

Exhibit No. EH-14
Docket U-180680
Witness: Erin Hutson

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. U-180680

TESTIMONY OF

ERIN HUTSON

LABORERS INTERNATIONAL UNION OF AMERICA

Exhibit EH-14

February 8, 2019

Responsible Contractor Policy

I. PURPOSE

This Responsible Contractor Policy (the “Policy”) of the Macquarie Infrastructure Partners (the “Fund”) is designed to guide, in a manner consistent with the Fund’s fiduciary responsibility and prudence in managing its investments, the selection of independent contractors, including all operating company managers and their employees, and their subcontractors (collectively the “contractors”) who provide construction, repairs, maintenance and infrastructure operating services (each individually a “Service”) to assets and companies (collectively “operating companies”) in which the Fund invests. The Policy seeks to ensure that the selection process for independent contractors will include among other things, a demonstrated ability to provide reliable and high quality Services which may be evidenced by their compliance with applicable statutes and payment of fair compensation and benefits to employees, as well as by their relevant experience, reputation, dependability, and ability to provide cost-efficient services, thereby enhancing the value of the Fund’s investments.

II. INTRODUCTION

The Fund supports a safe and healthy and profitable business environment through selective negotiation, market competition, small business development, and control of operating costs. The Fund also supports and encourages fair compensation and fair benefits for workers employed by contractors to the extent possible, and in a manner consistent with the duties of the Fund manager to discharge its fiduciary duties with respect to the Fund. The Fund manager will act:

- (a) with the care, skill, prudence, and diligence required by the Fund manager pursuant to the terms of the Fund Limited Partnership Agreement; and
- (b) will diversify the investments pursuant to the terms of the Limited Partnership Agreement.

In keeping with these overriding objectives, the Fund has adopted the Policy described herein in order to support and promote the engagement of independent contractors who can be expected to provide both competitive and high quality Services to Fund investments, utilizing appropriately trained and fairly compensated employees, subject to the above-cited fiduciary principles. The Fund believes that the utilization of such contractors adds value to its investments by ensuring that Services are provided by adequately-trained, experienced and motivated workers who deliver high quality products and services.

Furthermore, in circumstances where the Fund is working with a State, local or municipal agency to establish public/private partnerships and/or to bid on public offers for the sale, lease or management of public assets, the Fund shall endeavor in good faith to recognize the important role and contribution of public employees to the development and operation of such assets. In particular, the Fund shall make good faith efforts to ensure that such transactions minimize any potentially adverse impacts on employees. These efforts may include working directly with

public employees, government officials, or collective bargaining groups, as appropriate, in order to take such actions as may be within the Fund's control to mitigate such potentially adverse effects.

The preceding paragraphs shall not preclude the Fund from (i) making any investment including any follow-on investment that it would otherwise be permitted to make pursuant to the Limited Partnership Agreement, or (ii) entering into negotiated arrangements and joint ventures with contractors on an exclusive or preferred basis (i.e. on a non-competitive bid basis) that have the potential to offer strategic value to the Fund's investments.

III. INITIAL REQUIREMENTS OF THE RESPONSIBLE CONTRACTOR POLICY

The Policy provides that the following requirements shall be met, subject to the Fund manager's fiduciary duty:

- A. Best Practices: On applicable contracts, contractors for Services shall be selected through a process that includes consideration of competitive risk-adjusted returns and factors such as, but not limited to, demonstrated skill, experience, dependability, fees, safety record, and adherence to the Policy.
- B. Local, State and National Laws: All operating company managers, contractors, and their subcontractors shall observe all local, state and national laws including, but not limited to, those pertaining to insurance, withholding taxes, minimum wage, labor relations, health, and occupational safety.

IV. SELECTION OF RESPONSIBLE CONTRACTOR

If Initial Requirements A and B (see Section III above) are satisfied, it is a Fund preference that a Responsible Contractor be hired.

On an annual basis, the Fund shall review summary compliance data provided by operating company managers for good faith evidence of monitoring and enforcement.

V. DEFINITION OF A RESPONSIBLE CONTRACTOR

A Responsible Contractor, as used in this Policy, is an independent contractor who provides high quality Services to operating companies on a comparable and relevant basis in the applicable local market consistent with the desired contracting criteria, and pays workers a fair wage and fair benefits as evidenced by payroll and employee records. "Fair benefits" are defined as including, but not limited to: employer-paid family health care coverage, pension benefits, and training and/or apprenticeship programs. What constitutes a "fair wage" and a "fair benefit" will depend on the wages and benefits paid on comparable infrastructure projects, based upon local market factors that include the nature of the project (*e.g.*, municipal or commercial; public or private), comparable job or trade classifications and the scope and complexity of Services provided. In determining "fair wages" and "fair benefits" concerning 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.

VI. TRANSITION, ENFORCEMENT, MONITORING, AND ADMINISTRATION

A. Applicable Investments and Phasing: The Policy shall apply to all U.S. infrastructure equity investments where the Fund owns a 50% or greater ownership and exercises a controlling interest. The Policy shall not apply to hybrid debt, commingled funds, opportunity funds, mezzanine debt, and indirect, specialty investments lacking equity features. However, when the Policy is not applicable by its terms as set out in the previous sentence, operating company managers shall be encouraged to make a good faith effort to comply with the spirit of the policy, consistent with their fiduciary duty. Good faith efforts shall include, but are not limited to, encouraging the use of and advocating for Responsible Contractors, supplying the Fund with timely information on all applicable bidding opportunities for interested Responsible Contractors, and facilitating meetings with interested stakeholders, when possible.

Contracts existing at the time of the Fund's investment in an operating company shall not be subject to this policy until they are evaluated for renewal; voluntary compliance is encouraged.

B. Notification: The Fund shall provide all Fund staff and operating company managers with a copy of this Policy.

C. Solicitation Documents: All requests for proposals and invitations to bid covered by this Policy shall include the terms of this Policy. Responses by bidders shall include information to assist Fund staff in evaluating a bid.

D. Contracts and Renewals: All contracts entered into after the effective date of this Policy that pertain to applicable infrastructure investments and are covered by the Policy, including renewals of such contracts, shall include the terms of this Policy. Responsible Contractor compliance will be part of the contract renewal consideration.

E. Responsibilities: The responsibilities of Fund staff, operating company managers and contractors are defined as follows:

1. Staff: Fund staff shall have the following responsibilities:
 - a. communicate the Policy to all operating company managers;
 - b. secure agreements to comply with the Policy from operating company managers;
 - c. review the relevant operating company managers' annual reports regarding compliance with the Policy

and make recommendations as needed for action to correct any pattern of non-compliance; and

- d. furnish annual reports to the Fund investors with a management comment regarding the Fund's compliance with this Policy.

2. Operating Company Managers: Operating company managers will have responsibility for the following:

- a. communicate the Policy to independent contractors seeking to secure applicable Service contracts;
- b. communicate the Policy to any interested party;
- c. ensure there is a selection process that includes potentially eligible Responsible Contractors, where applicable and commercially reasonable;
- d. require independent contractors seeking to secure applicable Service contracts to provide a Responsible Contractor Self-Certification Form (Appendix 1) to the operating company manager. The Fund reserves the right to disclose the contents of the Self-Certification Form at its discretion;
- e. provide operating company level annual report information to the Fund manager;
- f. maintain documentation for contractors that have secured applicable Service contracts;
- g. incorporate any trade union/service union input received, where applicable and commercially reasonable, in the development of Responsible Contractor lists;
- h. maintain a list of any interested Responsible Contractors (names, addresses and telephone numbers) to which the Responsible Contractor Policy may be applicable.

3. Contractors: Contractors will have the responsibility for the following:

- a. submit to the operating company manager a Responsible Contractor self-certification on a form approved by the Fund;
- b. communicate the Policy to subcontractors; and
- c. provide Responsible Contractor documentation to operating company manager.

F. Outreach: The Fund manager will maintain a list of all Fund investments covered by this Policy. The list will include the operating company name, address, operating company manager, and the phone numbers of the operating company manager. The Fund will provide a Fund investor with a copy of this list upon request to allow the Fund investor to assess the implementation of this Policy and, in particular, whether Responsible Contractors are being included in the selection process in a timely fashion.

G. Minimum Contract Value: The Policy shall apply to all applicable Service contracts to independent contractors involving new construction capital works with an aggregate minimum value of \$50 million, ongoing capital works with an aggregate minimum value of \$25 million and operating or other maintenance contracts not involving capital works with an annual minimum value of \$5 million. Minimum contract value refers to the aggregate value of a project contract including all of the discrete Services required to complete the project, and does not allow for any disaggregation by trade or task. Disaggregation designed to evade the requirements of the Policy is not permitted. The Fund manager may, at its sole discretion, lower the minimum contract value for specific investments as it sees appropriate. When the Policy is not applicable by its terms, the Fund manager shall encourage operating company managers to make a good faith effort to comply with the spirit of the policy in a manner consistent with their fiduciary duty.

H. Fair Wages and Fair Benefits: The Policy avoids a narrow definition of “fair wage” and “fair benefits” that might not be practical in all markets. The Policy looks to local practices concerning type of trade and type of project. The Policy recognizes that practices and labor market conditions vary across the country and that flexibility in implementation is important.

In determining “fair wages” and “fair benefits” concerning 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.

I. Selection Process: Given the time and expense required to solicit and evaluate potential contractors, it is not essential that operating company managers solicit all potential contractors.

The operating company manager must ensure, to the extent commercially reasonable, that there is a selection process that is inclusive of potentially eligible Responsible Contractors. Competitive bidding does not necessarily assure inclusion of Responsible

Contractors. Care must be taken that if applicable Service contracts covered by this policy are competitively bid, then bidders include potentially eligible Responsible Contractors. However, for the avoidance of any doubt, operating company managers will retain full commercial discretion to conduct the bidding process in a manner that is consistent with their overriding fiduciary responsibilities to enhance investment value for investors, co-investors and joint venture partners and to seek to minimize or control costs while ensuring the provision of relevant and high quality services.

J. Neutrality: The Fund supports a position of neutrality in the event there is a legitimate attempt by a labor organization to organize workers performing Services at a Fund-owned operating company. Accordingly, contractors shall observe their legal obligations to recognize a union as the collective bargaining representative of its employees upon showing (on cards) that a majority of the contractor's employees favor unionization.

Resolution of any interjurisdictional trade disputes shall 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 Fund or an operating company manager in interjurisdictional trade disputes.

K. Enforcement: The Fund shall place a non-complying operating company manager on a watch list. If the operating company manager does not modify this pattern of conduct after discussions with the Fund's staff, the Fund shall consider this pattern of conduct along with other information when it reviews the operating company manager contract for future renewal. A key indicator is a pattern of conduct that is inconsistent with the provisions of the Policy.

Adopted/Effective Date: October 23, 2006