



Ohio Public Employees Retirement System

Responsible Contractor Policy

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TABLE OF CONTENTS

I. GENERAL PROVISION 1

A. PURPOSE 1

B. INTRODUCTION 1

II. DEFINITION OF RESPONSIBLE CONTRACTOR..... 2

III. BASIC REQUIREMENTS OF RESPONSIBLE CONTRACTOR POLICY 2

A. FIDUCIARY RESPONSIBILITY..... 2

B. COMPETITIVE RATE OF RETURN 2

C. LEGAL COMPLIANCE 2

D. NON-DISCRIMINATION 2

IV. PREFERENCE FOR A RESPONSIBLE CONTRACTOR..... 3

V. ADMINISTRATION, MONITORING AND ENFORCEMENT 3

A. APPLICABLE CONTRACTS 3

B. NOTIFICATION 3

C. CONTRACT SOLICITATION 3

D. CONTRACTS AND CONTRACT RENEWALS 3

E. MINIMUM CONTRACT SIZE..... 3

F. REPORTING..... 3

G. DEFINITION OF FAIR WAGES AND BENEFITS 4

H. NEUTRALITY 4

I. ENFORCEMENT 4

VI. DUTIES OF RESPONSIBLE PARTIES..... 4

Revision History

	Date Approved
Policy Established	June 19, 2002
Policy Revised	June 17, 2003

I. GENERAL PROVISION

A. Purpose

This Responsible Contractor Policy (“Policy”) of the Ohio Public Employees Retirement System (“OPERS”) is designed to guide, in a manner consistent with OPERS’ statutory standards of fiduciary responsibility and prudence in managing its investments, the OPERS’ selection of independent contractors who provide building operations services and construction services to real estate properties owned by OPERS (“OPERS Properties”). The Policy seeks to ensure that OPERS contractors will be selected based upon demonstrated ability to provide high quality services, and thereby enhance the value of OPERS Properties, as evidenced by their record of compliance with applicable statutes and payment of fair compensation and benefits to employees, as well as by their experience, reputation, responsiveness, fees, and dependability.

B. Introduction

OPERS supports and encourages fair compensation and fair benefits for workers employed by its contractors, subject to the requirements of Section 145.11(A) of the Ohio Revised Code, that “the board and other fiduciaries shall discharge their duties with respect to the funds [of the System] solely in the interest of the participants and beneficiaries; for the exclusive purposes of providing benefits to participants and their beneficiaries. . . with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.” In addition, Section 145.11(B) of the Ohio Revised Code requires that “In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the board to give consideration to investments that enhance the general welfare of the state [of Ohio] and its citizens where the investments offer quality, return, and safety comparable to other investments currently available to the board.”

In keeping with that concern, the board of OPERS hereby adopts the Responsible Contractor Policy described herein in order to support and encourage the engagement of contractors who can be expected to provide high quality services to OPERS Properties, utilizing properly-trained and fairly-compensated employees, subject to OPERS’ fiduciary principles of loyalty, care, skill, prudence, and diligence.

OPERS believes that the utilization of such contractors adds value to the investments by ensuring that essential building operations services and construction services are provided by adequately-trained, experienced, and motivated workers.

OPERS supports a healthy and profitable business environment through market competition, small business development, and control of operating costs. OPERS believes that an adequately compensated and trained workforce delivers a higher quality product and service.

II. DEFINITION OF RESPONSIBLE CONTRACTOR

A Responsible Contractor is a contractor who: (1) has the appropriate experience, reputation, employee relations, responsiveness, fees, and dependability to perform the required work; and (2) provides workers a fair compensation and fair benefits, as evidenced by payroll and employee records, for the required work, based on market conditions.

III. BASIC REQUIREMENTS OF RESPONSIBLE CONTRACTOR POLICY

A. Fiduciary Responsibility

Notwithstanding any other considerations, the assets of OPERS shall be diligently and prudently invested and managed, in accordance with the fiduciary standards specified in Section 145.11 of the Ohio Revised Code, in the sole interest of plan participants and their beneficiaries, and for the exclusive purpose of providing benefits to its participants and their beneficiaries.

B. Competitive Rate of Return

OPERS seeks to have its real estate investments managed and operated in a manner that is expected to produce a competitive rate of return for its participants and beneficiaries.

C. Legal Compliance

OPERS seeks to have all OPERS contractors comply with all applicable federal, state, and local laws, regulations, and ordinances, including (but not limited to) those related to insurance, withholding taxes, minimum wage, health and safety, and environmental matters.

D. Non-Discrimination

OPERS shall give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and ventures involving those same firms that otherwise would meet the selection criteria for contractors and service providers.

IV. PREFERENCE FOR A RESPONSIBLE CONTRACTOR

Provided the basic requirements in the foregoing section have been satisfied, OPERS expresses a strong preference that Responsible Contractors be hired, in accordance with this Policy.

V. ADMINISTRATION, MONITORING AND ENFORCEMENT

A. Applicable Contracts

This Policy applies to all contractors and subcontractors who provide building operations services and construction services to real estate properties owned by OPERS or through subsidiary entities. The contractors and subcontractors shall use their best efforts to comply with this policy.

B. Notification

All current and prospective real estate advisors shall be provided with a copy of this Policy.

C. Contract Solicitation

All requests for proposals and invitations to bid applicable contracts covered by this Policy shall be made in accordance with the terms of this Policy.

D. Contracts and Contract Renewals

All contracts and contract renewals entered into after the effective date of this Policy shall include the applicable provisions of this Policy. OPERS shall maintain a publicly available list of all of its properties, with relevant data that would allow any potential contractor to pursue a bid upon contract renewal.

E. Minimum Contract Size

This Policy shall apply to all contracts valued at \$25,000 or more. Contract value refers to the total project work to be contracted for without desegregation by trade or task. Desegregation designed to evade the requirements of this Policy shall not be permitted.

F. Reporting

All advisors and contractors shall collect and retain adequate data documenting their compliance with this Policy and shall be prepared to produce this data for review upon request. OPERS Staff shall provide semi-annual reports to the Investment Committee of the Board, in an acceptable format, demonstrating best efforts at compliance by advisors and contractors with this Policy.

G. Definition of Fair Wages and Benefits

This Policy does not mandate any strict definition of fair wages and benefits. This Policy recognizes and considers in the determination of fair wages and benefits indicators such as local wage practices, state law, labor market conditions, as well as prevailing wages.

H. Neutrality

When there is a legitimate attempt under the National Labor Relations Act by a labor organization to organize workers employed in construction, maintenance, operation, or services at an OPERS property, OPERS encourages a position of neutrality.

I. Enforcement

OPERS shall place any advisor or property manager who fails to comply with this Policy on a probation list. In reviewing advisor and property management contracts for renewal, OPERS shall take into consideration the failure of any OPERS advisor or property manager to comply with this Policy.

VI. DUTIES OF RESPONSIBLE PARTIES

The responsibilities of the OPERS staff shall include:

- Review of the real estate advisors' annual reports regarding compliance with the Policy.
- Furnish annual reports to the Investment Committee on each advisor's compliance with this Policy, and make recommendations as needed for action to correct any pattern of non-compliance.

Advisor responsibilities shall include:

- Communicate this Policy to property managers of OPERS Properties and to managers of OPERS real estate investment vehicles.
- Maintain a simplified bid summary for each applicable contract. The summary should include identifying contract successful bidder, and bidder's status as a Responsible Contractor.
- Provide an annual report to OPERS staff describing actions taken by such advisor to comply with this Policy, including those taken by property managers and their subcontractors.
- Monitor and enforce compliance with this Policy including reasonable investigation of potential violations.

Property manager responsibilities shall include:

- Communicate this Policy in all bid documents seeking to secure construction or building service contracts subject to this Policy.
- Provide to advisors property level annual reports regarding compliance with this Policy.
- Provide to advisors, for each OPERS Property under management, a list of contracts subject to this Policy.
- Maintain a list of Responsible Contractors utilized at each OPERS Property.

Contractor responsibilities shall include:

- Provide the property manager with Responsible Contractor documentation.
- File with the property manager reports, certifications, and other forms as required by OPERS or the manager relating to this Policy.