

PRENTISS PROPERTIES TRUST/MD  
Form DEF 14A  
April 05, 2005  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**(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**

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 Rule 14a-12

**Prentiss Properties Trust**

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(Name of Registrant as Specified In Its Declaration of Trust)

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(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)(4) and 0-11.

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

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials:

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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:

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

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(3) Filing Party:

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(4) Date Filed:

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[LOGO]

**PRENTISS PROPERTIES TRUST**

**3890 West Northwest Highway, Suite 400**

**Dallas, Texas 75220**

April 4, 2005

Dear Shareholder:

Your board of trustees joins me in extending a cordial invitation to attend the 2005 Annual Meeting of Shareholders which will be held on Wednesday, May 11, 2005 at the Embassy Suites Hotel, 3880 West Northwest Highway, Dallas, Texas 75220. The meeting will start promptly at 12:00 noon, local time.

We sincerely hope you will be able to attend and participate in the meeting. We will report on our progress and respond to questions you may have about our business. There will also be important items presented that are required to be acted upon by our shareholders.

Whether or not you plan to attend the 2005 Annual Meeting, it is important that your shares be represented and voted at the meeting. Therefore, please act promptly to vote your shares with respect to the proposals described in this proxy statement. You may grant a proxy to vote your shares by marking, signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided. You may also authorize a proxy to vote your shares by telephone or through the Internet by following the instructions set forth on the proxy card.

Very sincerely yours,

Michael V. Prentiss

Chairman of the Board

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**PRENTISS PROPERTIES TRUST**

**3890 West Northwest Highway, Suite 400**

**Dallas, Texas 75220**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON May 11, 2005**

To our Shareholders:

We will hold the 2005 Annual Meeting of Shareholders of Prentiss Properties Trust, a Maryland real estate investment trust, on Wednesday, May 11, 2005 at the Embassy Suites Hotel at 3880 West Northwest Highway, Dallas, Texas 75220 at 12:00 noon, local time, for the following purposes:

1. To elect three Class III trustees to serve until our 2008 Annual Meeting of Shareholders and until the respective successor of each is duly elected and qualified;
2. To consider the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2005;
3. To consider and vote upon the approval of the 2005 Share Incentive Plan, which, if approved, would replace our 1996 Share Incentive Plan; and
4. To consider and act 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, by original or later adjournment or postponement, the Annual Meeting may be adjourned or postponed.

The board of trustees has fixed the close of business on March 18, 2005 as the record date for determining the shareholders entitled to receive notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. Only holders of record of our common shares of beneficial interest at the close of business on the record date will be entitled to receive notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof.

We have included along with this notice a proxy statement and the 2004 Annual Report to Shareholders which describe certain of our activities during 2004 and contain our financial statements for the year ended December 31, 2004. The Annual Report does not form any part of the material for solicitation of proxies.

**Whether or not you plan to attend the Annual Meeting, please complete, sign, date and promptly return the enclosed proxy card in the postage-prepaid envelope provided or authorize a proxy to vote your shares by telephone or through the Internet by following the instructions set forth on the enclosed proxy card. If you attend our Annual Meeting of shareholders, you may revoke your proxy at any time prior to the time it is voted, including by voting in person at the Annual Meeting, even if you have previously returned your proxy card.**

By order of the board of trustees

Gregory S. Imhoff  
Senior Vice President and Secretary  
Dallas, Texas

April 4, 2005

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**PRENTISS PROPERTIES TRUST**

**3890 West Northwest Highway, Suite 400**

**Dallas, Texas 75220**

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**PROXY STATEMENT**

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**2005 ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON May 11, 2005**

**INTRODUCTION**

We have provided this proxy statement and the accompanying proxy card and Notice of Annual Meeting in connection with the solicitation of proxies by the board of trustees of Prentiss Properties Trust, a Maryland real estate investment trust, for use at our 2005 Annual Meeting of Shareholders to be held at the Embassy Suites Hotel, 3880 West Northwest Highway, Dallas, Texas 75220, on May 11, 2005, at 12:00 noon, local time and any adjournments or postponements thereof. The mailing address of our principal executive office is 3890 West Northwest Highway, Suite 400, Dallas, Texas 75220. We are mailing this proxy statement and the proxy card and Notice of Annual Meeting, all enclosed herewith, on or about April 4, 2005, to our shareholders of record. The date of this proxy statement is April 4, 2005.

**PURPOSES OF THE ANNUAL MEETING**

At the 2005 Annual Meeting, the holders of record of our common shares of beneficial interest, par value \$0.01 per share, as of the record date for the Annual Meeting, the close of business on March 18, 2005, will vote upon the following matters:

- (1) The proposal to elect three Class III trustees to serve until our 2008 Annual Meeting of our Shareholders and until the respective successor of each is duly elected and qualified ( Proposal One );
- (2) The proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2005 ( Proposal Two );
- (3) The proposal to consider and vote upon the approval of the 2005 Share Incentive Plan which, if approved, would replace our 1996 Share Incentive Plan ( Proposal Three ); and

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- (4) The transaction of such other matters that may properly be brought before the 2005 Annual Meeting and at any adjournments or postponements thereof.

**The board of trustees recommends that you vote FOR each of Proposal One, Proposal Two and Proposal Three.**

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**RECORD DATE AND VOTING**

**Record Date and Shareholders List**

The board of trustees has established the close of business on March 18, 2005 as the record date for the Annual Meeting. Only our shareholders of record at the close of business on the record date will be entitled to receive notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. At the close of business on the record date, we had 45,188,866 common shares outstanding.

**The Proxy**

We are making the solicitation of proxies primarily by mail and Internet. We will bear the cost of preparing and mailing this proxy statement and the accompanying material, and the cost of any supplementary solicitations, which may be made by mail, telephone, telegraph, facsimile, electronically or personally by our officers and employees. We do not expect that specially engaged employees or paid solicitors will make the solicitation. Although we might use such employees or solicitors if we deem them necessary, we have not made arrangements or contracts with any such employees or solicitors as of the date of this proxy statement.

The board of trustees has selected Gregory S. Imhoff and Michael A. Ernst as proxies, and they are named as such on the proxy card. The proxy will be voted as specified by the shareholder in the spaces provided on the proxy card, or if no specification is made, it will be voted in favor of the proposals. A shareholder giving a proxy has the power to revoke it either by delivering written notice of such revocation to our corporate secretary before the Annual Meeting or by attending the Annual Meeting and voting in person. Beneficial owners of our common shares held in the name of a broker or other intermediary may vote and revoke a previous vote only through, and in accordance with, procedures established by the record holder(s) or their agent(s).

In voting by proxy in regard to Proposal One, shareholders may vote in favor of all of the nominees, withhold their votes as to all of the nominees, or withhold their votes as to any specified nominee. With regard to each of Proposal Two and Proposal Three, shareholders may vote in favor of such proposal, vote against such proposal, or abstain from voting with respect to such proposal.

**How You Can Vote**

You may attend the Annual Meeting and vote your shares in person. You also may choose to submit your proxy by any of the following methods:

*Authorizing a Proxy by Mail.* If you choose to authorize a proxy by mail, simply complete the enclosed proxy card, date and sign it, and return it in the postage-paid envelope provided.

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*Authorizing a Proxy by Telephone.* You may authorize a proxy by telephone by calling the toll-free telephone number provided on the proxy card. Telephone proxy authorization is available 24 hours a day. In order to authorize a proxy to vote your shares via the telephone, please call the toll-free number provided on the proxy card, have your proxy card in hand, and follow the instructions. The procedures allow you to appoint a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you authorize a proxy to vote by telephone, you should not return your proxy card.

*Authorizing a Proxy by Internet.* You may also authorize a proxy through the Internet by signing on to the web site identified on the proxy card and following the procedures described in the web site. Internet proxy authorization is available 24 hours a day. The procedures allow you to appoint a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you authorize a proxy through the Internet, you should not return your proxy card.

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### **Quorum, Required Vote and Voting Rights**

*Quorum.* Unless a quorum is present at the Annual Meeting, no action may be taken at the meeting except the adjournment thereof until a later time. The presence at the Annual Meeting, in person or by proxy, of shareholders entitled to cast a majority of all the votes entitled to be cast at the close of business on the record date, March 18, 2005, will constitute a quorum for the transaction of business. Shares that are represented at the Annual Meeting but abstain from voting on any or all matters and shares that are broker non-votes (when brokers or nominees return a properly executed proxy but do not vote on a particular matter because they have no discretionary power to vote and have received no instructions from the beneficial owners thereof or persons entitled to vote thereon) will be counted as shares present and entitled to vote in determining whether a quorum is present at the Annual Meeting. The election inspectors appointed for the Annual Meeting will determine the number of common shares present and entitled to vote at the meeting, determine the validity of proxies and ballots, determine whether or not a quorum is present, and count all votes and ballots.

*Required Vote.* With respect to Proposal One, if a quorum is present, a vote of a plurality of all the votes cast by shareholders on the matter, in person or by proxy, will elect each nominee for trustee. Votes marked For Proposal One will be counted in favor of all nominees, except to the extent the proxy withholds authority to vote for a specified nominee. Votes withheld from a trustee-nominee also have no effect on the vote since a plurality of the shares cast at the Annual Meeting is required for the election of each trustee. Shareholders may not abstain from voting with respect to the election of trustees. Because the election of trustees is a routine matter for which specific instructions from beneficial owners will not be required, no broker non-votes will arise in the context of Proposal One.

Approval of Proposal Two requires the majority of all the votes cast on the matter at the Annual Meeting by shareholders at which a quorum is present in person or by proxy. Abstentions from voting on Proposal Two will not be counted as votes cast and therefore will have no effect on the outcome of the proposal. Because the ratification of the appointment of auditors is a routine matter for which specific instructions from beneficial owners will not be required, no broker non-votes will arise in the context of Proposal Two.

Approval of Proposal Three requires the affirmative vote of a majority of all the votes cast on the proposal, provided that the total votes cast on the proposal represent over 50% in interest of all securities entitled to vote on the proposal. Broker non-votes and abstentions will not be treated as votes cast with respect to Proposal Three. Thus, abstentions will have the same effect as a vote against the proposal and broker non-votes will have the same effect as votes against the proposal, unless holders of a majority in interest of all securities entitled to vote on Proposal Three cast votes, in which event broker non-votes will not have any effect on the result of the vote.

*Voting Rights.* With respect to each proposal, each shareholder will be entitled to one vote per common share held by such shareholder as of close of business on the record date. Under Maryland law, shareholders will not have appraisal or similar rights in connection with any proposal set forth in this proxy statement.

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The following table sets forth certain information with respect to our trustees and executive officers. The board of trustees currently consists of seven members, five of whom are independent trustees.

<u>Name</u>	<u>Age</u>	<u>Position with Company</u>
Michael V. Prentiss	61	Chairman of the board of trustees (Class III - Term will expire in 2008 if Proposal One is approved)*
Thomas F. August	56	President, Chief Executive Officer and Trustee (Class I - Term will expire in 2006)
Thomas J. Hynes, Jr.	65	Independent Trustee (Class III - Term will expire in 2008 if Proposal One is approved)*
Barry J.C. Parker	57	Independent Trustee (Class III - Term will expire in 2008 if Proposal One is approved)*
Dr. Leonard M. Riggs, Jr.	62	Independent Trustee (Class II - Term will expire in 2007)
Ronald G. Steinhart	64	Independent Trustee (Class II - Term will expire in 2007)
Lawrence A. Wilson	69	Independent Trustee (Class I - Term will expire in 2006)
Lawrence J. Krueger	49	Executive Vice President and Managing Director, Midwest Region
Robert K. Wiberg	49	Executive Vice President and Managing Director, Mid-Atlantic Region
Christopher M. Hipps	43	Executive Vice President and Managing Director, Southwest Region
Daniel K. Cushing	44	Senior Vice President and Managing Director, Northern California Region
Christopher B. Mahon	56	Senior Vice President and Managing Director, Southern California Region
Michael A. Ernst	44	Executive Vice President and Chief Financial Officer
Gregory S. Imhoff	48	Senior Vice President, Chief Administrative Officer and Secretary
Scott W. Fordham	37	Senior Vice President and Chief Accounting Officer

\* Messrs. Prentiss, Hynes and Parker have been nominated for re-election at the Annual Meeting to be held on May 11, 2005.

The following are biographical summaries of our executive officers and the trustees not standing for re-election:

**THOMAS F. AUGUST** serves as our President and is a trustee on our board of trustees. He is also our Chief Executive Officer. Mr. August has served in such capacities since October of 1999 when he became Chief Executive Officer. Prior to that time he had been our President and Chief Operating Officer since our initial public offering in October 1996. From 1992 to 1996, Mr. August served as President and Chief Operating Officer of one of our affiliates, Prentiss Properties Limited, Inc. From 1987 to 1992, Mr. August served as Executive Vice President and Chief Financial Officer of our predecessor company. From 1985 to 1987, Mr. August served in executive capacities with Cadillac Fairview Urban Development, Inc. Prior to joining Cadillac Urban in 1985, Mr. August was Senior Vice President of Finance for Oxford Properties, Inc., in Denver, Colorado, an affiliate of a privately-held Canadian real estate firm. Previously, he was a Vice President of Citibank, responsible for real

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estate lending activities in the upper Midwest. Mr. August holds a B.A. degree from Brandeis University and an MBA degree from Boston University.

**LEONARD M. RIGGS, JR., M.D.** is an independent trustee on our board of trustees and has served in such capacity since our initial public offering in October 1996. Dr. Riggs is a private investor and until recently was Chairman and Chief Executive Officer of EmCare, Inc., a publicly-held outsourced healthcare business services company specializing in emergency medicine. EmCare manages over 400 hospital emergency departments and provides the business services for the practices of over 4,000 physicians. Dr. Riggs has also served as the Director of Emergency Medicine at Baylor University Medical Center from 1974 until 1998. Dr. Riggs is a former president of the American College of Emergency Physicians. He holds a B.S. degree from Centenary College of Shreveport, Louisiana and an M.D. degree from the University of Texas Southwestern Medical School in Dallas, Texas.

Committees: Audit, Corporate Governance (Chairman)

**RONALD G. STEINHART** is an independent trustee on our board of trustees and has served in such capacity since our initial public offering in October 1996. Mr. Steinhart is a private investor and served as Chairman and Chief Executive Officer, Commercial Banking Group of Bank One Corporation from December, 1996 until his retirement in January, 2000. From January 1995 to December 1996, Mr. Steinhart was Chairman and Chief Executive Officer of Bank One Texas, N.A. Mr. Steinhart joined Bank One in connection with the merger of Team Bank, which he founded in 1988. Mr. Steinhart serves as a Director of United Auto Group, Inc. and Carreker Corporation and as a trustee of MFS/Compass Group of Funds. Mr. Steinhart holds BBA and MBA degrees from the University of Texas at Austin and is a Certified Public Accountant.

Committees: Audit (Chairman), Corporate Governance

**LAWRENCE A. WILSON** is an independent trustee on our board of trustees and has served in such capacity since our initial public offering in October 1996. Mr. Wilson is a director of The Beck Group. He was recently the Chairman of The Beck Company and Managing Director and Chief Executive Officer of HCBECK, Inc., a construction and real estate services company, each of which are members of The Beck Group. Mr. Wilson also serves as an Advisory Director of TXU. Mr. Wilson holds an undergraduate degree from Vanderbilt University in engineering, an L.L.B. degree from the Woodrow Wilson College of Law in Atlanta, Georgia and is a graduate of the Emory University Advanced Management Program.

Committees: Compensation (Chairman), Corporate Governance

**LAWRENCE J. KRUEGER** serves as Executive Vice President and Managing Director of our Midwest Region. His responsibilities include the development, acquisitions, leasing, construction, property management and asset management activities in this region. Mr. Krueger has served in such capacity for us since 1994. He served as Senior Vice President Development from 1990 to 1994, Vice President Development of one of our affiliates, Prentiss Properties Limited, Inc., from 1987 to 1990 and Vice President Development of Cadillac Urban from 1986 to 1987. Mr. Krueger holds a B.A. degree in Business from Indiana University and a Masters degree in Urban Land Economics and Real Estate Investment Analysis from the University of Wisconsin. He is a member of the National Association of Industrial and Office Parks, CORENET Global Corporate Real Estate Network and the Chicago Development Council.

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**ROBERT K. WIBERG** serves as Executive Vice President and Managing Director of our Mid-Atlantic Region. His responsibilities include the development, acquisitions, leasing, construction, property management and asset management activities in this region. The portfolio of properties Mr. Wiberg oversees includes 4.1 million square feet of owned property and another 6.3 million square feet of managed properties. Mr. Wiberg has worked in our Washington, D.C. office since 1988, and prior to that served as a Development Officer in our Los Angeles, Atlanta and Dallas offices. Mr. Wiberg holds an MBA from the University of California at Berkeley, a Master of City and Regional Planning degree from Harvard University, and a B.A. degree from Cornell University. He has served on the Board of Directors of the Northern Virginia Chapter of the National Association of Industrial and Office Parks and holds a Virginia real estate license.

**CHRISTOPHER M. HIPPS** serves as Executive Vice President and Managing Director of our Southwest Region. Mr. Hipps has served as Managing Director of our Southwest Region since January 1, 2002. Prior to becoming Managing Director of the Southwest Region, Mr. Hipps served as the Managing Director of the former West Region. Mr. Hipps was responsible for all business activities of the West Region including acquisitions, development, strategic planning and implementation of the annual business plan. Mr. Hipps started his career in the Washington, D.C. offices of Cadillac Fairview Urban and subsequently was responsible for marketing activities for Fairview Park, located in Northern Virginia. In 1992, Mr. Hipps moved to our corporate office in Dallas, Texas, where he has held various responsibilities, including CBD leasing assignments, our acquisitions in Houston, regional marketing and work on the development of properties in Austin, Texas. Mr. Hipps holds a Texas real estate license and has been involved in various organizations such as the National Association of Industrial and Office Parks and the Real Estate Council. He received a BBA from Southern Methodist University.

**DANIEL K. CUSHING** serves as the Senior Vice President and Managing Director of our Northern California Region and has served in such capacity since January 1, 2002. His responsibilities include acquisitions, development, leasing, construction, property management, facilities management and business development. Mr. Cushing joined us in 1985 and has held a variety of increasingly senior roles in Dallas, Washington, D.C. and Chicago. Prior to his appointment as the Managing Director of the Northern California Region, Mr. Cushing was instrumental in the growth of our Midwest Region. As our Senior Vice President of Development/Acquisitions he was responsible for various suburban development projects and acquisitions. He holds a B.S. degree in Civil Engineering from the University of Illinois.

**CHRISTOPHER B. MAHON** serves as Senior Vice President and Managing Director of our Southern California Region and has served in such capacity since January 1, 2002. Mr. Mahon joined us in 1999. Mr. Mahon is responsible for all business management



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activities, most particularly guidance of property operations and implementation of acquisition, development and disposition strategies that enhance earnings and portfolio value. Mr. Mahon started his career in New York in the commercial construction industry. Since coming to California in 1977, Mr. Mahon has worked in various capacities, including management, acquisitions, development, marketing and leasing with diverse property portfolios at The Irvine Company, Ferguson Partners, Shuwa Investments Corporation and Equity Office. Mr. Mahon graduated Phi Beta Kappa from St. Lawrence University in Canton, New York, is a former President of the Orange County chapter of BOMA and is a licensed California real estate broker.

**MICHAEL A. ERNST** serves as an Executive Vice President and as our Chief Financial Officer. In such capacities Mr. Ernst has responsibility for capital planning, financial strategy, corporate accounting, raising capital, evaluating new investment opportunities and investor relations. Mr. Ernst joined us in 1997 as Vice President and Treasurer and was promoted to Chief Financial Officer in March 1999. Mr. Ernst was promoted from Senior Vice President to Executive Vice President in March 2002. Prior to joining us, Mr. Ernst served as a Senior Vice President in Bank of America's Real Estate Finance Group where he managed a team of lenders covering national accounts including many public real estate companies. Mr. Ernst holds an MBA with a focus on Real Estate and Finance, and a B.A. in American Government, both from the University of Virginia.

**GREGORY S. IMHOFF** serves as our Senior Vice President, Chief Administrative Officer and Corporate Secretary, and has provided professional services to Prentiss Properties since 1990. His responsibilities cover all legal and administrative matters including securities, employment, tax, insurance and risk management, and property taxes. Mr. Imhoff received a B.S. degree in Accounting from Marquette University, a J.D. from the University of Notre Dame Law School, and an LL.M (Masters of Law) from Southern Methodist University Law School. Immediately before joining the Company, Mr. Imhoff was the General Counsel for The Watson & Taylor Companies and prior to that time he was a Senior Consultant for Deloitte & Touche. Mr. Imhoff sits on the Governmental Relations Committee for the National Association of Real Estate Investment Trusts (NAREIT), is past president of the North Texas Chapter of the Wisconsin Bar Association, and is a member of the Dallas Bar Association, State Bar of Texas and the State Bar of Wisconsin.

**SCOTT W. FORDHAM** serves as our Senior Vice President and Chief Accounting Officer, and is in charge of the corporate accounting and financial reporting groups of Prentiss Properties Trust. He is responsible for all consolidated financial reporting and forecasting which includes all SEC reporting as well as internal management reporting and budgeting. Mr. Fordham is a Texas CPA. He joined the firm's accounting organization in November 1992 and previously worked in public accounting with PricewaterhouseCoopers LLP (formerly PriceWaterhouse). Mr. Fordham received a BBA in Accounting from Baylor University.

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**Terms of Office**

Our board of trustees elects our officers annually at a meeting held after each annual meeting of shareholders, or as soon thereafter as necessary and convenient in order to fill vacancies or newly created offices. Each officer holds office until his successor is duly elected and qualified or until death, resignation or removal, if earlier. The board of trustees may remove any officer or agent elected or appointed by the board of trustees whenever in its judgment our best interests will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

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**TRUSTEE NOMINATING PROCEDURES**

Nominations of individuals for election to the board of trustees may be made at an annual meeting of shareholders (i) pursuant to our notice of meeting, (ii) by or at the direction of the board of trustees or (iii) by any of our shareholders who was a shareholder of record at the time of giving of notice provided for in our bylaws, who is entitled to vote at the meeting and who complied with the notice procedures set forth in our current bylaws and the rules and regulations promulgated under the Securities Exchange Act of 1934. Only such individuals who are nominated in accordance with the procedures set forth in our bylaws shall be eligible to serve as trustees. Our Corporate Governance Committee recommends nominees for election to the board of trustees, our board approves such nominees and recommends our shareholders elect such nominees at our annual meeting of shareholders. For information regarding the duties and membership of our Corporate Governance Committee, see the section of this proxy statement entitled "Committees and Meetings of the Board of Trustees - Corporate Governance Committee."

**Nominee Consideration Process**

The Corporate Governance Committee identifies nominees by first evaluating the current members of the board willing to continue in service. Current members of the board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the board with that of obtaining a new perspective. If any member of the board does not wish to continue in service or if the Corporate Governance Committee decides not to recommend a member for re-election, the Corporate Governance Committee will identify the desired skills and experience of a new nominee in light of the criteria below. Research may be performed to identify qualified individuals. To date, we have not engaged third parties to identify or evaluate or assist in identifying potential nominees, although we reserve the right in the future to retain a third-party search firm, if necessary.

**Nominee Evaluation and Criteria for Board Membership**

In evaluating trustee nominees, the Corporate Governance Committee considers the following factors:

the composition of the board as a whole;

the requisite skills, characteristics and experience of nominees including experience in technology, business, finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the board;

the status of the nominee as "independent" under the New York Stock Exchange's listing standards and the rules and regulations of the Securities and Exchange Commission;

experience with accounting rules and practices; and

the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

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The Corporate Governance Committee's goal is to assemble a board of trustees that brings to Prentiss Properties Trust a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Corporate Governance Committee also considers candidates with appropriate non-business backgrounds.

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Other than the foregoing, there are no stated minimum criteria for trustee nominees, although the Corporate Governance Committee may also consider such other factors as it may deem are in our and our shareholders' best interests. The Corporate Governance Committee does, however, believe it appropriate for at least one, and, preferably, several, members of the board to meet the criteria for an audit committee financial expert as defined by the rules and regulations of the Securities and Exchange Commission. In addition, the New York Stock Exchange listing standards require that a majority of the members of the board meet the definition of independent director under the New York Stock Exchange's listing standards. The Corporate Governance Committee also believes it appropriate for certain key members of our management to participate as members of the board.

After completing its evaluation, the Corporate Governance Committee makes a recommendation to the full board of trustees as to the persons who should be nominated by the board of trustees, and the board of trustees determines the nominees after considering the recommendation and report of the Corporate Governance Committee.

## **Shareholder Nominee Recommendations**

The rules and regulations promulgated under the Securities Exchange Act of 1934, as amended, and our bylaws contain provisions that address the process by which a shareholder may nominate an individual to stand for election to the board of trustees at our annual meeting of shareholders. Any shareholder wishing to recommend a nominee should submit a recommendation in writing, indicating the nominee's qualifications and other relevant biographical information and provide confirmation of the nominee's consent to serve as a trustee if elected and to being named in the proxy statement and certain information regarding the status of the shareholder submitting the recommendation, to Gregory S. Imhoff, our Corporate Secretary at 3890 West Northwest Highway, Suite 400, Dallas, Texas 75220. Such nomination recommendation must be received by the Company at the address provided immediately above not less than 120 days nor more than 150 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, as provided in our current bylaws.

Following verification of the shareholder status of persons proposing candidates, recommendations will be aggregated and considered by the Corporate Governance Committee at a regularly scheduled or special meeting. If any materials are provided by a shareholder in connection with the nomination of a trustee candidate, such materials will be forwarded to the Corporate Governance Committee. To date, we have not received any recommendations from shareholders requesting that the Corporate Governance Committee consider a candidate for inclusion among the committee's slate of nominees in our proxy statement.

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**PROPOSAL ONE: ELECTION OF TRUSTEES**

**Nominees for Election to the Board of Trustees**

Our declaration of trust divides the board of trustees into three classes as nearly equal in number as possible, with each class serving a term of three years. If a quorum is present, a plurality of all the votes cast by shareholders, in person or by proxy, will elect each nominee for trustee. The board of trustees has set the number of trustees constituting the current board of trustees at seven, three of whom stand for re-election at the Annual Meeting.

The Corporate Governance Committee of our board of trustees has nominated the three present Class III trustees, Michael V. Prentiss, Thomas J. Hynes, Jr. and Barry J.C. Parker to serve as Class III trustees until our Annual Meeting in 2008 and until the respective successor of each is duly elected and qualified. The remaining members of the board of trustees will continue as members thereof until their respective terms expire, as indicated above, or until their respective successors are duly elected and qualified.

If any nominee becomes unavailable or unwilling to serve us as a trustee for any reason, the persons named as proxies in the proxy card are expected to consult with our management in voting the shares represented by them. The board of trustees has no reason to doubt the availability of the nominees, and each has indicated his willingness to serve as a trustee if reelected by the shareholders at the Annual Meeting.

**NOMINEES FOR ELECTION AS CLASS III TRUSTEE**

**(TERM EXPIRING 2008)**

**MICHAEL V. PRETISS** serves as our Chairman of the Board. Prior to October of 1999, Mr. Prentiss was our Chief Executive Officer and had served in such capacity since our initial public offering in October 1996. Mr. Prentiss, our founder, has over 28 years experience in real estate development, acquisitions, and investment management and has acquired or developed properties with an aggregate value in excess of \$4 billion. From 1987 to 1992, he served as President and Chief Executive Officer of our predecessor company, and from 1992 to 1999, he served as its Chairman and Chief Executive Officer. From 1978 to 1987, Mr. Prentiss served as President of Cadillac Urban Development, Inc., Executive Vice President and member of the Board of Directors of The Cadillac Fairview Corporation Limited, and a member of Cadillac Fairview's Executive Committee. Cadillac Urban was the largest business unit of Cadillac Fairview, responsible for all of its office, mixed-use and suburban office park development activity in the U.S. and Canada. Prior to 1978, Mr. Prentiss was President of Ackerman Development Company. Mr. Prentiss is a Baker Scholar graduate of Harvard Graduate School of Business Administration. He holds a Bachelor of Science degree in Civil Engineering and a B.A. degree in Business Administration from Washington State University.

**THOMAS J. HYNES, JR.** is an independent trustee on our board of trustees and has served in such capacity since our initial public offering in October 1996. Mr. Hynes is President of Meredith & Grew Incorporated, a Boston-based real estate services firm, and has served in that capacity since 1988. Mr. Hynes has been employed by Meredith & Grew Incorporated since 1965 during which time he has held various offices. Mr. Hynes holds a B.A. degree from Boston College and an Honorary Degree of Doctorate of Laws from Emmanuel College. Mr. Hynes is Chairman of the Massachusetts Business Roundtable, a non-profit, nonpartisan, statewide public affairs organization of chief executive officers representing Massachusetts' leading industry and business enterprises.

Committees: Compensation, Corporate Governance



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**BARRY J.C. PARKER** is an independent trustee on our board of trustees and has served in such capacity since our initial public offering in October 1996. Mr. Parker is President and sole shareholder of Parker Broadcasting, Inc., a television broadcasting company. From 1997 to 2000, Mr. Parker was President and Chief Executive Officer of Luby's, Inc., a chain of 238 restaurants. Mr. Parker is also a past Chairman of the Board, President and Chief Executive Officer of County Seat, Inc., a nationwide chain of 750 specialty apparel stores. Prior to joining County Seat, Inc. in 1985, Mr. Parker worked for the Children's Place, Inc. for 10 years and held various offices with that company including Senior Vice President and Chief Financial Officer. Mr. Parker worked for Federated Department Stores, Inc. prior to 1975 and held various management positions with that company's F&R Lazarus Department Store division. Mr. Parker holds a B.A. degree from Washington University in St. Louis and an MBA degree from the University of Pennsylvania's Wharton School of Finance and Commerce.

Committees: Audit, Compensation and Corporate Governance

**THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE NOMINEES LISTED IN PROPOSAL ONE.**

## **COMMITTEES AND MEETINGS OF THE BOARD OF TRUSTEES**

### **Trustee Meetings**

Our business and affairs are managed under the direction of our board of trustees as required by our declaration of trust, bylaws and the laws of Maryland. Our declaration of trust requires that a majority of our trustees must not also be officers, employees or affiliates of any of our subsidiaries or any partnership that is one of our affiliates. There are presently seven trustees on our board of trustees, including five trustees who the board has determined to be independent under the New York Stock Exchange's listing standards and the rules and regulations of the Securities and Exchange Commission. The board of trustees held five meetings during 2004, and each of the trustees attended at least 75% of the aggregate of the board of trustees' and applicable committee meetings.

The board of trustees presently has an Audit Committee, a Compensation Committee and a Corporate Governance Committee. The charters of each of the Audit, Compensation and Corporate Governance Committees and our Corporate Governance Guidelines are located on our web site. Our web site address is [www.prentissproperties.com](http://www.prentissproperties.com). The board may, from time to time, form other committees as circumstances warrant. Such committees will have authority and responsibilities as delegated by the board of trustees.

### **Audit Committee**

The board of trustees has established an Audit Committee, which currently consists of three independent trustees, Messrs. Steinhart and Parker and Dr. Riggs. Mr. Steinhart is Chairman of the Audit Committee. All of the members of the Audit Committee are independent within the meaning of the rules and regulations of the Securities and Exchange Commission, the listing standards of the New York Stock Exchange and the requirements of the Internal Revenue Service. The Audit Committee's functions include the following: (a) monitor (1) the quality and integrity of the financial statements of the company, (2) the audit process, (3) the independent auditor's qualifications, independence and performance, (4) the performance of the company's internal audit function, (5) the operation of the company's system of internal controls, internal control over financial reporting that our management designed and supervises, and disclosure controls and procedures that management has established, and (6) the company's compliance with legal and regulatory requirements; (b) prepare the report required by the Securities and





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Exchange Commission for inclusion in the company's annual proxy statement; (c) appoint, retain, evaluate and terminate the company's independent accountant; and (d) approve/pre-approve audit and non-audit services to be performed by the independent accountant as required under the rules and regulations of the Securities and Exchange Commission.

The board has determined that each of Messrs. Steinhart and Parker and Dr. Riggs qualifies as an audit committee financial expert within the meaning of the rules and regulations of the Securities and Exchange Commission. The board has also determined that each of Messrs. Steinhart and Parker and Dr. Riggs has accounting and related financial management expertise within the meaning of the listing standards of the New York Stock Exchange. The Audit Committee's charter was adopted by the full board of trustees and is available on our web site at [www.prentissproperties.com](http://www.prentissproperties.com). The Audit Committee held nine meetings during 2004.

## **Compensation Committee**

The board of trustees has established a Compensation Committee, which currently consists of three trustees, Messrs. Wilson, Parker and Hynes. All of the members of the Compensation Committee are independent within the meaning of the rules and regulations of the Securities and Exchange Commission, the listing standards of the New York Stock Exchange and the requirements of the Internal Revenue Service. Mr. Wilson is chairman of the Compensation Committee. The Compensation Committee determines compensation for our executive officers, establishes salaries of and awards of performance-based bonuses to our executive officers, and determines awards of restricted shares and grants of share options under our share incentive plans. The Compensation Committee held two meetings during 2004.

## **Corporate Governance Committee**

The board of trustees has established a Corporate Governance Committee, which currently consists of five trustees, Messrs. Hynes, Parker, Steinhart and Wilson and Dr. Riggs. The board has determined that each of Messrs. Hynes, Parker, Steinhart and Wilson and Dr. Riggs are independent as defined under the listing standards of the New York Stock Exchange, the rules and regulations of the Securities and Exchange Commission and the requirements of the Internal Revenue Service. Dr. Riggs is Chairman of the Corporate Governance Committee. The Corporate Governance Committee is responsible for the development, recommendation and evaluation of the board's Corporate Governance Guidelines. In addition, the committee assists the board by identifying individuals qualified to become board members and recommends board member nominees to be elected at each annual meeting of shareholders. The committee also recommends board committee member nominees and is responsible for leading the board in its annual review of board performance. The Corporate Governance Committee held four meetings in 2004.

## **Meetings of Non-Management Trustees**

The board of trustees has adopted Corporate Governance Guidelines, as recommended by the Corporate Governance Committee. The Corporate Governance Guidelines, in part, provide that the non-management trustees of our board of trustees shall meet in executive sessions every quarter apart from the full board. Ronald G. Steinhart has been selected to be the lead independent trustee at the meetings of the non-management trustees. Shareholders and other parties interested in communicating directly with the lead independent trustee of the non-management trustee sessions or with the non-management trustees as a group may do so by writing to attention: Ronald G. Steinhart, Lead In