

American Realty Advisors

Responsible Contractor Policy

INTRODUCTION

American Realty Advisors (“American”) affirms our commitment to our fiduciary duties of prudence and loyalty in our pursuit of a competitive return on investment for the members, retirees and beneficiaries of the pension funds we represent (“Clients”) with respect to all of the real estate investments we acquire and manage.

This Responsible Contractor Policy (“Policy”) is designed to guide, in a manner consistent with American’s statutory standards of fiduciary responsibility and prudence in managing our Clients’ investments, American’s selection of independent contractors to provide building operations services and construction services to real estate properties managed by American on behalf of our Clients. The Policy seeks to ensure that contractors will be selected based upon demonstrated ability to provide high quality services, and thereby enhance the value of our Clients’ investments, 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.

American has adopted the Policy described herein in order to support and encourage the engagement of contractors who can be expected to provide high quality services to our Clients’ properties, utilizing properly-trained and fairly-compensated employees, subject to American’s fiduciary principles of loyalty, care, skill, prudence and diligence.

American 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. American believes that an adequately compensated and trained workforce delivers a higher quality product and service.

American Realty Advisors

Responsible Contractor Policy

DEFINITION OF A RESPONSIBLE CONTRACTOR

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

REQUIREMENTS OF AMERICAN'S RESPONSIBLE CONTRACTING POLICY

- ❖ **Duty of loyalty or the exclusive benefit rule.** Assets shall be managed for the exclusive benefit of the participants and the beneficiaries of our Clients. Our duty to the participants and the beneficiaries shall take precedence over any other duty.
- ❖ **Prudence.** It is our duty to exercise care, skill, and prudence appropriate to the task and each investment, which we make for our clients. We provide and seek expert contracting services in our management of the investments. Prudence dictates that competitive returns must be generated for all investments made by American consistent with this policy.
- ❖ **Competitive return.** All investments and services should be made and managed in a manner that produces a competitive risk-adjusted return. We are committed to the premise that providing exemplary service and attention to our tenants enhances the value of our investments and that the implementation of this policy can be accomplished to achieve competitive returns.
- ❖ **Competitive bidding.** Contractors and their subcontractors for property management, leasing services, construction, maintenance, and other services shall be selected through a competitive bidding and selection process. This policy encourages fair competition by actively seeking bids from all qualified sources. The bidding process should include proper notification and invitations to bid issued to a broad spectrum of potential bidders, with particular consideration given to those identified as contractors who have exhibited a high standard of workmanship in their fields. In the bidding process, each bidder's qualifications, work product, experience, reputation for honesty, integrity, timeliness, dependability, fees, and operating practices shall be considered when choosing between contractors.
- ❖ **Non Discrimination.** American 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.

American Realty Advisors

Responsible Contractor Policy

POLICY

American's policy with respect to its engagement of contractors who perform building construction, operations, and maintenance services on the properties is as follows:

1. American's asset managers and portfolio managers who oversee each of our investments in real estate and their ongoing operation shall be responsible for communicating this policy to all contractors (e.g., its property managers and other contractors). American's asset managers and portfolio managers shall provide all contractors with a copy of this policy before entering into a contract for maintenance or operation at the property. Contractors shall agree to its terms as a condition of obtaining a contract to maintain or operate our Client's property.
2. Contractors shall abide by all applicable labor laws. A contract may be terminated anytime American is presented with reasonable evidence that a contractor has not been abiding by all applicable labor laws even though the contractor may not have been fully adjudicated in violation of such law.
3. Contractors shall seek to pay their employees fair and decent wages and benefits. "Fair and decent wages" are wages negotiated in a bona fide collective bargaining agreement or, otherwise determined to be prevailing in that particular area for similar workers.
4. Contractors shall at all times maintain safe and healthful working conditions and abide by all applicable wage and hour regulations and prohibitions against child labor. Contractors' working conditions shall conform to the standards set by the Federal OSHA or similar state agency.
5. Contractors shall honor the right of every worker to organize into a union of his or her own choosing, or to not organize, at the worker's sole discretion. A contractor shall remain neutral on the issue of unionization of its employees, shall recognize the union as the collective bargaining representative of its employees upon a showing that a majority of the contractor's employees favor unionization and, upon recognition, shall bargain in good faith with the union to reach a fair and reasonable contract.
6. American's property managers and contractors shall investigate all reasonable and substantial complaints relating to the failure of a contractor to comply with the terms of this policy.
7. Contractors shall, on request, provide to American a report on their compliance with the Policy.

American Realty Advisors

Responsible Contractor Policy

8. Any contractor performing building construction, operations and maintenance or other services on a property that fails to abide by the terms of this policy shall be subject to termination.
9. It is American's policy to seek responsible contractors for all work, regardless of size. However, for certain smaller contracts, the procedural requirements of this policy may be relaxed. Prudence and competitive returns should always govern the implementation of this policy.