

NuStar Energy L.P.  
Form DEF 14A  
March 07, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN  
PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )  
Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

NuStar Energy L.P.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Edgar Filing: NuStar Energy L.P. - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

NOTICE OF 2019 ANNUAL MEETING OF UNITHOLDERS

Time and Place: April 23, 2019 at 2:00 p.m. Central Time

Place: NuStar Energy L.P. headquarters located at 19003 IH-10 West, San Antonio, Texas 78257

Agenda: (1) To elect three Group I directors to serve until the 2022 Annual Meeting or until their successors are elected and have been qualified;  
(2) To approve the NuStar Energy L.P. 2019 Long-Term Incentive Plan;  
(3) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2019;  
(4) To approve an advisory resolution on executive compensation;  
(5) To conduct an advisory vote on the frequency of future advisory votes on executive compensation; and  
(6) To transact any other business properly brought before the meeting or any adjournment or postponement thereof.

Record Date: Only holders of record of our outstanding (as defined in our partnership agreement) common units and Series D preferred units, as of the close of business on March 1, 2019, are entitled to vote at our 2019 Annual Meeting.

Voting: YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the 2019 Annual Meeting, please submit your proxy with voting instructions as soon as possible.  
If you are a unitholder of record, you may submit your proxy over the Internet, by phone or by mail as described on the proxy card.  
If you hold your units through a broker or other nominee, please follow the instructions that you receive from your broker or other nominee to ensure that your units are voted.  
Submitting your proxy will not prevent you from attending our 2019 Annual Meeting and voting in person.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. Accordingly, on or about March 13, 2019, we are sending holders of our outstanding (as defined in our partnership agreement) common units and Series D preferred units a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and Annual Report on Form 10-K for the year ended December 31, 2018 over the Internet and how to submit a proxy online ([www.proxyvote.com](http://www.proxyvote.com)). We believe that this process helps expedite unitholder receipt of proxy materials, lowers the cost of our annual meeting and conserves natural resources. The notice also contains instructions on how to request a paper copy of our proxy materials.

By order of the Board of Directors,

Amy L. Perry  
Executive Vice President—Mergers & Acquisitions, Strategic Direction and Investor Relations  
and Corporate Secretary

NuStar Energy L.P.  
19003 IH-10 West  
San Antonio, Texas 78257

March 7, 2019

---

TABLE OF CONTENTS

|  |           |
|--|-----------|
| INFORMATION ABOUT<br>NUSTAR ENERGY L.P.                              | <u>1</u>  |
| QUESTIONS AND<br>ANSWERS ABOUT THE<br>2019 ANNUAL<br>MEETING         | <u>2</u>  |
| CORPORATE<br>GOVERNANCE  | <u>5</u>  |
| Board Leadership and<br>Governance                                   | <u>5</u>  |
| Director Independence  | <u>5</u>  |
| Committees of the<br>Board   | <u>6</u>  |
| Compensation<br>Committee Interlocks<br>and Insider<br>Participation | <u>7</u>  |
| Risk Oversight<br>Governance   | <u>7</u>  |
| Documents and Codes<br>of Ethics                                     | <u>7</u>  |
| Director Candidates  | <u>8</u>  |
| Communications with<br>the Board of Directors                        | <u>9</u>  |
| PROPOSAL NO.   |           |
| 1—ELECTION OF<br>DIRECTORS   | <u>10</u> |
| Nominees for Election<br>as Group I Directors                        | <u>10</u> |
| Other Directors  | <u>11</u> |
| EXECUTIVE OFFICERS   | <u>14</u> |
| COMPENSATION<br>COMMITTEE REPORT                                     | <u>16</u> |
| COMPENSATION<br>DISCUSSION AND<br>ANALYSIS                           | <u>16</u> |
| Executive<br>Compensation  | <u>16</u> |
| Philosophy<br>Administration of<br>Executive<br>Compensation         | <u>17</u> |
| Programs<br>Elements of Executive<br>Compensation                    | <u>19</u> |
| Impact of Accounting<br>and Tax Treatments                           | <u>29</u> |
|  | <u>30</u> |

|  |           |
|--|-----------|
| Compensation-Related<br>Policies   |           |
| EVALUATION OF<br>COMPENSATION RISK<br>SUMMARY  | <u>31</u> |
| COMPENSATION<br>TABLE  | <u>32</u> |
| PAY RATIO<br>GRANTS OF<br>PLAN-BASED AWARDS<br>DURING THE YEAR<br>ENDED DECEMBER 31,<br>2018 | <u>35</u> |
| OUTSTANDING<br>EQUITY AWARDS AT<br>DECEMBER 31, 2018   | <u>39</u> |
| OPTION EXERCISES<br>AND UNITS VESTED<br>DURING THE YEAR<br>ENDED DECEMBER 31,<br>2018        | <u>41</u> |
| PENSION BENEFITS<br>FOR THE YEAR ENDED<br>DECEMBER 31, 2018                                  | <u>42</u> |
| NONQUALIFIED<br>DEFERRED<br>COMPENSATION FOR<br>THE YEAR ENDED<br>DECEMBER 31, 2018          | <u>44</u> |
| POTENTIAL<br>PAYMENTS UPON<br>TERMINATION OR<br>CHANGE OF CONTROL                            | <u>45</u> |
| DIRECTOR<br>COMPENSATION   | <u>49</u> |
| SECURITY OWNERSHIP   | <u>51</u> |
| Security Ownership of<br>Management and<br>Directors   | <u>51</u> |
| Security Ownership of<br>Certain Beneficial<br>Owners  | <u>52</u> |
| Section 16(a)<br>Beneficial Ownership<br>Reporting Compliance                                | <u>53</u> |
| Equity Compensation<br>Plan Information  | <u>54</u> |
| PROPOSAL NO.<br>2—APPROVAL OF<br>NUSTAR ENERGY L.P.<br>2019 LONG-TERM                        | <u>55</u> |

INCENTIVE PLAN

|                             |           |
|-----------------------------|-----------|
| Summary of the 2019<br>Plan | <u>56</u> |
| Federal Tax<br>Consequences | <u>60</u> |
| Text of the 2019 Plan       | <u>61</u> |

CERTAIN  
RELATIONSHIPS  
AND RELATED 62  
PARTY  
TRANSACTIONS

Related  
Person 62  
Transaction  
Policy  
The Merger 62  
Rights of  
NuStar GP  
Holdings, 62  
LLC Prior to  
the Merger  
Transactions  
with  
Management 63  
and Others

PROPOSAL NO.  
3—RATIFICATION  
OF  
APPOINTMENT  
OF  
INDEPENDENT 64  
REGISTERED  
PUBLIC  
ACCOUNTING  
FIRM

KPMG FEES 64  
AUDIT  
COMMITTEE  
PRE-APPROVAL 65  
POLICY  
AUDIT  
COMMITTEE 65  
REPORT

PROPOSAL NO.  
4—ADVISORY  
RESOLUTION 66  
ON

EXECUTIVE  
COMPENSATION  
PROPOSAL NO. 67  
5—ADVISORY  
VOTE ON THE  
FREQUENCY  
OF FUTURE  
ADVISORY  
VOTES ON



EXECUTIVE  
COMPENSATION  
ADDITIONAL  
INFORMATION 68

Advance  
Notice  
Required for  
Unitholder 68  
Proposals and  
Nominations  
Other  
Business 68  
Financial  
Statements 68  
Householding 68  
Transfer  
Agent 69

APPENDIX  
A—NUSTAR  
ENERGY L.P.  
2019 A-1  
LONG-TERM  
INCENTIVE  
PLAN  
FORM OF  
PROXY CARD

NUSTAR ENERGY L.P.  
PROXY STATEMENT  
2019 ANNUAL MEETING OF UNITHOLDERS  
April 23, 2019

INFORMATION ABOUT NUSTAR ENERGY L.P.

NuStar Energy L.P. (NYSE: NS) is a Delaware limited partnership engaged in the transportation of petroleum products and anhydrous ammonia, and the terminalling, storage and marketing of petroleum products. Unless otherwise indicated, the terms "NuStar Energy," "we," "our" and "us" are used in this proxy statement to refer to NuStar Energy L.P., one or more of our subsidiaries or all of them taken as a whole.

We have approximately 9,800 miles of pipeline and 75 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids. Our combined system has more than 88 million barrels of storage capacity, and we have operations in the United States, Canada, Mexico and St. Eustatius in the Caribbean.

2018 has been a year of significant accomplishments for NuStar Energy. During 2018, we implemented our comprehensive plan to position NuStar for long-term financial strength and sustainable growth, including:

- simplifying our governance structure;
- eliminating our incentive distribution rights;
- strengthening our coverage;
- minimizing our need to access the equity capital markets; and
- lowering our leverage.

During 2018, we reset our quarterly distribution per common unit (the Distribution Reset) to \$0.60 (\$2.40 on an annualized basis), starting with the first quarter distribution paid on May 14, 2018. In July 2018, we completed a simplification transaction pursuant to which NuStar GP Holdings, LLC, which indirectly owns our general partner, became our wholly owned subsidiary (the Merger). Completing the Distribution Reset and the Merger simplified our governance structure, provided holders of our common units with the right to vote in the election of the members of our board of directors (beginning with our 2019 Annual Meeting), eliminated the incentive distribution rights previously held by our general partner, reduced our cost of capital and strengthened our coverage metrics, allowing us to have less dependence on the equity capital markets.

In June and July 2018, we sold an aggregate of \$590 million of Series D preferred units through two private placements. We also sold \$10 million of our common units to the Chairman of our Board of Directors, William E. Greehey, in a private placement in June 2018. In November 2018, we sold our European terminals and related assets (the European Operations), which were not geographically synergistic with our other operations, for \$270 million. We used the net proceeds of these transactions to repay outstanding borrowings and lower our leverage, further reducing our dependence on the equity capital markets to fund our future growth.

We have strong assets in key strategic locations, and we believe that our continued focus on the comprehensive plan described above, while maintaining our emphasis on safety, will position NuStar Energy for stable growth in the future.

## QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING

Q1: Why am I receiving these materials?

A: We are sending the Notice of Internet Availability of Proxy Materials (Notice) to holders of our outstanding (as defined in our partnership agreement) common units and Series D preferred units on or about March 13, 2019. On this date, you will have the ability to access all of our proxy materials on the website provided in the Notice. The Notice also contains instructions on how to request a paper copy of our proxy materials, if desired.

We are providing these materials in connection with the solicitation by the Board of Directors (the Board) of NuStar GP, LLC, the general partner of our general partner, of proxies to be voted at our 2019 Annual Meeting of Unitholders (the 2019 Annual Meeting) and any adjournments or postponements thereof. We will hold our 2019 Annual Meeting on April 23, 2019 at 2:00 p.m. Central Time at our headquarters at 19003 IH-10 West, San Antonio, Texas 78257.

Q2: Who is soliciting my proxy?

A: Our Board is sending you these materials in connection with its solicitation of proxies for use at our 2019 Annual Meeting. Certain of our directors, officers and employees and Morrow Sodali LLC (a proxy solicitor) may also solicit proxies on our behalf by mail, phone, fax or other electronic means, or in person.

Q3: Who is entitled to attend and vote at the 2019 Annual Meeting?

A: Holders of record of our outstanding (as defined in our partnership agreement) common units and Series D preferred units (voting on an as-converted basis) (collectively, our Voting Units) at the close of business on March 1, 2019 (our Unitholders) are entitled to attend and vote on the matters presented at the 2019 Annual Meeting. Our Unitholders will vote together as a single class and are entitled to one vote for each common unit and/or Series D preferred unit held on the March 1, 2019 record date. On March 1, 2019, 107,761,241 common units were outstanding and 23,246,650 Series D preferred units were outstanding.

Q4: What constitutes a quorum to conduct business at the 2019 Annual Meeting?

A: Unitholders representing a majority of the Voting Units, voting together as a single class, present in person or by properly submitted proxy, will constitute a quorum.

Your units will be counted as present at the 2019 Annual Meeting if:

- you are present in person at the meeting; or
- you have submitted a proxy over the Internet, by phone or by mail.

Proxies received but marked as abstentions and broker non-votes (described below) will be counted as present for purposes of determining whether a quorum has been achieved.

Q5: If my units are held in street name by my broker or other nominee, will my broker or other nominee vote my units?

A: If you own units through a broker or other nominee, then your units are held in that broker's or nominee's name and you are considered the beneficial owner of units held in street name.

If a broker does not receive specific voting instructions from the beneficial owner, New York Stock Exchange (NYSE) rules govern whether or not the broker is permitted to vote on the beneficial owner's behalf. The NYSE has designated certain categories of proposals as "routine," and brokers are permitted to vote on routine matters at their discretion. However, brokers are prohibited from voting on any matter deemed non-routine, which results in a "broker non-vote" for such proposal. A broker non-vote is treated as "present" for purposes of determining the existence of a quorum. If a proposal requires approval by the vote of a majority of the Voting Units, voting as a single class, represented in person or by proxy and entitled to vote, a broker non-vote constitutes, in effect, a vote against such proposal. However, if a proposal requires approval by a plurality of the votes cast, a broker non-vote has no effect on the outcome.

The election of three Group I directors (Proposal No. 1), the approval of NuStar Energy's 2019 Long-Term Incentive Plan (Proposal No. 2), the approval of the advisory resolution on executive compensation (Proposal No. 4) and the advisory vote on the frequency of future advisory votes on executive compensation (Proposal No. 5) are considered non-routine under applicable NYSE rules. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2019 (Proposal No. 3) is a matter considered routine under applicable NYSE rules.



Q6: How do I vote my units?

You may submit your proxy over the Internet, by phone or by mail. If you submit your proxy over the Internet, by A: phone or by returning a signed proxy card by mail, your units will be voted as you indicate. If you sign your proxy card without indicating your vote, your units will be voted in accordance with the recommendations of our Board. If you attend the 2019 Annual Meeting and plan to vote in person, we will provide you with a ballot at the meeting. You will need to present the following documents to vote in person at the 2019 Annual Meeting, based on how you hold your units:

Documents Required to Vote in Person at the 2019 Annual Meeting

|  |   |
|--|---|
| Unitholders of Record<br>(units held in your name) | Beneficial Owners of Units<br>(units held in the name of your broker or nominee)                                |
| Photo identification                               | Photo identification<br>Legal proxy from unitholder of record (e.g., broker or nominee) authorizing you to vote |

Q7: What vote is required for each proposal and what is the recommendation of the Board?

A: The table below summarizes the recommendation of the Board, the vote required and the effect of abstentions and broker non-votes with respect to each proposal at the 2019 Annual Meeting.

| Proposal  | Board Recommendation                              | Vote Required When a Quorum is Present   | Effect of Abstentions                               | Effect of Broker Non-Votes                          |
|---|---|--|---|---|
| Proposal No. 1: Election of Directors                     | FOR each nominee                                  | Plurality of the votes cast by our Unitholders   | No effect on the vote with respect to this proposal | No effect on the vote with respect to this proposal |
| Proposal No. 2: Approval of 2019 Long-Term Incentive Plan | FOR approval of the 2019 Long-Term Incentive Plan | Affirmative vote of a majority of the Voting Units (voting as a single class) entitled to vote | Same effect as a vote against this proposal         | Same effect as a vote against this proposal         |