



# TRAVEL AND EXPENSE REIMBURSEMENT POLICY

Hartman Income REIT

Human Resources & Office Services Department

# Travel and Expense Reimbursement Policy



— HARTMAN —

EXCEPTIONAL SERVICE † INSPIRED VALUES

Table of Contents

- Statement of Purpose** .....
- Responsibilities and Enforcement** .....
- Travel Arrangements** .....
- Air Travel .....
- Car Rentals .....
- Other Transportation/ Mileage .....
- Lodging .....
- Conferences .....
- Meals and Entertainment** .....
- Personal Meals .....
- Business Meals .....
- Entertainment Expenses .....
- Telecommunications** .....
- Other Reimbursable Expenses** .....
- Non- Reimbursable Expenses** .....
- Expenses/ Reimbursement** .....
- Employee Acknowledgement** .....

## STATEMENT OF PURPOSE

Hartman ("the company") is charged with maximizing investor returns. This is our strongest and, at the end of the day, bottom line reason people invest with the company. For this reason, the company's expense philosophy is simple: "Pragmatic but not extravagant". With the establishment of this policy, the company seeks to simplify the travel process by providing guidelines to follow to protect the interests of both the employee and the company. This document serves to clarify how travel should be arranged and the parameters to which employees must adhere to. It is the company's policy to reimburse employees for merited, and reasonable business travel expenses that are directly connected to the company.

**All travel expenses and reimbursement must be done in accordance with this policy.**

## RESPONSIBILITIES AND ENFORCEMENT

The company realizes business travel can be costly. An organized and clear guide for submitting expenses is crucial to ensure all expenses are reimbursed in a timely manner.

Hartman employees who incur travel and entertainment expenses are required to comply with this policy. Employees submitting expenses not in compliance with this policy risk delayed, partial, or forfeited reimbursement. Cases of significant abuse will be investigated and may result in disciplinary action including repayment, probation, and/ or termination.

Employee travel and the expenses associated with Hartman will be reimbursed only in circumstances which are clearly consistent with the mission, vision, and purpose of the company. **Managers with approval authority are responsible for knowing the current policy and procedures before approving all expenses in accordance with the current policy.** Any deviations must be explained on the employee's expense report with the approval of the Department Executive .

The Travel Coordinator and Office Services Manager are responsible for ensuring this Travel and Expense Reimbursement Policy is available Companywide to any employee who may incur any business-related expenses. Maintaining and updating the Corporate Travel Policy is also the responsibility of Office Services staff.

Any questions or concerns regarding this travel policy should be addressed to the Office Services Manager.

**Managers Responsibility:**

- Managers are responsible for knowing the current travel policy and informing their departmental staff of the company's policy and procedures.
- Managers should determine if travel is necessary to achieve business goals.
- Managers should approve expenses in accordance with this policy.

**Employee's Responsibility:**

- Employees are responsible for notifying the Travel Coordinator of necessary travel arrangements **14 days in advance**. Generally, the Travel Coordinator will not schedule travel if given less than 14 days advanced notice, but in situations where unexpected travel, or changes to existing travel are not inside this 14-day period, it is the employee's responsibility to obtain pre-approval from their manager in order for the travel request to be honored. Absent this approval, travel requests and/or changes are subject to non-scheduling and/or non-reimbursement
- Employees should only incur expenses consistent with business needs and exercise care in determining appropriate expenditures.
- Employees should submit expense reports as outlined in the expense section of this policy within 30 days. Any expenses not uploaded within the 30-day period will not be reimbursed.

**Office Services Responsibility:**

- Ensure all employees are following the policy for travel and reimbursement. With this principle in mind, Travel Coordinator and Office Services Manager reserves the right to reject travel requests if they do not meet the necessary requirements or if no supporting documentation is provided.
- The Travel Coordinator and Office Services Manager reserves the right to reject travel requests for employees that constantly violate this policy.

## **TRAVEL ARRANGEMENTS**

Emergencies: In the event travel emergencies due to sickness, family incidents, acts of nature or matters of national security,, the manager of the department should be notified immediately.. This includes emergencies

arising after business hours or on weekends. If the manager is unavailable, employees should schedule their own travel according to the parameters set in this policy.

## **Air Travel**

**Class of Service:** All employees will travel coach class unless they receive a **complimentary** upgrade.

**Preferred Company & Lowest Airfare Available:** Hartman Income REIT's preferred airline is Southwest. However, all air travel will be scheduled non-stop or the most direct and economical means. The following criteria will be utilized to determine lowest available airfare:

- The flight's departure or arrival time is within two hours before or after the requested departure or arrival time.
- One stop or connecting flight will only be considered when no non-stop flights are provided or when a significant savings can be achieved.
- Alternate airports will be used if a significant savings can be achieved.
- Flight cost is not to exceed \$350.00 roundtrip (excluding taxes) for travel including Houston, Dallas and San Antonio. Changes to flights resulting in additional fees, not approved by Office Services will be charged back to the employee.
- Flight cost is not to exceed \$450 roundtrip (excluding taxes) for other cities when travel is necessary to attend conferences, meetings and/or events.
- All travel should be done during working hours. No flights will be booked for weekend travel or the night before.

If travel does not meet one or more items of this criteria, the travel will require approval from the Department Executive and Office Services Manager.

**Airfare Notice:** Advance notice to schedule air travel must be received by the Travel Coordinator no less than 14 days in advance. If the travel is requested less than 14 days in advance, the employee could be held financially responsible for any difference or additional cost unless prior approval is obtained or special arrangements have been made.

**Frequent Flyer Program:** Employees may retain memberships in frequent flyer programs: The company allows employees to use miles gained from business travel towards their personal use.

- Participation in these programs must not influence flight selection which would result in incremental costs to the company.

## **Car Rentals**

**Preferred Company:** Hartman Income REIT preferred car rental company is Hertz. However, all car rentals will be considered depending on the most direct and economical means.

**Price:** Rental cars should not exceed \$ 75.00 per day, without taxes.

**Size Limit:** A mid-sized car will always be used unless a full-size is needed when three or more employees are traveling together, or if a full-sized price is the same or less as a mid-sized due to any promotions or deals. The travel coordinator will determine the size of the rental car required. One-way rentals will be avoided where a drop charge will be imposed.

**Car Rental Insurance:** Employee's own personal auto insurance should be used for all rental cars. The employee may choose to purchase any insurance offered by the rental car company, but this expense is NOT reimbursed by the company.

**Refueling:** Employees are required to refuel cars prior to returning them to the rental car company. This practice can save as much as 50% of the gasoline charge. .

**Payment and Documentation:** Employees are responsible for paying rental car expenses and submitting the charges for reimbursement with an original receipt, unless the car rental company accepts pre-payment due to a Corporate Partnership.

**Additional Charges:** If any incidents occur the employee must report the incident to the proper authorities and notify his/her personal insurance company immediately. If the employee incurs any fees for deductibles, this may be submitted to the Company for reimbursement but are only reimbursable up to \$1,000.00. Fines and penalties imposed for the violation of traffic laws with rental cars are the employee's responsibility and not reimbursable.

## **Other Transportation**

**Personal Car:** Employees may utilize their personal vehicles for business travel **out of town** if approved by the manager and is less than a rental car or flight.

The use of personal car for business will be reimbursed at the standard IRS rate (62.5 cents) up to 100 miles, anything over 100 miles must be approved by manager before the trip. This mileage allowance covers all costs (i.e.: gasoline, repairs, insurance, etc.), except parking and toll fees.

The company will pay a flat rate for roundtrips from Houston to Dallas at \$350, and from Houston to San Antonio at \$250. This includes mileage and fuel costs.

Mileage from employee's home to regular assigned work location is not reimbursable. However, if the employee goes directly from home to another work assignment other than the regular work location, and the distance to the work assignment is greater than the distance to the regular work location, the employee can expense the difference. Mileage must be calculated as below:

Home to regular work= X

Home to alternate location= Y

Amount to be reimbursed= Y- X

To receive reimbursement for mileage, the employee must complete an expense report in Paycom specifying purpose of trip, start and finish odometer reading point of origin, destination, and time of trip.

The employee assumes responsibility for all parking and traffic fines.

**Ride Sharing:** If two or more individuals are traveling to the same location, it is recommended that one employee share the ride with others.

**Other local transportation:** Hartman's preferred method of local transportation is Uber or Lyft. The cost of ridesharing to and from places of business, hotels, or airports in connection with business activities is reimbursable. The use of ridesharing is authorized only when economical services (hotel vans, shuttles, etc.) are not available. Employees are encouraged to utilize public transportation whenever feasible. Receipts are required for all transportation expenses.



## **Lodging**

**Hotel Selection:** The safety of the traveling employee is of paramount importance to the company. This will be held in extreme consideration at all times that the travel coordinator makes hotel arrangements for the traveling employee. All hotels will be subject to the lowest price available with a 3-star hotel rating.

Hotel costs should not exceed \$145.00(excluding tax) per night. The travel coordinator is open to suggestions or employee preferences, but this does not guarantee that the employee's preference will be met.

**Hotel Booking:** All hotels must be booked through the Travel Coordinator. Hotel arrangements booked solely by the employee are not subject to reimbursement unless otherwise approved by the Department Executive or travel coordinator. If approval is not received from the Department Executive or travel coordinator, the employee will only be reimbursed up to \$145.00 per night.

**Conferences:** Standard allowances may or may not apply. Conferences may exceed the policy limits with approval.

## **MEALS & ENTERTAINMENT**

**Personal Meals:** Expenses that are incurred by employees dining alone while on an out-of-town business trip. Personal meals will be reimbursed up to a daily limit of **\$60.00 per day** (including taxes, tips, or gratitude).

Employees are responsible for the allocation of the daily Per Diem between breakfast, lunch and dinner. Amounts incurred in excess of the Per Diem will be the responsibility of the employee. However, the following is the suggested allocation:

**Business Meals:** Expenses that are incurred when an employee dines with clients, prospects, or associates during which business is discussed or transactions are taking place.

Business meals will not be restricted under the same daily limits as personal meals. However, business meal expenses must be supported by an original itemized receipt attached to the employee's expense report and must have the name of all attendees. If the employee fails to submit an itemized receipt, charges incurred will not be subject to reimbursement or will be subject to charge back to the employee. Tipping should be in accordance with standard business practices, not to exceed 15% of the total bill amount. Any excess costs will be the responsibility of the employee.

- Prospective Relationships: Prospective clients are clients who have expressed an interest in doing business with the company or have not completed any business in the last year where the company has profited. This is to include property broker luncheons. Employees should budget \$25 per lunch or per dinner per person when dining with prospective clients.
- Alcoholic beverages are allowable with dinner. Cost should not exceed \$8 per glass and not to exceed 2 glasses per person. This is a separate charge from the actual meal charge.
- Any cost for alcoholic beverages that exceeds the maximum \$16 per person will not be reimbursed and will be charged back to the employee.

**Entertainment Expenses:** Entertainment expenses include events such as theatre, cocktail receptions or sporting events where business is transacted. Events must be scheduled in advance and pre-approval form must be completed and signed by Department Executive. A copy of the pre-approval form must be attached to the itemized receipt or charges are not subject to reimbursement or will be subject to charge back to the employee.

## TELECOMMUNICATIONS

**Personal Cellphone Reimbursement:** Employees who have been identified to have a need for a company cellphone will be issued a company cellphone unless arrangements have been made. Therefore, the company will not reimburse for the use of personal cellphones.

**International Calling:** The Travel Coordinator and Office Services Manager must be notified in advance of any international travel so that an international roaming plan may be added to the cellphone plan.

## OTHER REIMBURSABLE EXPENSES & MISCELLANEOUS

- Tips should not exceed 15%
- Parking: Valet is only reimbursed when self-parking is not available. If employee still chooses to use valet over self, the employee is responsible for the difference of self-parking vs. valet. The employee must submit proper documentation for valet parking attached to expense report or employee will be subject to charge back.
- Room Service: Should not exceed daily per diem.

## NON-REIMBURSABLE EXPENSES

Generally, expenditures of a personal nature and those not specifically covered in the preceding sections of this policy are not reimbursable. The following list is a guide and not a complete list of expenses that will not be reimbursed/paid for by the Company:

- Expenses without proper documentation
- Unexplained expenses
- Insurance for personal car- rental car.
- Childcare or house-sitting fees.
- Donations, charitable contributions, and gifts.
- Personal articles (toiletries, magazines, books)
- Barber and hairdressers.
- Shoeshine.
- tobacco products.
- Personal entertainment.
- Kennel fees or pet sitting services.
- Country Club dues.
- Airline Club dues.
- Loss or theft of personal property.
- Transportation to and from office on regular workdays.
- Traffic tickets and parking fines.
- In-flight movies and refreshments.
- Hotel movies, movie rentals, games and other discretionary charges.
- Additional travel insurance coverage.

## **EXPENSES AND REIMBURSEMENT**

Hartman Income REIT uses the HRIS Paycom to submit and track all expenses. All supporting receipts and documentation must also be submitted. Following this policy will greatly reduce the time it takes to approve the expense reports and generate reimbursement to the employee.

All expense reports are subject to an audit by the Accounting Department, Department Manager and Office Services. If an issue arises that could preclude reimbursement, the request will be held pending further discussion with the employee and proper management approval. Additionally, in accordance with good business practices, expenses older than 30 days that are submitted for reimbursement will not be processed for payment.

Expenses will be paid with regularly scheduled payroll unless arrangements have been requested and approved. To be included in the payroll, expenses must be submitted and final approved by Tuesday of the payroll week.

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## EMPLOYEE ACKNOWLEDGEMENT

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I have had the opportunity to read the Travel and Expense Reimbursement Policy, and I understand that I may ask my supervisor or any employee of Office Services any questions I might have concerning this policy. I accept the terms of the Travel and Expense Reimbursement Policy. I also understand it. I further agree that if I remain with the company following any modifications to it, I thereby accept and agree to such changes.

Since the information described is subject to change at any time, I acknowledge that revisions to the Travel Policy may occur. All such changes will generally be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies.

I certify that I understand and agree to follow the Travel and Expense Reimbursement policies as outlined in this document.

Employee Name: \_\_\_\_\_

Employee Signature: \_\_\_\_\_

Date: \_\_\_\_\_