis, provide the Treasurer with a list of the Borrowers in the Program. The Treasurer may, with written notice to Firm, restrict one or more Borrowers from

borrowing securities from the Fund. **Exhibit A** attached hereto lists the Borrowers in the Program as of the date hereof.

Section 4. Documents Incorporated.

- 4.1 The Treasurer's RFP for 2013 Custody/Sec Lending and Firm's proposal in response to the RFP ("Proposal"), excluding any exceptions taken by Firm with respect to any of the terms, conditions, requirements or provisions of the RFP ("Exceptions"), together with any related clarifications, attachments, appendices, amendments or other writings of Treasurer or Firm are incorporated into this Agreement by this reference as if fully set forth in this Agreement.
- 4.2 The terms and conditions of the RFP and the Proposal (excluding any Exceptions) are made contractual obligations of Firm.
- 4.3 The parties acknowledge that this Agreement consists of this document as well as the RFP and the Proposal (excluding any Exceptions) and that Firm is obligated to perform as set forth in the RFP and the Proposal (excluding any Exceptions) to the same extent that it is obligated to perform the specific duties set forth in this Agreement.
- 4.4 In the case of any inconsistency or conflict between the specific provisions of this document, the RFP or the Proposal, any inconsistency or conflict shall be resolved as follows: first, by giving preference to the specific provisions of this document; second, by giving preference to the specific provisions of the RFP; and third, by giving preference to the specific provisions of the Proposal (excluding any Exceptions).
- 4.5 The references to the parties' obligations, which are contained in this document, are intended to change, supplement or clarify the obligations as stated in the RFP and the Proposal. The failure of the parties to make reference to the terms of the RFP or Proposal in this document shall not be construed as creating a conflict and will not relieve Firm of the contractual obligations imposed by the terms of the RFP and the Proposal. Terms offered in the Proposal that exceed the requirements of the RFP shall not be construed as creating an inconsistency or conflict with the RFP or this document. The contractual obligations of Treasurer cannot be implied from the Proposal.

Section 5. Conduct of Program and Standard of Care. In making securities loans on behalf of the Fund, Firm shall comply with the following requirements:

- 5.1 Firm shall comply with all legal requirements applicable to it and to the Program. Firm will manage and conduct the Program in accordance with Exhibit B, Securities Lending Investment Policy, Guidelines and Objectives, which is attached to and made a part of this Agreement. Firm acknowledges and agrees that it is acting as a fiduciary on behalf of the Fund, the Treasurer, and the State of Iowa ("State") (the Fund, the Treasurer, and the State shall be referred to herein collectively as "State Entities," and individually, as a "State Entity") with respect to the performance of its duties, obligations and responsibilities under this Agreement, and Firm will perform its contractual duties and

obligations as a fiduciary to the State Entities. Without limiting the foregoing, the Firm's fiduciary obligations shall include, but are not limited to, a duty of loyalty and to take action and otherwise perform solely in the best interest and for the benefit of the State Entities. Firm shall exercise the highest degree of care and skill expected of, and demonstrated by, like fiduciaries in conducting a securities lending program for a public pension fund, in investing cash collateral, and in fulfilling and performing all other duties and obligations of the Firm set forth in this Agreement. Firm agrees it will not enter into a transaction or cause the Fund to engage in a transaction which Firm knows or should know is an illegal transaction, or a prohibited transaction pursuant to the Internal Revenue Code. The Firm shall not enter into any securities lending transaction on behalf of the Fund that is inconsistent with or violates any terms, requirements, guidelines, limitations or objectives set forth in Exhibit B. In addition, the Firm shall not enter into any securities lending transaction on behalf of the Fund that is not in the best interests of the Fund or is otherwise inadvisable or unsuitable for the Fund.

- 5.2** Firm shall have responsibility for negotiating the terms of each loan consistent with the terms of this Agreement and for collecting all required collateral ("Collateral"), whether in the form of cash, U.S. government securities, irrevocable letters of credit issued by banks independent of the Borrowers and listed on **Exhibit D** hereto or other forms approved by the Treasurer for use as collateral, on behalf of the Fund. Firm shall notify the Treasurer in writing of any proposed additions or deletions to **Exhibit D** within thirty (30) days prior to any proposed change. Such proposed change shall not take effect without Treasurer's prior written consent. Firm shall ensure that the terms of any agreement it has with each Borrower will not conflict or be inconsistent with any terms of this Agreement.
- 5.3** Firm shall have responsibility for selecting the Borrowers to whom securities of the Fund are to be lent. Prior to selecting a Borrower, Firm shall conduct due diligence and a credit analysis of the prospective Borrower to determine whether the Borrower is suitable for inclusion in the Program. Throughout the term of this Agreement, Firm shall monitor and review the credit worthiness of the Borrowers in the Program. Firm will recommend removal of any Borrowers from the list of approved Borrowers in the event the financial condition of a Borrower deteriorates or other circumstances warrant removal.
- 5.4** Firm shall monitor the performance of the Borrower and enforce the rights of the Fund under the applicable agreement between Firm and the Borrower.
- 5.5** Firm shall do or cause to be done all lawful acts by and on behalf of the Fund as it shall determine to be desirable, necessary or appropriate to implement and administer the Program contemplated hereby, to avoid losses to the Fund, and to enforce the terms of agreements with Borrowers pertaining to the Program, subject to the terms of this Agreement.

Section 6. Collateral.

- 6.1** Prior to or concurrently with the delivery by Firm of securities to a Borrower, Firm shall obtain from the Borrower Collateral in an amount equal to, as of such date, 102% in the case of loaned securities of United States issuers, and 105% in the case of loaned securities of non-United States issuers, of the market value of any securities loaned, including any accrued interest. All Collateral consisting of cash and securities and all securities loaned shall be marked to market daily as provided in Section 7 hereof.
- 6.2** All Collateral, with the exception of U.S. government securities pledged as Collateral upon the loan of securities, shall be held by Firm, an affiliate of Firm or Custodian, at Treasurer's direction. With respect to the loan of securities which are collateralized by the pledge of U.S. government securities, the Collateral may be held either directly by Firm or through a Custodian acting on behalf of the Fund, at the Treasurer's direction. Firm shall be responsible for the acts or omissions of any affiliate of Firm used as though the acts or omissions of such affiliate were the acts or omissions of Firm, and Firm shall be responsible for and reimburse the Fund for any losses caused by such affiliate.
- 6.3** In the case of securities loans which are collateralized by cash, Firm shall, in its discretion acting as a fiduciary of the Fund, and acting in the best interests of the Fund, invest such cash Collateral on behalf of the Fund in accordance with Section 8 hereof.
- 6.4** Firm shall take all actions necessary in order to create and maintain a valid, perfected, first priority security interest in the Collateral.

Section 7. Marking to Market.

- 7.1** If at the close of trading on any business day, the market value of the Collateral previously delivered by the Borrower and held in connection with loans of securities of United States issuers is less than 100% of the market value of such loaned securities as of such business day, Firm shall demand that the Borrower deliver an amount of additional Collateral by the close of the next business day sufficient to cause the market value of all Collateral delivered in connection with such loan to equal or exceed 102% of the market value of such loaned securities, including accrued interest.
- 7.2** If at the close of trading on any business day, the market value of the Collateral previously delivered by the Borrower and held in connection with loans of securities of non-United States issuers is less than 105% of the market value of the loaned securities as of such business day, Firm shall demand that the Borrower deliver an amount of additional Collateral by the close of the next business day sufficient to cause the market value of all Collateral delivered in connection with such loan to equal or exceed 105% of the market value of such loaned securities, including accrued interest.
- 7.3** For purposes hereof, the term "market value" of cash Collateral means the value of any cash Collateral or additional cash Collateral as of the time of receipt thereof by Firm from the Borrower, unadjusted for any subsequent increases or decreases in value as a result of

any investment thereof by Firm pursuant to Section 8 below.

Section 8. Collateral Investment.

8.1 Firm is hereby authorized to invest and reinvest, on behalf of the Fund, any and all cash Collateral in accordance with the provisions hereof. Cash Collateral received by Firm on behalf of the Fund shall be held and maintained by Firm in a segregated cash Collateral account established for and in the name of IPERS with the Custodian. The establishment of the account and all procedures relating to the account must be approved by the Treasurer and IPERS. The Firm shall invest and reinvest cash Collateral in accordance with and subject to the terms, conditions, limitations and other provisions set forth in Exhibit B, as may be amended or modified by the Treasurer from time to time. Any such amendment or modification will become effective for purposes of this Agreement within ten (10) days of the date the Treasurer provides Firm with a written copy of such amendment or modification. In the event that the amount of earnings on invested Collateral is insufficient to pay the entire rebate or other amount payable to a Borrower under any loan of securities and, therefore, results in a deficiency or negative earnings, the amount of such deficiency or negative earnings shall be paid by the Fund and Firm on a monthly basis, in accordance with and in the same proportion as their respective percentage entitlements to earnings as set forth in **Exhibit C** hereto.

8.2 Notwithstanding any other provision hereof, the Treasurer and Firm acknowledge and agree that any losses of principal from investing and reinvesting Collateral in accordance with Exhibit B, shall be shared by the Firm and the Fund in accordance with and in the same proportion as their respective percentage entitlements to earnings as set forth in Exhibit C. If at any time the Collateral is insufficient to satisfy the obligation to return the full amount of Collateral owed to the Borrower, any resulting shortfall will be shared by the Fund and the Firm in accordance with and in the same proportion as their respective percentage entitlements to earnings as set forth in Exhibit C. This provision in no way limits the liability of Firm for any failure to satisfy its fiduciary or other obligations under this Agreement or if Firm commits a negligent or wrongful act or omission in connection with this Agreement. Firm will be fully responsible for any losses or shortfalls which result from any failure of Firm to comply with the terms of this Agreement, including those set forth in Exhibit B, and for any breach or violation of any standards of care set forth herein.

9.1 **Section 9. Allocation of Lending Opportunities.** The Treasurer acknowledges that Firm has been appointed Lending Agent by other clients on behalf of other funds and that Firm will allocate securities loan opportunities among its securities lending clients, including the Fund, by such reasonable methods that ensure client participation is equitable. While Firm will make reasonable efforts to lend the Fund's securities, nothing in this Agreement shall be deemed to impose upon Firm any obligation, in the event it makes a loan of another securities lending client's securities, to make a loan of the Fund's securities, whether or not such loan could have been made in accordance with this Agreement, and whether or not Firm has made fewer or more loans for any other securities lending client than for the Fund. Firm does not represent or warrant that any

amount or percentage of the Fund's securities will in fact be loaned to a Borrower. Firm shall notify the Treasurer promptly of any material change in Firm's standard loan allocation method.

Section 10. Credits to Fund.

- 10.1** Firm shall collect for, and credit to, the account of the Fund, all interest, dividends or other distributions, made, declared, or guaranteed by the issuers of the loaned securities, including without limitation, stock dividends, shares as a result of stock splits, cash distributions, distributions of any kind, and rights to purchase additional securities, with respect to securities loaned to borrowers on behalf of the Fund.
- 10.2** In the case of securities loans which are collateralized with U.S. government securities, or other Collateral not in the form of cash, Firm shall collect the loan premium fees payable for use of the borrowed securities, and shall credit the aggregate amount of the Fund's share of such fees to the account of the Fund on a monthly basis, within 15 business days after the close of the month.
- 10.3** In the case of securities loans which are collateralized by cash, Firm shall, following the deduction of loan rebate fees payable to the Borrower pursuant to the applicable broker loan agreement, credit the aggregate amount of the Fund's share of net income earned or interest paid with respect to such investment or deposit to the account of the fund on a monthly basis, within 15 business days after the close of such month.

Section 11. Reports. Firm will provide the following monthly reports, or access to monthly reports through secure online access, to the Treasurer and the Fund: (1) a detailed report which shows the market value of securities on loan and the amount of collateral received from the Borrower; (2) a report which shows by manager account lendable securities, average on loan, and client earnings; (3) a detailed report showing the amortized cost and market value of all investments made and held on behalf of the Fund; (4) a report showing the average amount of Fund securities available for lending during the month, and the average rebate paid during the month; (5) a report showing details of each securities loan; and (6) a report showing the investment of cash Collateral and the holdings of any cash Collateral investment pool, fund or account. Firm shall periodically provide the Treasurer and the Fund with information on the current market environment, industry trends and initiatives with Firm's securities lending program. Firm shall also annually create a service level review of the performance of the Program and present it to the Treasurer and the Fund.

Section 12. Rights of Borrower in Respect of the Securities. Fund shall maintain all rights of ownership of securities on loan, except voting rights, and grants a Borrower the right to transfer the securities borrowed to others; provided, however, that Borrower will be obligated to Firm with respect to all dividends, interest and distributions pertaining to the securities. Firm shall collect for, and credit to, the account of the Fund all interest, dividends or other distributions paid with respect to securities loaned to Borrowers on behalf of the Fund, subject to any applicable withholding taxes, transfer taxes and other necessary costs.

Section 13. Remedies for Failure to Deliver Securities.

13.1 In the event that any loaned securities, or any portion thereof, shall not have been returned to the Fund for any reason (including, without limitation, the insolvency or bankruptcy of the Borrower) within the standard settlement period for the loaned securities, Firm, at its expense and subject to 13.2 below, shall:

13.1.1 Promptly following a Borrower's failure to return loaned securities (or any portion thereof), within the specified time replace the loaned securities not so returned with other securities of the same issuer, class, and denomination and with the same dividend rights and other economic benefits as such securities possessed at the close of business on the date as of which the loaned securities should have been returned; or

13.1.2 If Firm is unable to purchase such securities on the open market, credit the Fund with the market value of such unreturned loaned securities, including purchase costs, brokerage or other expenses and accrued interest or dividends, such market value to be determined as of the close of business on the date on which the loaned securities were required to be returned.

13.1.3 Until such time as the actions in Section 13.1.1 or 13.1.2 have been consummated, any dividends or interest that have accrued on the loaned securities, whether or not received from the Borrower, shall be credited by Firm to the Fund.

13.2 The Treasurer and the Fund shall have, as to the Collateral, all of the rights and remedies of a secured party under applicable law. In the event that Firm makes a payment to or credits the Fund to make the Fund whole pursuant to Section 13.1 above, Firm shall, to the extent of the amount of any such payment or credit, be subrogated and succeed to all such rights and remedies of the Treasurer and/or the Fund with respect to such amount against the Borrower under the applicable securities loan agreement and to the Collateral securing the Borrower's obligations to Firm under such securities loan agreement.

Section 14. Indemnification by Firm. Firm agrees to indemnify and hold harmless the State, the Treasurer, the Fund, and IPERS, and their employees, agents, board members, appointed officials and elected officials (collectively "Indemnitees"), from and against any and all demands, debts, liabilities, damages, losses, claims, suits or actions, settlements, judgments, deficiencies, costs and expenses, including the reasonable value of time expended by the Attorney General's Office, and the costs and expenses and attorney fees of other counsel required to defend Indemnitees, directly or indirectly related to, resulting from, or arising out of this Agreement, including, but not limited to, claims related to, resulting from, or arising out of:

14.1 The failure of Firm to credit loan premiums, distributions, and any other amounts due to the Fund in connection with the loan of securities as and when required by this Agreement;

- 14.2 Any violation or breach of any term or condition of this Agreement (or any agreement Firm may have with a Borrower) by or on behalf of Firm, including, without limitation, any violation or breach of any representations, warranties, covenants or any applicable standards of care.
- 14.3 Any acts or omissions, including, but not limited to, negligent or willful acts or omissions of Firm, its affiliates, employees, counsel or any other sub-custodian, sub-agent, agent, or entity engaged or utilized by Firm to perform any duties in connection with this Agreement;
- 14.4 Any acts or omissions of any sub-custodian, central depository or sub-agent with which Firm maintains a direct contractual relationship, which were engaged by Firm to perform any duties in connection with this Agreement;
- 14.5 Claims for violation or infringement, or alleged violation or infringement, of any intellectual property rights of any third party, including, but not limited to, patents, trademarks, trade dress, trade secrets, or copyrights;
- 14.6 Firm's performance or attempted performance of this Agreement;
- 14.7 Any failure by Firm or its affiliates, employees, counsel of any sub-custodian, sub-agent or agent or entity engaged or utilized by Firm to comply with all applicable local, state, federal, and international laws, rules and regulations;
- 14.8 Any failure by Firm to make all reports, payments and withholdings required by federal and state law with respect to Social Security, employee income and other taxes, fees or costs required by Custodian to conduct business in the State of Iowa.

Firm's duties as set forth in this section shall survive the expiration or termination of this Agreement and shall apply to all acts taken in the performance of this Agreement regardless of the date any potential claim is made or discovered by the Treasurer.

The Firm's indemnification obligations under this Agreement are not limited to third-party claims, but shall also apply to any claims that either party may assert against the other in connection with this Agreement.

Section 15. Compensation of Firm.

- 15.1 In consideration of the Firm providing the securities lending and other services in accordance with the terms and conditions of this Agreement, Firm shall be entitled to receive the fees or other compensation associated with such services as specified in the attached Exhibit C, subject to the terms and conditions of this Agreement. Exhibit C is incorporated by this reference into this Agreement as if fully set forth in this Agreement and may be amended by the parties in writing from time to time. Firm is not entitled to payment for any services provided under this Agreement if the Treasurer or the Fund reasonably determines that such services have not been satisfactorily or completely

performed in accordance with the terms and conditions of this Agreement. No Advance Payments Shall Be Made for Any Services Provided by the Firm under This Agreement. Firm is hereby authorized to charge such fees against and collect such fees from the revenues derived from the securities lending activities.

- 15.2** All costs and expenses incidental to lending, including, without limitation, sub-custodian and sub-agent fees, transaction fees and stamp tax fees shall be the responsibility of, and shall be paid by, Firm.
- 15.3** Firm shall submit monthly statements to the Treasurer which itemize the revenues due the Fund for the preceding month's lending activity. Firm shall credit such revenues to the Fund on a monthly basis within fifteen (15) business days after the close of the month. Notwithstanding anything herein to the contrary, the Treasurer shall have the right to dispute any fees charged or collected by the Firm as compensation
- 15.4** In the event that Firm owes the Fund, the Treasurer, or the State any sum under the terms of this Agreement, any other agreement, pursuant to a judgment, or pursuant to any law, the Treasurer or the State may set off such sum against any sum that may be due to the Firm hereunder in the Treasurer's or the State's sole discretion, unless otherwise required by law. Any amounts due to the Fund, the Treasurer, or the State as damages may be deducted by the Treasurer or the State without a judgment or any court action from any money or sum payable to Firm pursuant to this Agreement or any other agreement between Firm and the Treasurer or State.
- 15.5** Except as specified in this Section 15, Firm will not be entitled to receive any other compensation, fees or other amounts for any services related to this Agreement, the lending of securities, or the investment of cash collateral under this Agreement.
- 15.6** In addition to pursuing any other remedy provided herein or by law, Treasurer may withhold compensation or payments to Firm, in whole or in part, without penalty or liability to the Treasurer or Fund, or any work stoppage by the Firm, in the event the Treasurer determines that Firm has failed to perform any of its duties or obligations as set forth in this Agreement. No interest shall accrue or be paid to Firm on any compensation or other amounts withheld or retained by the Treasurer under this Agreement.
- 15.7** Firm shall promptly pay or refund to the Treasurer the full amount of any overpayment or erroneous payment within thirty (30) business days after either discovery by the Firm or notification by the Treasurer of the overpayment or erroneous payment. In the event Firm fails to timely pay or refund any amounts due the Treasurer under this section 15.7, the Treasurer may charge interest of one percent (1%) per month compounded on the outstanding balance after the date payment or refund is due, or the maximum amount allowed by law, whichever is greater. The Treasurer may, in his sole discretion, elect to have Firm apply any amounts due to the Treasurer under this Section 15.7 against any amounts payable to Firm under this Agreement.

15.8 There shall be no reimbursable expenses associated with this Agreement separate from the compensation referred to in this section. Firm shall be solely responsible for all costs, charges and expenses it incurs in connection with its performance under this Agreement, including, but not limited to, travel, meals, lodging, equipment, supplies, personnel, salaries, benefits, insurance, training, telephone, utilities, start-up costs, and all other costs and expenses of Firm.

Section 16. Use of Sub-Agent and Non-Assignability.

16.1 Upon receiving the written consent of Treasurer, Firm may utilize the services of a sub-agent for the Fund, to perform certain of the services to be provided by Firm pursuant hereto, provided, however, that such use of any sub-agent shall not in any way limit the liability of Firm for the performance of its obligations hereunder, and Firm shall be fully responsible for the acts or omissions of sub-agent to the same extent as though such acts or omissions were the acts or omissions of Firm. All restrictions, obligations and responsibilities of Firm under this Agreement shall also apply to any sub-agent utilized by Firm. Firm shall be the sole point of contact with regard to all matters under this Agreement, and Treasurer is not required to initiate or maintain contact with any sub-agent.

16.2 The Firm will not assign this Agreement or delegate any of its duties or obligations hereunder without first obtaining the written consent of the Treasurer. This Agreement will be binding upon, and inure to the benefit of, the respective successors or permitted assigns of Firm and the Treasurer.

Section 17. Term and Termination.

17.1 **Term.** The term of this Agreement will be from July 1, 2014 to July 1, 2019, unless terminated or cancelled earlier in accordance with the terms of this Agreement.

17.2 **Termination for Breach.** The Treasurer may terminate this Agreement upon written notice for the breach by Firm of this Agreement, if such breach is not cured within the time period specified in the notice of breach or any subsequent notice delivered by Treasurer to Firm. In addition, Treasurer may terminate this Agreement effective immediately, without advance notice and without penalty for any of the following reasons:

17.2.1 Firm furnished any statement, representation, warranty or certification in connection with this Agreement, which is materially false, deceptive, incorrect or incomplete.

17.2.2 Firm (or any of its sub-agents) fails to perform, to Treasurer's satisfaction, any material requirement of this Agreement or is in violation of any material provision of this Agreement, including, without limitation, any express warranties made by Firm.

- 17.2.3 Treasurer determines that satisfactory performance of this Agreement is substantially endangered or that a default is likely to occur.
- 17.2.4 Firm becomes subject to any bankruptcy or insolvency proceeding under federal or state law to the extent allowed by applicable federal or state law including bankruptcy laws.
- 17.2.5 Firm or any sub-agent terminates or suspends its business.
- 17.2.6 Treasurer reasonably believes that Firm has become insolvent or unable to pay its obligations as they accrue consistent with applicable federal or state law.
- 17.2.7 Firm (or any of its sub-agents) has failed to comply with any applicable federal, state, foreign and local laws, rules, ordinances, regulations and orders when performing within the scope of this Agreement.
- 17.2.8 Firm (or any of its sub-agents) has engaged in conduct that has or may expose Treasurer, the State, or IPERS to material loss or liability, as determined in Treasurer's sole discretion.
- 17.2.9 Firm has a conflict of interest that interferes with fair competition or conflicts with an interest of Treasurer, the State or IPERS as determined in Treasurer's sole discretion.

If a cure is feasible and an opportunity to cure is provided, the Treasurer shall specify in the written notice the exact date by which the condition must be cured. Following expiration of the opportunity to cure or notice from the Treasurer, the Treasurer may seek any legal or equitable remedy authorized by this Agreement or by law.

- 17.3 **Termination for Convenience.** Following 30-days written notice, Treasurer may terminate this Agreement in whole or in part (including, without limitation, the termination of any specific service or services provided by Firm hereunder) for convenience without the payment of any penalty or incurring any further obligation or liability to Firm. Termination for convenience can be for any reason or no reason at all.
- 17.4 **Termination for Lack of Authority or Funding.** Notwithstanding anything in this Agreement to the contrary, the Treasurer shall have the right to terminate this Agreement without penalty or liability and without any advance notice as a result of any of the following:
 - 17.4.1 The Legislature or Governor fails, in the sole opinion of Treasurer, to appropriate funds sufficient to allow Treasurer or the Fund to either meet their obligations under this Agreement or to operate as required to fulfill its obligations under this Agreement; or

- 17.4.2** If funds are de-appropriated, not allocated or if the funds needed by the Treasurer or the Fund, in Treasurer's sole discretion, are insufficient for any other reason; or
- 17.4.3** If Treasurer's or IPERS' authorization to conduct its business is withdrawn or there is a material alteration in any program, trust, fund or retirement system administered by Treasurer or IPERS; or
- 17.4.4** If Treasurer's or IPERS' duties are substantially modified.
- 17.5** In the event of termination of this Agreement for any reason by Treasurer (except for termination pursuant to Section 17.2), Firm shall only be entitled to receive the amount of any fees earned by it in accordance with the terms of this Agreement up to and including the effective date of termination and for which the Treasurer is obligated to pay pursuant to this Agreement; provided, however, that in the event the Treasurer terminates this Agreement for lack of authority or funding, the Treasurer's obligations to pay the Firm such amounts and other compensation shall be limited by, and subject to, legally available funds. Notwithstanding the foregoing, this Section 17.5 in no way limits the rights or remedies available to the Treasurer, the Fund or the State, and shall not be construed to require the Treasurer or Fund to pay: (i) any compensation or other amounts hereunder in the event this Agreement is terminated pursuant to Section 17.2; or (ii) any amounts withheld by the Treasurer. The Treasurer may withhold from any amounts due to Firm such sum or amounts as the Treasurer determines to be necessary to protect any State Entity against potential loss or liability. In no event shall Treasurer, IPERS, the Fund, or the State be obligated to pay or reimburse Firm for any expenses, fees, charges, costs or any other amounts, including, but not limited to, the following:
- 17.5.1** The payment of unemployment compensation to Firm's employees.
- 17.5.2** The payment of workers' compensation claims, which occur during the Agreement or extend beyond the date on which the Agreement terminates.
- 17.5.3** Any costs, expenses or other amounts incurred by Firm in its performance of the Agreement, including, but not limited to, startup costs, overhead or other costs associated with the performance of the Agreement.
- 17.5.4** Any damages or other amounts for the loss of prospective profits, anticipated sales, goodwill, or for expenditures, investments or commitments made in connection with this Agreement.
- 17.5.5** Any damages or other amounts to which any sub-agents may be entitled or awarded, including, without limitation, damages or judgments or other amounts resulting from any termination or breach by Firm of its agreements with such sub-agents.
- 17.5.6** Any taxes that may be owed by Firm for the performance of this Agreement, including, but not limited to, sales taxes, excise taxes, use taxes, income taxes or

property.

17.6 Firm's Obligations. Upon expiration or termination of this Agreement, or at any time upon the written request of Treasurer, Firm shall:

17.6.1 Cease making any further securities loans on behalf of the Fund and take all actions as the Treasurer directs in writing with respect to all outstanding securities loans and transactions made under this Agreement, including, at Treasurer's direction, to terminate any and all outstanding securities loans;

17.6.2 Cooperate in good faith with Treasurer during the transition period between the notification of termination and the complete and final transition of the Program and Firm's duties and obligations hereunder to any successor firm appointed or hired by the Treasurer or IPERS (the "Successor Firm");

17.6.3 Comply with any other request or instruction of Treasurer related to this Agreement, the transition of the Firm's duties and obligations to a successor firm, the transfer of any securities or Collateral to Successor Firm, and the transfer and return of all data, materials and other property of the Treasurer in accordance with the Treasurer's instructions;

17.6.4 Firm shall perform all such acts and duties as the Treasurer or the Fund may request until all duties of the Firm have been completely transitioned to the Successor Custodian and all property, funds and assets of the Fund have been returned or transferred according to the Treasurer's or the Fund's instructions;

17.6.5 During the transition, the Firm shall provide to the Treasurer and the Successor Firm any information about the Firm's conduct of the Program, its system, and any records or documentations as may reasonably be requested by the Successor Firm or the Treasurer to prepare for and effectuate the transition. Such information might include data formats, data element definitions, and other information;

17.6.6 Comply with any other instructions, requests or directions of the Treasurer and the Fund; and

17.6.7 Use its best efforts to perform all transition related services in good faith and in a professional and businesslike manner.

Section 18. Records. The Firm will maintain and make available to the Treasurer and its designees, accurate, current, and complete books, documents, papers, and records that sufficiently and properly document the Firm's performance under this Agreement, including records that document all fees and other amounts charged and all transactions occurring during the term of this Agreement, for a period of at least five (5) years following the later of the date of final payment, termination or expiration of this Agreement, or the completion of any required audit, investigation, or administrative or legal proceeding. If any litigation, claim, negotiation,

audit or other action involving the books, documents, papers and records has been started before the expiration of the five-year period, the Firm must retain and make available all such books, documents, papers and records until completion of the action and resolution of all issues which arise from it, or until the end of the above-described five-year period, whichever is later. Firm shall permit the Auditor of the State or any authorized representative of the Treasurer, IPERS, or the State (or any authorized representative of the United States government), at no charge, to access and examine, audit, excerpt and transcribe any directly pertinent validation records, financial records, accounting records, books, documents, papers, electronic or optically stored and created records or other records of Firm relating to or created as a result of this Agreement, wherever located. At the request of the Treasurer, the Firm shall deliver and provide to the Treasurer or the Treasurer's designee, at no charge, complete copies of such books, papers, documents and records to the Treasurer or the Treasurer's designee in such formats and within such time period as may be specified by the Treasurer in its request. The Firm shall not impose a charge or seek payment for any fee, charge, costs or expense associated with any audit, examination or delivery of any books, documents, papers and records. Based on the audit or examination findings, the Treasurer reserves the right to address the Firm's board of directors or other managing entity regarding performance and other issues identified during any audit or examination. Notwithstanding anything herein to the contrary, Firm shall not be required to provide the Treasurer, IPERS, the State Auditor, or their designees with confidential information about any other customer's securities lending activities.

Section 19. Compliance. Firm shall continually monitor its compliance with this Agreement and shall notify the Treasurer in writing of any failure of Firm to comply with this Agreement. Firm shall provide such notice to the Treasurer within twenty-four hours following detection of the failure to comply by Firm. To the extent that Firm has any question whether a proposed investment of cash Collateral is an eligible or permitted investment under Exhibit B, the Firm will consult with the Treasurer prior to making any such investment.

Section 20. Provision of Financial Reports and Notification of Material Changes. Prior to executing this Agreement, Firm shall provide the Treasurer with its current, audited financial statement, prepared by an independent auditor, reflecting Firm's financial condition. During the course of this Agreement, Firm shall submit updated audited financial statements, prepared by an independent auditor, to the Treasurer on an annual basis within ten (10) calendar days of receipt of the statements by Firm. Firm shall immediately provide the Treasurer with notice of any material, adverse change in Firm's financial condition which occurs during the term of this Agreement.

Section 21. Annual Report. Firm will furnish to the Treasurer a copy of Firm's annual report to shareholders within thirty (30) days after the report becomes available.

Section 22. Insurance. Firm shall, at its sole expense, maintain in full force and effect, with insurance companies admitted to do business in the State of Iowa and acceptable to the Treasurer, insurance covering its work of the type and in amounts required by this Agreement. Firm's insurance shall, among other things, insure against any loss or damage resulting from or related to Firm's performance of this Agreement regardless of the date the claim is filed or expiration of the policy. All insurance policies required by this Agreement shall: (i) be subject to

the approval of the Treasurer; (ii) remain in full force and effect for the entire term of this Agreement and comply fully with and conform to the requirements of this Section 22; and (iii) not be canceled, reduced or materially changed without the Treasurer's prior written consent. Except with respect to Workers Compensation Insurance, the State Entities shall be named as additional insureds or loss payees, or the Firm shall obtain an endorsement to the same effect, as applicable. Firm's insurance policies, with respect to any claims related to this Agreement, shall be primary with respect to all other sources of coverage available. Any insurance or self-insurance coverage maintained the State Entities shall be in excess of and not contribute to any Firm coverage. The amount of the insurer's liability under this policy shall not be reduced by the existence of such other insurance.

Unless otherwise requested by the Treasurer, Firm shall cause to be issued insurance policies with the coverages set forth in Exhibit E:

[Note: the types and amounts of coverage set forth in Exhibit E are subject to modification by the Treasurer. The Treasurer will consult with any selected Firm regarding the insurance coverages required to be maintained by Firm under this Agreement.]

Claims Provision. All insurance policies required by this Agreement must provide coverage on an "occurrence basis" for all claims arising from activities occurring during the term of the policy regardless of the date the claim is filed or expiration of the policy, unless otherwise agreed to in writing by the Treasurer. The policy for Errors and Omissions Insurance will provide coverage on a "claims made" basis, provided however, that such policy includes Extended Reporting Period or Tail Coverage acceptable to the Treasurer. If the Treasurer consents to any of the required insurance policies providing coverage on a "claims made" basis, "tail" coverage acceptable to the Treasurer will be required at the completion, expiration or termination of this Agreement for a duration of thirty-six (36) months, or the maximum time period reasonably available in the marketplace. Firm shall furnish certification of "tail" coverage as described or continuous "claims made" coverage will be acceptable in lieu of "tail" coverage, provided its retroactive date is on or before the effective date of this Agreement set forth on page 2. If continuous "claims made" coverage is used, Firm shall be required to keep the coverage in effect for a duration of not less than thirty-six (36) months from the completion, expiration or termination of the Agreement.

Certificates of Coverage. At the time of execution of this Agreement and at any time upon the written request of the Treasurer, Firm shall deliver to the Treasurer certificates of insurance certifying the types and the amounts of coverage, certifying that said insurance is in force before the Firm starts work, certifying that said insurance applies to, among other things, the work, activities, products and liability of the Firm related to this Agreement, certifying that the State Entities are named as additional insureds or loss payees on the policies of insurance by endorsement as required herein, and certifying that no cancellation or modification of the insurance will be made without at least thirty (30) days prior written notice to the Treasurer. All certificates of insurance shall be subject to approval by the Treasurer. Upon the Treasurer's written request, Firm shall provide one duplicate original of each insurance policy.

Liability of Firm. Acceptance of the insurance certificates by the Treasurer shall not act to relieve Firm of any obligation under this Agreement. It shall be the responsibility of Firm to keep

the respective insurance policies and coverages current and in force during the life of this Agreement. Firm shall be responsible for all premiums, deductibles and for any inadequacy, absence or limitation of coverage, and the Firm shall have no claim or other recourse against the State or the Treasurer for any costs or loss attributable to any of the foregoing, all of which shall be borne solely by the Firm. Notwithstanding any other provision of this Agreement, Firm shall be fully responsible and liable for meeting and fulfilling all of its obligations under Section 22 of this Agreement.

Waiver of Subrogation Rights. Firm shall obtain a waiver of any subrogation rights that any of its insurance carriers might have against the Treasurer or the State. The waiver of subrogation rights shall be indicated on the certificates of insurance coverage supplied to the Treasurer for all policies.

Filing of Claims. In the event any State Entity suffers a loss and is unable to file a claim under any policy of insurance required under this Agreement, the Firm shall, at the Treasurer's request, immediately file a proper claim under such policy. Firm will provide the Treasurer with proof of filing of any such claim and keep the Treasurer fully informed about the status of the claim. In addition, Firm agrees to use its best efforts to pursue any such claim, to provide information and documentation requested by any insurer providing insurance required hereunder and to cooperate with the Treasurer and any other State Entity. Firm shall pay to the Treasurer or the affected State Entity any insurance proceeds or payments it receives in connection with any such claim immediately upon Firm's receipt of such proceeds or payments.

Proceeds. In the event any State Entity suffers a loss that may be covered under any of the insurance policies required under this Section 22., neither the Firm nor any subsidiary or affiliate thereof shall have any right to receive or recover any payments or proceeds that may be made or payable under such policies until all State Entities have fully recovered any losses, damages or expenses sustained or incurred by them (subject to applicable policy limits), and Firm hereby assigns to the Treasurer, the State, and all other State Entities all of its rights in and to any and all payments and proceeds that may be made or payable under each policy of insurance required under this Agreement.

Firm's obligations under this Section 22 shall survive termination or expiration of this Agreement.

Section 23. Personnel. Firm shall allocate such experienced personnel and devote such efforts as are necessary to carry out its duties and obligations under this Agreement.

Section 24. Contract Administration.

24.1 Compliance with Laws and Regulations. Firm and its employees, agents, and sub-agents shall comply with all applicable federal, state, foreign and local laws, rules, ordinances, regulations and orders when performing within the scope of this Agreement, including, without limitation, all laws applicable to the prevention of discrimination in employment, the administrative rules of the Iowa Department of Management or the Iowa Civil Rights Commission which pertain to equal employment opportunity and

affirmative action, laws relating to prevailing wages, occupational safety and health standards, prevention of discrimination in employment, payment of taxes, gift laws, lobbying laws and laws relating to the use of targeted small businesses as subcontractors or suppliers.

Firm warrants and covenants that it has complied with, and shall comply with, all federal, state, foreign and local laws regarding business permits and licenses that may be required to perform under this Agreement, including without limitation, laws governing State procurement and contracting.

Firm shall make the provisions of this section a part of its contracts with any sub-agents related to this Agreement.

Firm shall comply with any applicable reporting and compliance standards of the Department of Management regarding equal employment.

Firm may be required to submit its affirmative action plan to the Department of Management to comply with the requirements of 541 IAC Chapter 4.

The Treasurer may consider the failure of Firm to comply with any law or regulation as a material breach of this Agreement. In addition, Firm may be declared ineligible for future State contracts or be subjected to other sanctions for failure to comply with this Section 24.1.

24.2 Confidentiality.

Firm and its employees, agents and sub-agents may have access to private or confidential information or data maintained by the Treasurer or IPERS (“State Confidential Information”) to the extent necessary to perform its obligations under this Agreement. Such State Confidential Information shall at all times remain the property of the Treasurer and IPERS. Firm shall preserve the confidentiality of State Confidential Information and shall maintain procedures for safeguarding such property. Firm shall designate one individual who shall remain the responsible authority in charge of all information and data collected, used, or disseminated by Firm in connection with the performance of this Agreement. Firm shall accept responsibility for providing adequate supervision and training to its employees, agents and sub-agents to ensure compliance with the terms of this agreement. Firm and its employees, agents, sub-agents, contractors and subcontractors may be required by the Treasurer or IPERS to execute confidentiality or non-disclosure agreements to obtain access to certain State Confidential Information. Firm and its employees, agents, sub-agents, contractors and subcontractors shall not disclose, publish, reproduce, disseminate or otherwise use any State Confidential Information received, collected, maintained, or used in the course of performance of the Agreement except as permitted by the Treasurer or IPERS to enable Firm to perform its obligations under this Agreement and except as required by applicable laws, rules or regulations, either during the term of this Agreement or thereafter. Firm agrees to return any and all information and data collected, maintained, created, or used in the course of

the performance of this Agreement in whatever form it is maintained promptly at the request of Treasurer. In the event that Firm receives a request for access to this information, Firm shall immediately communicate such request to the Treasurer's office for consideration and handling. In the event of a breach of this Section, the Treasurer may terminate this Agreement immediately without notice of default and opportunity to cure. Firm shall indemnify the Treasurer, the State, IPERS and all other Indemnitees in the manner provided for indemnification elsewhere in this Agreement for a violation of this section. In the event of a breach of this section, the Treasurer may terminate this Agreement immediately without notice of default and opportunity to cure. Firm acknowledges that the disclosure of any State Confidential Information will immediately give rise to continuing irreparable injury to the Treasurer, the State, IPERS, and others that is inadequately compensable in damages at law. Accordingly, and without prejudice to any other remedy available to the Treasurer, the Treasurer, the State, and IPERS will be entitled to injunctive relief, without the necessity of posting a bond. Firm's obligations under this section shall survive expiration or termination of this Agreement.

24.3 Amendments. This Agreement may be amended in writing from time to time by mutual consent of the parties. All amendments to this Agreement must be fully executed by both parties.

24.4 Third-Party Beneficiaries. This Agreement is intended only to benefit IPERS, the Fund, the Treasurer and Firm, and there are no other third-party beneficiaries to this Agreement.

24.5 Choice of Law and Forum.

24.5.1 This Agreement shall be governed in all respects by, and construed in accordance with, the laws of the State of Iowa, without giving effect to the choice of law principles thereof.

24.5.2 Any and all litigation or actions commenced in connection with this Agreement including after expiration or termination of this Agreement, shall be brought only in Des Moines, Iowa, in Polk County District Court for the State of Iowa, if jurisdiction is proper. However, if jurisdiction is not proper in the Iowa District Court for Polk County, but is proper only in a United States District Court, the matter shall be commenced only in the United States District Court for the Southern District of Iowa, Central Division. Firm irrevocably: (i) consents and agrees that any legal or equitable action or proceeding arising under, in connection with, or arising out of this Agreement shall be brought and maintained exclusively in the aforesaid courts; (ii) submits to and accepts, with respect to any such action or proceeding, for it and in respect of its properties and assets regardless of the physical or legal situs thereof, generally and unconditionally, the jurisdiction of the aforesaid courts; and (iii) waives any objection to such jurisdiction based on forum non conveniens or otherwise. Firm irrevocably consents to service of process by certified or registered mail addressed to the Firm's designated agent. The Firm appoints _____ as its agent to receive

service of process. If for any reason the Firm's agent for service is unable to act as such or the address of the agent changes, Firm shall immediately appoint a new agent and provide the Treasurer with written notice of the change in agent or address. Any change in the appointment of the agent or address will be effective only upon actual receipt by the Treasurer. Nothing in this provision will alter the right of the Treasurer or its counsel to serve process in any other manner permitted by law

24.5.3 This provision shall not be construed as waiving any immunity to suit or liability, including, without limitation, sovereign immunity in state or federal court, which may be available to the State or the State of Iowa.

24.5.4 This Section 25.5 shall survive termination or expiration of this Agreement.

24.6 **Integration.** This Agreement represents the entire Agreement between the parties and supersedes and replaces any other agreement between the parties relating to the loan of securities of the Fund by Firm on behalf of the Treasurer. Notwithstanding anything herein to the contrary, no shrink-wrap, click-wrap, click-through, click-accept, browse-wrap, sneak-wrap, online terms or website terms ("Additional Terms") provided with or related to any products, software or services hereunder will be binding on the Treasurer or the Fund, even if use of such products, software or services requires an affirmative "acceptance" of those Additional Terms before access is permitted. All such Additional Terms shall be of no force or effect and shall be deemed rejected by the Treasurer in their entirety. The Firm acknowledges that it has thoroughly read this Agreement and all related schedules, exhibits, and other documents and has had the opportunity to receive competent advice and counsel necessary for it to form a complete understanding of all rights and obligations herein and to accept same freely and without coercion of any kind. Accordingly, this Agreement shall not be construed or interpreted against the Treasurer, the Fund or the State or on the basis of draftsmanship or preparation thereof.

24.7 **Headings or Captions.** The paragraph headings or captions are for identification purposes only and do not limit or construe the contents of the paragraphs.

24.8 **Not a Joint Venture.** Nothing in this Agreement shall be construed as creating or constituting the relationship of a partnership or joint venture (or other association of any kind except that of agent/principal for the limited purposes contemplated hereby). Each party shall be deemed to be an independent contractor contracting for services and acting toward the mutual benefits expected to be derived herefrom. No party, unless otherwise specifically provided for herein, has the authority to enter into any contract or create an obligation or liability on behalf of, in the name of, or binding upon another party to this Agreement.

24.9 **Obligations Beyond Agreement Term.** This Agreement shall remain in full force and effect to the end of the specified term or until terminated or canceled pursuant to this Agreement. All obligations of the Firm incurred or existing under this Agreement as of the date of expiration, termination or cancellation will survive the termination or

them is exclusive of the others or exclusive of any rights, remedies or priorities allowed either party by law, and shall in no way affect or impair the right of either party to pursue any other equitable or legal remedy to which either party may be entitled as long as any default remains in any way unremedied, unsatisfied, or undischarged.

- 24.14 Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other part or provision of this Agreement.
- 24.15 Successors in Interest.** All the terms, provisions, and conditions of the Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, and legal representatives.
- 24.16 Counterparts.** The parties agree that this Agreement has been or may be executed in several counterparts, each of which shall be deemed an original and all such counterparts shall together constitute one and the same instrument.
- 24.17 Additional Provisions.** The parties agree that if an Addendum, Rider or Exhibit is attached hereto by the parties, and referred to herein, then the same shall be deemed incorporated herein by reference.
- 24.18 Further Assurances and Corrective Instruments.** Firm agrees that it shall take all steps and actions reasonably requested by Treasurer to protect Treasurer's, IPERS' and Fund's interests. Firm agrees that it shall cause its sub-agents to take such steps or actions as may be reasonably requested by Treasurer. Firm agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.
- 24.19 Notification.** Firm shall provide timely notification to the Treasurer concerning material changes in Firm's organizational relationships or professional staff or services which may have an impact on the Program.
- 24.20 Non-Exclusive Rights.** This Agreement is not exclusive, and the Treasurer and IPERS reserve the right to enter into securities lending agreements with others during the term of this Agreement.
- 24.21 Independent Contractor.** For purposes of this Agreement, Firm shall be considered an independent contractor. Firm, its employees, agents and sub-agents performing under this Agreement are not employees or agents of the Treasurer, State of Iowa or IPERS. Neither Firm nor its employees shall be considered employees of the State of Iowa for federal or state tax purposes. The State will not withhold taxes on behalf of Firm (unless required by law).
- 24.22 Obligations of Joint Entities.** If Firm is a joint entity consisting of more than one individual, partnership, corporation or other business organization, all such entities shall

be jointly and severally liable for carrying out the Agreement activities.

24.23 Time is of the Essence. Firm acknowledges and agrees that time is of the essence in connection with the Firm's performance or its duties and obligations under this Agreement.

24.24 Force Majeure.

24.24.1 Neither Firm nor Treasurer shall be liable to the other for any delay or failure of performance of this Agreement; and no delay or failure of performance shall constitute a default or give rise to any liability for damages if, and only to the extent that, such delay or failure is caused by a "force majeure."

24.24.2 As used in this Agreement, "Force majeure" includes acts of God, war, civil disturbance and any other causes which are beyond the control and anticipation of the party effected and which, by the exercise of reasonable diligence, the party was unable to anticipate or prevent. Failure to perform by a sub-agent or an agent of Firm shall not be considered a "force majeure" unless the sub-agent, or agent is prevented from timely performance by a "force majeure" as defined in this Agreement. "Force majeure" does not include: financial difficulties of Firm or any parent, subsidiary, affiliated or associated company of Firm or any sub-agent, or agent of Firm; claims or court orders which restrict Firm's ability to deliver the goods or services contemplated by this Agreement.

24.24.3 If a "force majeure" delays or prevents Firm's performance, Firm shall immediately commence to use its best efforts to directly provide alternate, and to the extent possible, comparable performance. Comparability of performance and the possibility of comparable performance shall be reasonably determined solely by Treasurer.

24.24.4 During any such period, Firm shall continue to be responsible for all costs and expenses related to alternative performance.

24.24.5 This Section shall not be construed as relieving Firm of its responsibility for any obligation which is being performed by a sub-agent, unless the sub-agent is prevented from timely performance by a "force majeure" as described here.

24.25 Publicity. Firm shall not issue a press release or public announcement or otherwise make a disclosure concerning this Agreement or the terms hereof without prior approval by Treasurer (which approval shall not be unreasonably withheld).

Section 25. Execution. IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Agreement and have cause their duly authorized representatives to execute this Agreement.

THE TREASURER OF THE STATE OF IOWA

_____ Date: _____
MICHAEL L. FITZGERALD

Securities Lending Agent

By: _____ Date _____

Title: _____

Exhibit A

Securities Lending Agent
Approved Borrowers

EXHIBIT B

SECURITIES LENDING INVESTMENT POLICY, GUIDELINES AND OBJECTIVES

Section 1. This Exhibit to the Securities Lending Authorization, effective [insert date], between the **Treasurer of the State of Iowa (Treasurer)** and *Securities lending agent (“Firm”)*.

Section 2. From and after [insert date], the Firm or its affiliates will manage the investment of cash collateral received by the Firm with respect to loans of securities of the Fund in accordance with the following guidelines, requirements, limitations, and objectives. All of the terms of this Exhibit shall apply to the Firm, its affiliates and sub-agents, however, the Firm shall remain primarily responsible for meeting the terms and conditions of this Exhibit.

Section 3 Objectives:

3.1 The key objectives of the management of cash collateral supporting securities loans are to:

- 3.1.1.** Safeguard principal;
- 3.1.2.** Assure that all cash collateral is invested in a timely manner;
- 3.1.3.** Maintain adequate liquidity to meet the needs of the Fund and/or the Fund’s investment advisors, and
- 3.1.4.** Consistent with these objectives, optimize the spread between the collateral earnings and the rebate paid to the borrower of securities.

3.2. In pursuing these objectives, the Firm will comply with all laws and regulations governing securities lending activities, collective trust funds, where applicable, and the management of assets. The following standards have been designed to complement the preceding objectives:

3.3. The Firm shall have full discretion to establish (and execute through) accounts with one or more securities broker/dealer firms as the Firm may select. The Firm will attempt to obtain the best available price and most favorable execution with respect to all of the portfolio transactions undertaken in conjunction with the authority granted in the Exhibit.

Section 4. Amortized Cost Because the investment portfolio contemplated hereby is operated on a cost rather than market value basis, for purposes of subscriptions and redemptions, if non-cash assets are to be sold prior to their maturity for purposes of effecting the Fund’s withdrawal from the portfolio, it is possible that a loss may be realized.

Section 5. Cash Collateral Eligible Instruments

5.1. Overnight Repurchase Agreements. For purposes of this Exhibit B, a repurchase agreement means a transaction in which the Firm transfers available cash collateral to a holder of eligible securities consisting of acceptable collateral (defined below), which holder

contractually commits to reacquire such eligible securities (or their equivalent) from the Firm at a higher, agreed-upon price upon repurchase. Overnight repurchase agreements require a minimum of 102% collateralization, with daily updated valuation. Any deficiencies must be made up by the holder the next business day. In the event a holder fails to make up any deficiency in collateral, Firm will be responsible for making up any such deficiency and making the Fund and IPERS whole. Collateral will be held by the Firm or an acceptable sub-custodian, acting on behalf of the Firm, which is chosen by the Firm. Acceptable collateral for repurchase agreements are obligations issued by the United States Treasury, or obligations issued by agencies or government sponsored enterprises of the United States government, including mortgage pass-through securities issued by Ginnie Mae (GNMA), Fannie Mae (FNMA) or Freddie Mac (FHLMC).

- 5.2.** Mutual fund or commingled fund that is managed in accordance with the regulations and criteria specified in Rule 2(a)(7) promulgated under the Investment Company Act of 1940.
- 5.3.** Separate accounts that have investment guidelines identical to those required of a 2(a)(7) fund.

Exhibit C

Securities Lending Fee Split

Section 1. The following is the fee split referred to in Section 15 (entitled “Compensation of Firm”) of the Securities Lending Authorization Agreement effective July 1, 2014 between the **Treasurer** and **Firm**.

Section 2. Firm shall retain the percentage specified in Section 4 below of the net securities lending revenues generated under this Agreement as compensation for its securities lending services as set forth in Section 4 below and the Fund shall be entitled to the remainder of such net securities lending revenues.

Section 3. For purposes hereof, “net securities lending revenues” shall mean:

3.1 All loan premium fees derived from Firm’s acceptance of non-cash Collateral; plus

3.2 All ordinary gains and losses, income and earnings from the investment and reinvestment of the Fund’s cash collateral minus broker rebate fees paid by Firm to the Borrower.

Section 4. Fees will be determined based on net securities lending revenues earned during annual periods that begin July 1 and end June 30. [Insert revenue split agreed to by parties.]

Section 5. The Treasurer will monitor, on a monthly basis, the monthly reports provided by Firm to ensure that the Program is conducted in accordance with this Agreement and that the fee schedule above is adhered to based on net securities lending revenue as outlined in Section 4.

Section 6. The Treasurer will review, on an annual basis, Firm’s performance under this Agreement with respect to the [program objectives set forth in Section 9 of Exhibit B].. If the Treasurer’s review reveals that Firm’s performance does not meet the program objectives, the Treasurer may take action to improve the level of revenues. Such actions may include but are not limited to altering the lending and investment guidelines set forth in this agreement or terminating Firm in favor of another lending agent.

Exhibit D

Securities Lending Agent
Approved Letter of Credit Banks

Exhibit E

Insurance Coverage

Financial Institutions Bond / Computer Crime Includes Safe Deposit Box Coverage	
Per Loss Limit:	\$100,000,000
Deductible:	\$5,000,000 Safe Deposit Box Coverage Deductible: \$500,000
Carrier:	
Coverage Type:	a) Dishonesty of Employees b) Forgery of securities, checks, drafts or other written instruments c) On premises & In Transit coverage for money and securities
Excess J-Form and Transit All Risk Money and Securities Coverage (On premises and in transit)	
Per Loss Limit:	\$400,000,000
Deductible:	None
Carrier:	
Coverage Type:	Loss or destruction of cash or securities on or off premises (including securities or others held in custody).
Mail Insurance (per envelope limit)	
Per Envelope Limit:	\$100,000,000 non-negotiable \$10,000,000 negotiable
Deductible:	None
Carrier:	
Coverage Type:	All risk of physical loss of property sent by registered mail or overnight courier
Bankers Professional Liability	
Per Loss Limit:	\$20,000,000
Deductible:	\$5,000,000
Carrier:	
Coverage Type:	Losses due to errors or omissions
Directors and Officers Liability	
Per Loss Limit:	Corporate: \$20,000,000 Individual: \$20,000,000
Deductible:	Corporate: \$3,000,000 Individual: None
Carrier:	
Coverage Type:	Coverage for wrongful acts in respective capacities of Directors or Officers of the Company
Primary Liability	
Per Loss Limit:	\$1,000,000
Deductible:	None
Carrier:	
Coverage Type:	Bodily Injury / Property Damage
Excess Liability	
Per Loss Limit:	\$50,000,000
Deductible:	\$10,000
Carrier:	
Coverage Type:	Liability coverage in excess of primary coverage
Property	
Per Loss Limit:	\$800,000,000
Deductible:	\$100,000
Carrier:	
Coverage Type:	Coverage includes Data Processing, Business Interruption, Boiler and Machinery Service Interruption / Extra Expense, Earthquake / Flood, Fine Arts