



Responsible Contractor Policy  
for the  
Connecticut Retirement Plans and Trust Funds

As approved by the Investment Advisory Council on September 14, 2022

## **I. Introduction**

The State of Connecticut Retirement Plans & Trust Funds (“CRPTF” or “the Plan”) has a deep interest in the condition of workers employed on behalf of the Plan and its advisors. The Plan, through the Responsible Contractor Policy (“Policy”) described below, supports and encourages fair wages and fair benefits for workers employed by its contractors and subcontractors, subject to fiduciary principles concerning duties of loyalty and prudence, both of which further require competitive returns on the Plan’s investments in real assets. The Plan endorses small business development, market competition, and control of operating costs. The CRPTF supports many of the ideals espoused by labor unions and encourages participation by labor unions and their signatory contractors in the development and management of its investments in real assets. The Plan believes that an adequately compensated and trained worker delivers a higher quality product and service.

## **II. Definition of a Responsible Contractor**

A Responsible Contractor, as used in this Policy, is a contractor or subcontractor who: (1) pays workers a fair wage and a fair benefit as evidenced by payroll and employee records; and (2) is not debarred by and whose principal officer is not debarred by a municipal, state or federal government. “Fair benefits” are defined as including, but are not limited to, employer-paid family health care coverage, pension benefits, employee safety training, apprenticeship programs and paid time off. What constitutes a “fair wage” and “fair benefit” depends on the wages and benefits paid on comparable projects, based upon local market factors, that include the nature of the project (e.g., residential or commercial; public or private), comparable job or trade classifications, and the scope and complexity of services provided.

For real estate or infrastructure projects that include local, state or federal financing that triggers prevailing wage laws, the Plan supports and requires investment managers to pay such prevailing wages. Responsible contractors recognize the right of all workers to freedom of association in the workplace as protected under local, state and federal law and as recognized by International Labour Organization (ILO) standards (<https://www.ilo.org/global/standards/lang--en/index.htm>).

## **III. Initial Requirements of the Responsible Contractor Policy**

- A. Duty of Loyalty: Notwithstanding any other considerations, assets shall be managed for the exclusive benefit of the participants and the beneficiaries of the CRPTF. The Plan’s, as well as its advisors’, duty to the participants and their beneficiaries shall take precedence over any other duty.
- B. Prudence: The Treasurer, IAC and CRPTF’s advisors are charged with the fiduciary duty to exercise the care, skill, prudence and diligence appropriate to the task.
- C. Competitive Return: To comply with duties of loyalty and prudence, all investments and services must be made and managed in a manner that produces a competitive risk-adjusted return.

- D. Competitive Bidding: Contractors and their subcontractors for construction, maintenance, and services shall be selected through a competitive bidding and selection process. The purpose of this provision is to encourage fair competition and to actively seek bids from all qualified sources within an area, particularly those identified as Responsible Contractors. Advisors and their subcontractors shall create a bidding process that includes notification and invitations to bid, distributed to a broad spectrum of potential bidders, particularly those identified as Responsible Contractors. The review of the bids shall include considerations of loyalty, prudence, competitive risk-adjusted returns, experience, reputation for honesty, integrity, timeliness, dependability, fees, safety record, and the adherence to the Responsible Contracting Policy.
- E. Local, State and National Laws: All advisors, property managers, contractors, and their subcontractors shall observe all local, state, and national laws (including, by way of illustration, those pertaining to insurance, withholding taxes, minimum wage, labor relations, health, and occupational safety).

#### **IV. Selection Preference of a Responsible Contractor**

If Initial Requirements A through D (see Section III above) are satisfied, CRPTF expresses a strong preference that Responsible Contractors be hired.

#### **V. Transition, Enforcement, Monitoring and Administration**

- A. Applicable Investments and Phasing: This Policy shall apply to equity real estate and infrastructure investments. The Policy shall not apply to investments such as mezzanine debt, hybrid debt, joint ventures, opportunity funds, international investments, secondary funds, indirect, specialty, and mortgage investments that lack equity features, and other real estate investments where CRPTF owns 50% or less and/or lacks control of the investment. However, in those instances where CRPTF does not have a majority ownership stake and/or control of the investment, staff will make reasonable attempts to encourage partners to comply with the spirit and practice of Responsible Contracting. In addition, reasonable efforts will be made to include fund managers that have adopted responsible contractor policies and to seek out investment opportunities that have responsible contractor policies in place for investment consideration.
- B. Notification: CRPTF shall provide all applicable current and prospective real assets fund advisors with a copy of this Policy, including investments where CRPTF does not have more than 50% ownership and control of the investment.
- C. Solicitation Documents: All requests for proposal and invitations to bid covered by this Policy shall include the terms of this Policy. Responses by bidders shall include information to assist the staff in evaluating a bid.
- D. Contracts and Renewals: All contracts entered into after the effective date of this Policy and pertaining to applicable real assets investments, including renewals of such contracts, shall include the terms of this Policy.

- E. Responsibilities: The responsibilities of CRPTF's staff, advisors, property managers, contractors, and unions are defined as follows:
1. Staff: CRPTF staff shall have the following responsibilities:
    - a. Review the advisors' annual certification reports regarding compliance with the Policy, which reports may be included in overall compliance reports submitted by advisors to CRPTF.
    - b. Insert appropriate contract language where applicable.
    - c. In those instances where CRPTF does not have more than 50% ownership and control of an investment, make reasonable attempts to encourage partners to comply with the spirit and practice of Responsible Contracting.
  2. Advisors: Advisors' responsibilities shall include:
    - a. Communicate the Policy to all property managers and incorporate its requirements, including without limitation the property manager requirements under Section V.E.3, into applicable contracts with property managers.
    - b. Review a contract listing for each property prepared by each property manager.
    - c. Maintain a simplified bid summary for each applicable contract. The summary should include identifying contract, successful bidder, and bidder's status as Responsible Contractor.
    - d. Maintain an annual report in their home office, describing their own efforts as well as those by property managers and their subcontractors.
    - e. Monitor and enforce the Policy including investigation of potential violations.
    - f. Annually, the signatory to the CRPTF contract will submit a report regarding compliance with the Policy, which report may be included in overall compliance reports submitted by the advisor to the CRPTF. At a minimum, the report shall include: (1) a description of any report or investigation into non-compliance to the Policy; and (2) certify that the advisor complied with its responsibilities under the Policy. The advisor, upon request, will provide additional written substantiation of such compliance.
    - g. Develop and maintain a list of all CRPTF properties that are more than 50% owned and controlled. The list will include the property name, address, advisor and property manager, and phone number of the property manager and real assets fund advisors.
  3. Property Managers: Property managers will have responsibility for the following:
    - a. Communicate in bid documents the Responsible Contractor Policy to contractors seeking to secure construction or building service contracts.
    - b. Communicate the Policy to any interested party.

- c. Ensure there is a competitive bidding process that is inclusive of potentially eligible Responsible Contractors.
  - d. Send a project bid Notification Form to the Real Estate Management Tracking System (REMATS) maintained by participating national trades unions. Such notice shall be sent as soon as practical prior to the bid due date.
  - e. Require bidders to provide to property manager a Responsible Contractor self-certification on a form approved by CRPTF.
  - f. Prepare and send to advisors a contract listing for applicable service contracts for each property under management. The building trades and service trades and other potential bidders will have access to this list.
  - g. Provide advisors with a simplified bid summary for each contract.
  - h. Provide property level annual report information to advisor.
  - i. Maintain documentation for successful bidders.
  - j. Seek from trade unions/service unions input in the development of Responsible Contractor lists.
  - k. Maintain list of any interested Responsible Contractors (names, addresses and telephone numbers).
  - l. Provide solicitation documents to any potential contractor who has, in writing, expressed an interest in bidding for the relevant contract.
4. Contractors: Contractors will have the responsibility for the following:
- a. Submit to property manager a Responsible Contractor self-certification on a form approved by CRPTF.
  - b. Communicate to subcontractors the Responsible Contractor Policy.
  - c. Provide to property manager Responsible Contractor documentation.
5. Unions: Trade unions/service unions shall be asked to perform the following tasks:
- a. Deliver to the property manager or advisor lists of names and phone numbers of Responsible Contractors.
  - b. Refer interested and qualified Responsible Contractors to the property manager.
  - c. Continually monitor the local labor markets to update the lists.
  - d. Provide technical input as appropriate.

- e. Send project notifications to applicable Local Building Trades Councils.
- F. Reserved
- G. Minimum Contract Size: The Policy shall absolutely apply to all contracts of a minimum size of \$100,000, individually or annually, as applicable. Minimum contract size refers to the total project value of the work being contracted for and not to any disaggregation by trade or task. For example, a \$100,000 contract to paint two buildings in a single office complex would not be treated as two \$50,000 contracts, each less than the minimum contract size. Disaggregation designed to evade the requirements of the Policy is not permitted.
- H. Applicable Expenditures Categories: The Policy shall apply to tenant improvements, capital expenditures, and operational service contracts (such as cleaning).
- I. Fair Wage, Fair Benefits, Training: The Policy avoids a narrow definition of “fair wage”, “fair benefits” and “training” that might not be practical in all markets. Furthermore, the Policy does not require a “prevailing wage” as defined by government surveys. Instead, the Policy looks to local practices with regard to type of trade and type of project. The Policy recognizes that practices and labor market conditions vary across the country and that flexibility in its implementation is important.

In determining “fair wages” and “fair benefits” with regard to a specific contract in a specific market, items that may be considered include local wage practices, state laws, prevailing wages, labor market conditions, and other items.

In place of a prevailing wage standard, the Policy requires a broad outreach and competitive bidding program, as described in Section III.D, and V.F and J. This program is premised upon the availability of a list of Responsible Contractors in every market in which CRPTF directly owns a property. While advisors and their property managers and contractors are responsible for gathering and analyzing information relevant to identifying and hiring a Responsible Contractor, compilation of this list does not depend solely on the advisors, property managers, or contractors. This Policy instead invites the various local trades to suggest contractors, which in their view qualify as Responsible Contractors. Sources of information include local building and service trade councils, builders’ associations, and governments.

- J. Competitive Bidding: Property managers and contractors should give notice for applicable bids in local trade publications, bulletins and union building trades councils. Property managers should seek input from building trades councils to develop lists of Responsible Contractors for inclusion in the bidding process.

Property managers may choose from the list of Responsible Contractors a reasonable number of contractors to be invited to bid. Given the time and expense required to solicit and evaluate bids, it is not essential that advisors, property managers, and contractors invite all potential bidders.

The property manager must ensure that there is a competitive bidding process, which is inclusive of potentially eligible Responsible Contractors. Inclusion is not

necessarily assured by large numbers of bidders. Care must be taken that bidders include potentially eligible Responsible Contractors.

Although the Policy does not require hiring union workers, the trade unions will be invited to: (1) deliver to the property manager or advisor lists of names and phone numbers of Responsible Contractors, including those Responsible Contractors who have expressed any interest in bidding; and (2) continually monitor the local markets to update the lists. Property managers shall maintain these lists supplied by the trade unions.

- K. Neutrality: CRPTF recognizes the rights of employees to representation, and supports and strongly encourages a position of neutrality, in the event there is a legitimate attempt by a labor organization to organize workers employed in the construction, maintenance, operation, and services at a CRPTF-owned property.

Resolution of any inter-jurisdictional trade disputes will be the responsibility of the trades and the various state and national building trades councils. This Policy does not call for any involvement by the advisors, property managers, or contractors in inter-jurisdictional trade disputes.

- L. Enforcement: If Staff becomes aware of non-compliance, this Plan will place a non-complying advisor or property manager on a probation watch list. If the advisor or property manager does not modify this pattern of conduct even after discussions with CRPTF's staff, the Plan will consider this pattern of conduct along with other information when it reviews the advisor or property manager contract for possible renewal. The key indicator is a pattern of conduct that is inconsistent with the provisions of this Policy.