

Easterly Government Properties, Inc.
Form DEF 14A
April 08, 2019

UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION

Washington, D.C. 20549

SCHEDULE

14A

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 Pursuant to
Section 240.14a-12

EASTERLY GOVERNMENT
PROPERTIES, INC.

(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.
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 ANNUAL MEETING OF STOCKHOLDERS

to be held on May 7, 2019

Dear Stockholder:

You are invited to attend the 2019 annual meeting of stockholders of Easterly Government Properties, Inc., a Maryland corporation, which will be held on Tuesday, May 7, 2019, at 1:00 p.m., Eastern Time, at 2101 L Street NW, Suite 650, Washington, D.C. 20037. The annual meeting will be held for the following purposes:

1. To elect the seven director nominees named in the accompanying proxy statement to serve on our Board of Directors until our next annual meeting of stockholders and until their successors are duly elected and qualified;
2. To hold a non-binding advisory vote on the compensation of our named executive officers, as described in the accompanying proxy statement; and
3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

In addition, stockholders may be asked to consider and vote upon any other matters that may properly be brought before the annual meeting and at any adjournments or postponements thereof.

Any action may be taken on the foregoing matters at the annual meeting on the date specified above, or on any date or dates to which the annual meeting may be adjourned, or to which the annual meeting may be postponed.

Our Board of Directors has fixed the close of business on March 22, 2019 as the record date for determining the stockholders entitled to notice of, and to vote at, the annual meeting and at any adjournments or postponements thereof. The proxy statement and proxy card are being mailed to you on or about April 8, 2019.

By Order of our Board of Directors,

William C. Trimble, III
Chief Executive Officer, President and Director

Washington, D.C.

April 8, 2019

Whether or not you plan to attend the annual meeting, please complete, sign, date and promptly return the enclosed proxy card or authorize your proxy by telephone or the Internet. For specific instructions on voting, please refer to the instructions on the proxy card or the information forwarded by your broker, bank or other holder of record. If you attend the annual meeting, you may vote in person if you wish, even if you have previously returned your proxy card. Please note that if your shares are held of record by a bank, broker or other nominee and you wish to vote in person at the annual meeting, you must obtain a proxy issued in your name from such bank, broker or other nominee.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held May 7, 2019. The Proxy Statement and our 2019 Annual Report to Stockholders are available at:

<http://www.viewproxy.com/easterlygvtprop/2019>.

TABLE OF CONTENTS

Page

QUESTIONS AND
ANSWERS ABOUT
THE ANNUAL
MEETING 1

Who is entitled to vote at
the annual meeting? 1

What is the purpose of
the annual meeting? 1

What constitutes a
quorum? 1

What vote is required to
approve each proposal? 2

Can I change my vote
after I submit my proxy
card? 2

How do I vote? 2

How is my vote counted? 3

How does the Board
recommend that I vote on
each of the proposals? 3

What other information
should I review before
voting? 3

Who is soliciting my
proxy? 3

PROPOSAL
1: ELECTION OF
DIRECTORS 4

Information Regarding
the Director Nominees 4

Biographical Information
Regarding Executive
Officers Who Are Not

Directors 6

Director Independence 7

The Board and its
Committees 7

Board and Committee

Composition 9

Director Compensation 9

<u>PROPOSAL 2:</u>	
<u>NON-BINDING</u>	
<u>ADVISORY VOTE ON</u>	
<u>THE COMPENSATION</u>	
<u>OF OUR NAMED</u>	
<u>EXECUTIVE</u>	
<u>OFFICERS</u>	11

<u>PROPOSAL 3:</u>	
<u>RATIFICATION OF</u>	
<u>APPOINTMENT OF</u>	
<u>INDEPENDENT</u>	
<u>REGISTERED PUBLIC</u>	
<u>ACCOUNTING FIRM</u>	12

<u>Fee Disclosure</u>	12
<u>Audit Committee Policy</u>	
<u>Regarding Pre-Approval</u>	
<u>of Audit and Permissible</u>	
<u>Non-Audit Services of</u>	
<u>Our Independent</u>	
<u>Registered Public</u>	
<u>Accounting Firm</u>	13

<u>AUDIT COMMITTEE</u>	
<u>REPORT</u>	14

<u>CORPORATE</u>	
<u>GOVERNANCE</u>	
<u>MATTERS</u>	15

<u>Corporate Governance</u>	
<u>Profile</u>	15
<u>Corporate Governance</u>	
<u>Guidelines</u>	15
<u>Director Independence</u>	16
<u>Code of Business</u>	
<u>Conduct and Ethics</u>	16
<u>Audit Committee</u>	
<u>Financial Expert</u>	16
<u>Communications with the</u>	
<u>Board</u>	16
<u>Audit Committee</u>	
<u>Complaint Procedures</u>	16
<u>Director Attendance at</u>	
<u>Annual Meetings</u>	17
<u>Identification of Director</u>	
<u>Candidates</u>	17
	17

<u>Board Leadership Structure</u>	
<u>Executive Sessions of Non-Management Directors</u>	18
<u>Stockholder Engagement and Outreach</u>	18
<u>Proxy Advisory Firm</u>	
<u>Policy on Stockholder Right to Amend Bylaws</u>	18
<u>Board and Management Diversity</u>	19
<u>Corporate Responsibility</u>	19
<u>Anti-Hedging and Anti-Pledging Policy</u>	20
<u>Minimum Equity Ownership Guidelines</u>	20
<u>Risk Oversight</u>	20

(i)

<u>EXECUTIVE COMPENSATION</u>	22
<u>Compensation Discussion and Analysis</u>	22
<u>Compensation Committee Report</u>	35
<u>Summary Compensation Table</u>	36
<u>2018 Grants of Plan-Based Awards</u>	37
<u>Outstanding Equity Awards at December 31, 2018</u>	38
<u>2018 Option Exercises and Stock Vested Table</u>	38
<u>Severance and Change in Control Benefits</u>	38
<u>Pay Ratio Disclosure</u>	41
<u>Compensation Committee Interlocks and Insider Participation</u>	41
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	42
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	44
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	44
<u>Review and Approval of Future Transactions with Related Persons</u>	44
<u>OTHER MATTERS</u>	45
<u>Solicitation of Proxies</u>	45
<u>Stockholder Proposals</u>	45
<u>Attendance at the Meeting</u>	45
<u>Householding of Proxy Materials</u>	46
<u>Other Matters</u>	46
<u>APPENDIX A. NON-GAAP FINANCIAL MEASURES</u>	A-1

(ii)

EASTERLY GOVERNMENT PROPERTIES, INC.

2101 L Street NW, Suite 650
Washington, D.C. 20037

PROXY STATEMENT

FOR OUR 2019 ANNUAL MEETING OF STOCKHOLDERS

to be held on May 7, 2019

We are sending these proxy materials to our stockholders in connection with the solicitation of proxies by the Board of Directors, or the Board, of Easterly Government Properties, Inc., a Maryland corporation, for use at our 2019 annual meeting of stockholders to be held on Tuesday, May 7, 2019, at 1:00 p.m., Eastern Time, at 2101 L Street NW, Suite 650, Washington, D.C. 20037, or at any postponement or adjournment of the annual meeting. References in this proxy statement to “we,” “us,” “our,” “ours,” and the “Company” refer to Easterly Government Properties, Inc., unless the context otherwise requires.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Who is entitled to vote at the annual meeting?

Holders of record of our common stock, \$0.01 par value per share, at the close of business on March 22, 2019, the record date for the annual meeting, are entitled to receive notice of the annual meeting and to vote at the annual meeting. If you are a holder of record of our common stock as of the record date, you may vote the shares that you held on the record date even if you sell such shares after the record date. Each outstanding share as of the record date entitles its holder to cast one vote for each matter to be voted upon and, with respect to the election of directors, one vote for each director to be elected. Stockholders do not have the right to cumulate voting for the election of directors.

What is the purpose of the annual meeting?

At the annual meeting, you will be asked to vote on the following proposals:

• Proposal 1: the election of the seven director nominees named in this proxy statement to serve on the Board until our next annual meeting of stockholders and until their successors are duly elected and qualified;

• Proposal 2: the approval, on a non-binding advisory basis, of the compensation of our named executive officers, as described in this proxy statement; and

- Proposal 3: the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

You also may be asked to consider and act upon any other matters that may properly be brought before the annual meeting and at any adjournments or postponements thereof.

What constitutes a quorum?

The presence, in person or by proxy, of holders of a majority of the total number of outstanding shares entitled to vote at the annual meeting is necessary to constitute a quorum for the transaction of any business at the annual meeting. As of the record date, there were 60,926,327 shares outstanding and entitled to vote at the annual meeting.

Each share of common stock outstanding on the record date is entitled to one vote on each matter properly submitted at the annual meeting and, with respect to the election of directors, one vote for each director to be elected.

Abstentions and “broker non-votes” (i.e., shares represented at the meeting held by brokers, as to which instructions

have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which, on a particular matter, the broker does not have discretionary voting power to vote such shares) will be counted for purposes of determining whether a quorum is present for the transaction of business at the annual meeting.

What vote is required to approve each proposal?

In respect of Proposal 1, a director nominee is elected if he or she receives more votes for his or her election than votes against his or her election. Under our Corporate Governance Guidelines, any incumbent director who fails to be elected by a majority of the votes cast in an uncontested election is required to promptly submit a written offer to resign to the Board. Our Nominating and Corporate Governance Committee is required to make a recommendation to the Board with respect to the resignation. The Board is required to take action with respect to this recommendation and to disclose its decision and, if applicable, the Board's reasons for rejecting the tendered resignation. The policy is described more fully below under the caption "Corporate Governance Matters—Annual Elections; Majority Voting." With respect to Proposal 1, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the election of directors.

A majority of all of the votes cast at the annual meeting at which a quorum is present is required for approval of each of Proposals 2 and 3. In respect of Proposals 2 and 3, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the votes for these proposals.

Can I change my vote after I submit my proxy card?

If you cast a vote by proxy, you may revoke it at any time before it is voted by:

- filing a written notice revoking the proxy with our Secretary at our address;
- properly submitting to us a proxy with a later date; or
- appearing in person and voting by ballot at the annual meeting.

If you attend the annual meeting, you may vote in person whether or not you previously have given a proxy, but your presence (without further action) at the annual meeting will not constitute revocation of a previously given proxy. Unless you have received a legal proxy to vote the shares, if you hold your shares through a bank, broker or other nominee, that is, in "street name," only that bank, broker or other nominee can revoke your proxy on your behalf.

You may revoke a proxy for shares held by a bank, broker or other nominee by submitting new voting instructions to the bank, broker or other nominee or, if you have obtained a legal proxy from the bank, broker or other nominee giving you the right to vote the shares at the annual meeting, by attending the annual meeting and voting in person.

How do I vote?

Voting in Person at the Annual Meeting. If you hold your shares in your own name as a holder of record with our transfer agent, American Stock Transfer & Trust Company, LLC, and attend the annual meeting, you may vote in person at the annual meeting. If your shares are held by a bank, broker or other nominee, that is, in "street name," and you wish to vote in person at the annual meeting, you will need to obtain a legal proxy from the bank, broker or other nominee that holds your shares of record.

Voting by Proxy. If your shares are registered directly in your name with our transfer agent, the proxy materials were mailed directly to you by us. In that case, you may instruct the proxy holders named in the enclosed proxy card how to vote your shares of common stock in one of the following ways:

Vote online. You can access proxy materials and vote at www.viewproxy.com/easterlygvtprop/2019. To vote online, you must have the stockholder identification number provided in the enclosed proxy card.

Vote by telephone. You also have the option to vote by telephone by following the "Vote by Phone" instructions on the enclosed proxy card.

Edgar Filing: Easterly Government Properties, Inc. - Form DEF 14A

Vote by regular mail. If you would like to vote by mail, then please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and the proxy materials were forwarded to you by that organization. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. You should instruct your broker or nominee how to vote your shares by following the voting instructions provided by your broker or nominee.

Even if you plan to attend the annual meeting, we recommend that you submit a proxy to vote your shares in advance so that your vote will be counted if you later are unable to attend the annual meeting.

How is my vote counted?

If you authorize your proxy to vote your shares electronically via the Internet or by telephone, or, if you properly marked, signed, dated and returned the proxy card mailed to you, the shares that the proxy represents will be voted in the manner specified on the proxy. If no specification is made, your shares will be voted “for” the election of the nominees for the directors named in this proxy statement, “for” the approval, on a non-binding advisory basis, of the compensation of our named executive officers, as described in this proxy statement, and “for” ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019. It is not anticipated that any matters other than those set forth in this proxy statement will be presented at the annual meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders. In addition, since no stockholder proposals or nominations were received on a timely basis, no such matters will be brought to a vote at the annual meeting.

How does the Board recommend that I vote on each of the proposals?

The Board recommends that you vote:

- ✘ FOR Proposal 1: the election of each of Darrell W. Crate, William C. Trimble, III, Michael P. Ibe, William H. Binnie, Cynthia A. Fisher, Emil W. Henry, Jr. and James E. Mead as directors to serve on the Board until our next annual meeting of stockholders and until their successors are duly elected and qualified;
- ✘ FOR Proposal 2: the approval, on a non-binding advisory basis, of the compensation of our named executive officers, as described in this proxy statement; and
- ✘ FOR Proposal 3: the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

What other information should I review before voting?

Our 2018 Annual Report to Stockholders, or our annual report, including our Annual Report on Form 10-K, which contains financial statements for the fiscal year ended December 31, 2018, is being mailed to you concurrently with the mailing of this proxy statement. To access our annual report, go to the “Investor Relations—Financial Information” page on our website, and then click on “Annual Reports.” In addition, documents we file with the Securities and Exchange Commission, or SEC, are available at a website maintained by the SEC at <http://www.sec.gov>. Our annual report and our Annual Report on Form 10-K, however, are not part of the proxy solicitation materials, and the information found on, or accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the SEC.

Who is soliciting my proxy?

This solicitation of proxies is made by and on behalf of the Board. We will pay the cost of the solicitation of proxies. In addition to the solicitation of proxies by mail, our directors, officers and employees may solicit proxies personally or by telephone. No arrangements or contracts have been made with any solicitors as of the date of this proxy

statement, although we reserve the right to engage solicitors if we deem them necessary. Such solicitations may be made by mail, telephone, facsimile, e-mail or personal interviews.

No person is authorized on our behalf to give any information or to make any representations with respect to the proposals other than the information and the representations contained in this proxy statement, and, if given or made, such information and/or representations must not be relied upon as having been authorized.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board currently consists of seven members each serving for a term of one year and until their successors are duly elected and qualified. Pursuant to our charter, our directors will be elected annually by our stockholders to serve until the next annual meeting and until their successors are duly elected and qualified. Our bylaws provide that a majority of the entire Board may at any time increase or decrease the number of directors. However, the number of directors may never be less than the minimum number required by the Maryland General Corporation Law which is one and, except as set forth in our charter and our bylaws, more than 15.

At the 2019 annual meeting, all of the directors will be elected to serve until the 2020 annual meeting and until their successors are duly elected and qualified. The Board, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Darrell W. Crate, William C. Trimble, III, Michael P. Ibe, William H. Binnie, Cynthia A. Fisher, Emil W. Henry, Jr. and James E. Mead to serve as directors. Each of these nominees has served as a director since 2015 and has consented to being named in this proxy statement. The Board anticipates that each nominee will serve, if elected, as a director. However, if any nominee is unable to accept election, proxies voted in favor of such nominee will be voted for the election of such other person or persons as the Board may select.

On February 21, 2019, the Board amended our bylaws to provide for majority voting in uncontested director elections. Pursuant to our bylaws, as amended, a director is elected in an uncontested election if he or she receives more votes for his or her election than votes against his or her election. In connection with the adoption of a majority voting standard in uncontested elections, the Board also amended our Corporate Governance Guidelines to require any incumbent director who fails to be elected by a majority of the votes cast in an uncontested election to promptly submit a written offer to resign to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will then act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and, if applicable, the rationale behind it within 90 days from the date of the certification of election results. If the resignation is not accepted, the director will continue to serve until the next annual meeting and until the director's successor is duly elected and qualified. The director who tenders his or her resignation will not participate in the Board's decision regarding his or her resignation, but will participate in other Board matters until the Board's decision is made with respect to his or her resignation. Our bylaws, as amended, retain plurality voting for contested director elections.

We will treat abstentions and broker non-votes as shares that are present and entitled to vote for purposes of determining the presence or absence of a quorum. Abstentions and broker non-votes, if any, will have no effect on this proposal.

The Board unanimously recommends that you vote "FOR" each of its director nominees.

Information Regarding the Director Nominees

The following table and biographical descriptions set forth certain information with respect to each nominee for election as a director at the 2019 annual meeting, based upon information furnished by each director. The biographical information includes the specific experience, qualifications, attributes and skills that led to the conclusion by the Board that such person should serve as a director.

Name	Age	Position
William C. Trimble, III	57	Chief Executive Officer, President and Director

Edgar Filing: Easterly Government Properties, Inc. - Form DEF 14A

Darrell W. 52	
Crate	Chairman of the Board of Directors
Michael P. 72	Vice Chairman of the Board of Directors and Executive Vice President - Development and
Ibe	Acquisitions
William H. 61	
Binnie	Lead Independent Director*
Cynthia A. 58	
Fisher	Director*