

FRANKLIN STREET PROPERTIES CORP /MA/
Form PRE 14A
March 06, 2019
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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 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 §240.14a-12

FRANKLIN STREET PROPERTIES CORP.

(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:
-

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March [__], 2019

Dear Fellow Stockholder:

It is our pleasure to invite you to attend the 2019 Annual Meeting of Stockholders. The Annual Meeting will be held at the Four Points by Sheraton Wakefield Boston Hotel & Conference Center, One Audubon Road, Wakefield, Massachusetts 01880 on Thursday, May 9, 2019 at 11:00 a.m., Eastern Time. The attached Notice of Annual Meeting and Proxy Statement contain details of the business to be conducted at the Annual Meeting. We urge you to review these proxy materials carefully and to use this opportunity to take part in the affairs of Franklin Street Properties by voting on the matters described in the Proxy Statement.

We are pleased to inform you that we will again be taking advantage of the “Notice and Access” method of providing proxy materials via the Internet. On or about [____], March [__], 2019, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2019 Proxy Statement and 2018 Annual Report and how to vote. This notice also contains instructions on how to receive a paper or e-mail copy of the proxy materials. We believe that this method will expedite your receipt of proxy materials, help conserve natural resources and reduce our printing and mailing costs.

Your vote is important. We hope that you will be able to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. Instructions on how to vote are contained in this Proxy Statement.

Thank you for your continued support of Franklin Street Properties. We look forward to seeing you on May 9, 2019.

Sincerely,

George J. Carter
Chairman of the Board and Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Stockholders to be Held on May 9, 2019

The Proxy Statement and 2018 Annual Report to Stockholders

are available electronically at www.proxyvote.com

INFORMATION REGARDING ADMISSION TO THE ANNUAL MEETING

Anyone attending the Annual Meeting may be asked to present both proof of ownership of common stock of Franklin Street Properties and a valid picture identification, such as a driver's license or passport. If your shares are held in the name of a broker, financial institution or other nominee, you will need a recent brokerage statement or letter from such entity reflecting your stock ownership as of the record date. If you do not have both proof of ownership of Franklin Street Properties common stock and a valid picture identification, you may be denied admission to the Annual Meeting.

Cameras, sound or video recording devices, and large bags or packages will not be allowed in the meeting room. Attendees may be subject to security inspections and other security precautions.

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Annex A

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FRANKLIN STREET PROPERTIES CORP.

401 Edgewater Place, Suite 200

Wakefield, Massachusetts 01880

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 9, 2019

The 2019 Annual Meeting of Stockholders of Franklin Street Properties Corp. will be held on Thursday, May 9, 2019, at 11:00 a.m. Eastern Time, at the Four Points by Sheraton Wakefield Boston Hotel & Conference Center, One Audubon Road, Wakefield, Massachusetts 01880 for the following purposes:

- 1.To elect two Class I Directors, each to serve for a term expiring at the 2022 Annual Meeting of Stockholders and until his respective successor is duly elected and qualified;
- 2.To ratify the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;
- 3.To approve, by non-binding vote, our executive compensation;
- 4.To approve an amendment to our articles of incorporation to declassify our Board of Directors; and
- 5.To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

These matters are more fully described in the accompanying Proxy Statement.

You may vote if you were a stockholder of record as of the close of business on March 1, 2019. If you do not plan to attend the Annual Meeting and vote your shares of common stock in person, we urge you to vote your shares as instructed in the Proxy Statement.

If your shares of common stock are held by a broker, financial institution or other nominee, please follow the instructions you receive from your broker, financial institution or other nominee to have your shares of common stock voted.

Any proxy may be revoked at any time prior to its exercise at the Annual Meeting.

Wakefield, Massachusetts

March [__], 2019

By order of the Board of Directors,

Scott H. Carter, Esq.
Executive Vice President, General Counsel and Secretary

INFORMATION REGARDING ADMISSION TO THE ANNUAL MEETING

Anyone attending the Annual Meeting may be asked to present both proof of ownership of common stock of Franklin Street Properties and a valid picture identification, such as a driver's license or passport. If your shares are held in the name of a broker, financial institution or other nominee, you will need a recent brokerage statement or letter from such entity reflecting your stock ownership as of the record date. If you do not have both proof of ownership of Franklin Street Properties common stock and a valid picture identification, you may be denied admission to the Annual Meeting.

Cameras, sound or video recording devices, and large bags or packages will not be allowed in the meeting room. Attendees may be subject to security inspections and other security precautions.

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PROXY SUMMARY

PROXY SUMMARY

This is a summary only, and does not contain all of the information that you should consider in connection with this Proxy Statement. Please read the entire Proxy Statement carefully before voting.

Annual Meeting of Stockholders

Time and Date	11:00 a.m. Eastern Time, May 9, 2019
Place	Four Points by Sheraton Wakefield Boston Hotel & Conference Center, One Audubon Road, Wakefield, Massachusetts 01880
Record date	March 1, 2019
Voting	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals.
Admission	Proof of ownership and picture identification may be required to enter the Annual Meeting.

Voting Matters

Stockholders are being asked to vote on the following matters:

Items of Business	Our Board's Recommendation
1. Election of Directors (page 12)	FOR all Nominees
2. Ratification of Appointment of Ernst & Young LLP as Independent Registered Public Accounting Firm for FY 2019 (page 30)	FOR
3. Advisory Vote to Approve Executive Compensation (page 31)	FOR
4. Approval of an Amendment to our Articles of Incorporation to Declassify our Board of Directors (page 41)	FOR

Stockholders also will transact any other business that may properly come before the meeting or any adjournment thereof.

How to Vote

You are entitled to vote at the 2019 Annual Meeting of Stockholders if you were a stockholder of record at the close of business on March 1, 2019, the record date for the Annual Meeting. On the record date, there were 107,231,155 shares of common stock outstanding and entitled to vote at the Annual Meeting. For more details on voting and the Annual Meeting logistics, refer to pages 6-11 of this Proxy Statement.

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PROXY SUMMARY

Corporate Governance Highlights

We are committed to good corporate governance, which we believe promotes the long-term interests of stockholders and strengthens Board and management accountability. We believe good governance also fosters trust in the Company by all our stakeholders. The “Corporate Governance” section, beginning on page 20, describes our governance framework, which includes the following features:

Affirmative vote of a majority of votes cast and affirmatively withheld for directors required in uncontested elections	Board regularly informed of investor feedback through Investor Relations updates at meetings
6 of 7 directors are independent	Annual Board and committee evaluations
Stockholders have the power to amend our bylaws	Annual advisory say-on-pay vote to approve executive compensation
Independent directors have ability to hold executive sessions of independent directors	Lead independent director with real estate experience and oversight of independent directors’ executive sessions and information flow to the Board
Directors are subject to stock ownership guidelines	
Prohibition of hedging and short sales by Section 16 officers and directors	Risk oversight by full Board and designated committees
No poison pill in place	Formal code of business conduct and ethics
Common stock is currently the only class of stock issued and outstanding with equal voting rights for all holders	Director resignation policy for directors that fail to receive the affirmative vote of a majority of votes cast

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PROXY SUMMARY

Board Nominees (Proposal 1)

We are asking our stockholders to vote “FOR” our nominees, Brian N. Hansen and Dennis J. McGillicuddy, as Class I directors for a three-year term expiring at our 2022 Annual Meeting. We understand the importance of having a Board comprised of the right people, with the highest integrity and the necessary skills and qualifications to oversee our business. The following table provides summary information about each of the director nominees and the continuing directors, who have a diverse and balanced skill set including extensive real estate, financial, investment, corporate, securities, management, and investor relations experience. We encourage you to review the qualifications, skills and experience of our directors on pages 12-19. In addition, the charts below the table show the composition of our Board by various tenure, independence and gender.

Name	Age	Director Since	Principal Occupation	Independent	Committee Membership			Other Public Co. Boards
					AC	CC	NG	
George J. Carter (Chairman of the Board)	70	2002	Chief Executive Officer, Franklin Street Properties Corp.	No				Yes
Georgia Murray (Lead Independent Director)	68	2005	Director (Retired commercial real estate executive)	Yes	x			-
Brian N. Hansen	47	2012	President and Chief Operating Officer, Confluence Investment Management LLC	Yes	x	x		-
John N. Burke	57	2004	Managing Principal, Burke & Associates CPAs, Inc.	Yes		x	x	-
Dennis J. McGillicuddy	77	2002	Director (Retired private investor)	Yes	x			-
Kenneth A. Hoxsie	68	2016	Director (Retired corporate and securities lawyer)	Yes	x		x	-
Kathryn P. O’Neil	55	2016	Director (Retired investor relations and private equity executive)	Yes		x	x	-

Chair AC Audit Committee
x Member CC Compensation Committee
 NG Nominating and Corporate Governance
 Committee

Director Tenure Independence Gender

Average Tenure: 10.86 years

Average Age: 63.14 years

Director Attendance — During the time each director nominee and continuing director served on the Board in 2018, each attended more than 75% of the meetings of the Board and committees on which he or she served.

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PROXY SUMMARY

Auditors (Proposal 2)

We are asking our stockholders to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2019. Although stockholder ratification of the appointment is not required, the Audit Committee believes it is appropriate to seek such ratification. Additional information is provided on pages 27-30.

2018 Auditor Fees	
Fee Category	
Audit Fees	\$ 710,500
Audit-Related Fees	\$ 7,200
Total Fees	\$ 717,700

Executive Compensation Highlights (Proposal 3)

The Company seeks a non-binding advisory vote from its stockholders to approve the compensation of its Named Executive Officers, or NEOs. The Board values stockholders' opinions, and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions. Additional information is provided on page 31 and pages 32-38.

Our executive compensation programs are built on the following principles and objectives:

Competitive pay structure, including base salary, the potential for a cash bonus, matching for individual 401(k) plan contributions, and the potential for a payment or payments under our change-in-control program to enable us to attract and retain experienced and capable leaders and motivate those individuals to achieve exceptional results and reward them for being instrumental in reaching our strategic goals.

Simplicity and transparency, including not offering stock options, restricted stock awards, deferred compensation, non-equity incentive plan compensation, or perquisites.

Our Compensation Discussion and Analysis, or CD&A, on pages 32-38 describes the compensation decision-making process and details our programs and policies.

Our stockholders approved each of the prior two years' "say-on-pay" proposals by over 95% of votes cast.

Board Declassification (Proposal 4)

We are asking our stockholders to approve an amendment to our articles of incorporation that would provide for the annual election of directors. Additional information is provided on pages 41-42.

Additional Information

Please see the "Questions and Answers" section that immediately follows for important information about the Annual Meeting, proxy materials, voting, Company documents, communications and deadlines to submit shareholder

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proposals for the 2020 Annual Meeting of Stockholders.

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QUESTIONS AND ANSWERS

FRANKLIN STREET PROPERTIES CORP.

401 Edgewater Place, Suite 200

Wakefield, Massachusetts 01880

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

May 9, 2019

QUESTIONS AND ANSWERS

Proxy Materials, Voting Information and Annual Meeting Information

1. Why Did I Receive a Notice of Internet Availability of Proxy Materials?

We sent you a Notice of Internet Availability of Proxy Materials (the “Notice”) because the Board of Directors (sometimes referred to as the “Board”) of Franklin Street Properties Corp. (sometimes referred to as the “Company,” “FSP,” “Franklin Street Properties,” “we,” “us,” or “our”) is soliciting your proxy to vote at the 2019 Annual Meeting of Stockholders (the “Annual Meeting”) and at any postponements or adjournments of the Annual Meeting. The Annual Meeting will be held on May 9, 2019, at 11:00 a.m., Eastern Time, at the Four Points by Sheraton Wakefield Boston Hotel & Conference Center, located at One Audubon Road, Wakefield, Massachusetts 01880.

As permitted by rules adopted by the Securities and Exchange Commission (the “SEC”), we are making this Proxy Statement and our 2018 Annual Report to Stockholders, which includes a copy of our Annual Report on Form 10 K and financial statements for the year ended December 31, 2018, available to our stockholders electronically via the Internet. On or about March [___], 2019, we will begin mailing the Notice to our stockholders containing instructions on how to access this Proxy Statement and our 2018 Annual Report to Stockholders online, as well as instructions on how to vote. Also on or about March [___], 2019, we will begin mailing printed copies of these proxy materials to stockholders who have requested printed copies. If you receive the Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. Instead, the Notice instructs you on how to access the documents online to review all of the important information contained in this Proxy Statement and our 2018 Annual Report to Stockholders. The Notice also instructs you on how you may vote via the Internet. If you received the Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions included in the Notice for requesting such materials. Our 2018 Annual Report to Stockholders is not part of the proxy solicitation material. To request a printed copy of our Annual Report on Form 10 K, which we will provide to you free of charge, or to obtain directions to be able to attend the Annual Meeting and vote in person, write to Investor Relations, Franklin Street Properties Corp., 401 Edgewater Place, Suite 200, Wakefield, Massachusetts 01880.

2. What is the Purpose of the Annual Meeting?

At the Annual Meeting, stockholders will be asked to vote upon the matters set forth in the accompanying notice of the Annual Meeting:

- Proposal 1: Election of two Class I directors, each to serve for a term expiring at the 2022 Annual Meeting of Stockholders and until his respective successor is duly elected and qualified;
- Proposal 2: Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;

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- Proposal 3: The approval, by non-binding vote, of our executive compensation; and
 - Proposal 4: The approval of an amendment to our articles of incorporation to declassify our Board of Directors.
3. What are the Voting Recommendations of the Board?

Your Board recommends that you vote your shares as follows:

“FOR” each director nominee and “FOR” Proposal 2, Proposal 3 and Proposal 4.

Proposal 1 is for the election of two Class I directors. It is a binding vote and, if approved, the nominees will be elected to serve another three-year term on our Board.

Proposal 2 is for the ratification of the appointment of our independent registered public accounting firm. It is a non-binding vote and is not required, but our Audit Committee will carefully consider the outcome of this vote in determining its next selection of our independent registered public accounting firm.

Proposal 3 is a vote on our executive compensation and, under the Securities Exchange Act of 1934 (as amended, the “Exchange Act”) and related SEC regulations, it is an advisory, or non-binding, vote. Our Board will carefully consider the outcome of this vote.

Proposal 4 is for the approval of an amendment to our articles of incorporation to declassify our Board of Directors. Under Maryland law and our articles of incorporation, this amendment to our articles of incorporation must first be approved by a majority of our directors and then, at a subsequent stockholder meeting, the affirmative vote of the holders of not less than 80% of the shares of our common stock (“Common Stock”) issued and outstanding and entitled to vote. Our Board of Directors approved this amendment to our articles of incorporation on January 31, 2019.

4. Who can Vote at the Annual Meeting?

Our Board has fixed March 1, 2019 as the record date (the “Record Date”) for the Annual Meeting. If you were a stockholder of record on the Record Date, you are entitled to vote (in person or by proxy) all of the shares that you held on that date at the Annual Meeting and at any postponement, or adjournment thereof.

Franklin Street Properties has only one class of Common Stock outstanding. Each share of Common Stock outstanding as of the close of business on the Record Date is entitled to one vote at the Annual Meeting. As of the Record Date, Franklin Street Properties had 107,231,155 shares of Common Stock outstanding and entitled to vote at the Annual Meeting.

5. Can I Vote if my Shares are Held in “street name”?

All shares of Common Stock owned by you as of the Record Date may be voted by you. These shares include those (1) held directly in your name as a stockholder of record and (2) held for you as the beneficial owner through a broker, financial institution or other nominee.

Most of the stockholders of Franklin Street Properties hold their shares in “street name” through a broker, financial institution or other nominee rather than directly in their own name. As summarized below, there are some distinctions between being a “record” holder and being a “beneficial” holder of our shares.

6. What does it Mean to be a Stockholder of Record?

If, on the Record Date, your shares of Common Stock are registered directly in your name with Franklin Street Properties' transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record of those shares, and the Notice or set of printed proxy materials, as applicable, is being sent directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to the persons named in the proxy card or to vote in person at the Annual Meeting. If you request a paper copy of the materials as described in the Notice, a proxy card will be sent to you with those materials.

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QUESTIONS AND ANSWERS

7. What does it Mean to Beneficially Own Shares in Street Name?

If, on the Record Date, your shares of Common Stock are held in a brokerage account by a broker, financial institution or other nominee, you are considered the beneficial owner of shares held on your behalf in “street name”, and the Notice or set of printed proxy materials, as applicable, is being forwarded to you by your broker, financial institution or other nominee who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, financial institution or other nominee on how to vote the shares held in your account or to vote in person at the Annual Meeting. You should receive information from your broker, financial institution or other nominee on how you can direct the voting of your shares. In addition, since you are not the stockholder of record, in order to vote in person at the Annual Meeting, you will need to obtain a “legal proxy” from the broker, financial institution or other nominee that holds your shares of Common Stock of record. If you request a paper copy of the proxy materials as indicated in the Notice, your broker, financial institution or other nominee will provide a voting instruction card for you to use to direct the voting of your shares.

8. May I Attend the Annual Meeting?

All stockholders of record of shares of Common Stock at the close of business on the Record Date, or their designated proxies, are authorized to attend the Annual Meeting. Each stockholder and proxy may be asked to present a valid government-issued photo identification, such as a driver’s license or passport, before being admitted.

If you are not a stockholder of record but hold shares through a broker, financial institution or other nominee (i.e., if you hold your shares in “street name”), you will need to provide proof of beneficial ownership as of the Record Date, such as an account statement reflecting your stock ownership as of the Record Date, a copy of the voting instruction card provided by your broker, or other similar evidence of ownership. We reserve the right to determine the validity of any purported proof of beneficial ownership. If you do not have proof of ownership, you may not be admitted to the Annual Meeting.

Attendees are not permitted to bring cameras, recording devices and other electronic devices to the Annual Meeting, and attendees may be subject to security inspections and other security precautions. You may obtain directions to the Annual Meeting by visiting the hotel’s website at: <http://www.fourpointswakefieldboston.com/>. Please note that this website is not part of this Proxy Statement and is not incorporated by reference in this Proxy Statement.

9. How do I Vote?

Voting in Person at the Annual Meeting. If you are a stockholder of record and attend the Annual Meeting, you may vote in person at the Annual Meeting either by delivering your proxy in person or using a ballot, which will be available at the Annual Meeting. If your shares of Common Stock are held in street name and you wish to vote in person at the Annual Meeting, prior to the Annual Meeting, you will need to obtain a “legal proxy” from the broker, financial institution or other nominee that holds your shares of Common Stock as stockholder of record.

Voting by Proxy for Shares Registered Directly in the Name of the Stockholder. If you are a stockholder of record, you may instruct the proxy holders named in the proxy card how to vote your shares of Common Stock in one of the following ways:

Vote by Internet. You may vote via the Internet by following the instructions provided in the Notice or, if you received printed materials, on your proxy card. The website for Internet voting is www.proxyvote.com and is also printed on the Notice and on your proxy card. Please have your Notice or proxy card in hand. Internet voting is available 24 hours per day until 11:59 p.m., Eastern Time, on May 8, 2019. You will receive a series of instructions that will allow you to vote your shares of Common Stock. You will also be given the opportunity to confirm that your instructions have been properly recorded. **IF YOU VOTE VIA THE INTERNET, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

- Vote by Telephone. If you received printed copies of the proxy materials, you also have the option to vote by telephone by calling the toll-free number listed on your proxy card. Telephone voting is available 24 hours per day until 11:59 p.m., Eastern Time, on May 8, 2019. When you call, please have your proxy card in hand. You will receive a series of voice instructions that will allow you to vote your shares of Common Stock. You will also be given the opportunity to confirm that your instructions have been properly recorded. If you did not receive printed materials and would like to vote by telephone, you must request printed copies of the proxy materials by following the instructions on your Notice. **IF YOU VOTE BY TELEPHONE, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

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QUESTIONS AND ANSWERS

- **Vote by Mail.** If you received printed materials and 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 with your printed materials. If you did not receive printed materials and would like to vote by mail, you must request printed copies of the proxy materials by following the instructions on your Notice.

Voting by Proxy for Shares Registered in Street Name. If your shares of Common Stock are held in “street name”, you will receive instructions from your broker, financial institution or other nominee that you must follow in order to have your shares of Common Stock voted as you direct. Those instructions may have accompanied these printed materials.

10. What are the Quorum and Voting Requirements for the Proposals?

The presence, in person or by proxy, of holders of at least a majority of the total number of outstanding shares of Common Stock entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. As of the Record Date, there were 107,231,155 shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Abstentions and broker non-votes (described below), if any, will be considered present for the purpose of determining the presence of a quorum.

The affirmative vote of a majority of the total votes cast for and affirmatively withheld as to each nominee for director is required to approve the election of each nominee for director in Proposal 1. In addition, a majority of the votes cast at the Annual Meeting is required for approval of the ratification of the appointment of the independent registered public accounting firm (Proposal 2) and approval of the advisory vote on executive compensation (Proposal 3), each of which is a non-binding vote. The amendment to our articles of incorporation to declassify our Board of Directors (Proposal 4) must be approved by the affirmative vote of not less than 80% of the shares of Common Stock issued and outstanding and entitled to vote.

Broker non-votes occur when brokers, financial institutions or other nominees do not receive voting instructions from their customers on how to vote the customers’ shares on a proposal and the broker, financial institution or other nominee does not have discretionary voting authority or chooses not to exercise it with respect to a proposal. If you hold shares in “street name” and you do not give instructions as to how to vote your shares, your broker, financial institution or other nominee may have authority to vote your shares on certain routine matters but not on non-routine matters. Proposal 2 is a routine proposal, and your broker, financial institution or other nominee has discretionary voting authority to vote on that proposal. Your broker, financial institution or other nominee does not have discretionary voting authority with respect to any of the other proposals on the ballot: the election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 3) and the approval of an amendment to our articles of incorporation to declassify our Board of Directors (Proposal 4).

11. What if I Change my Mind after I have Voted?

You may revoke your proxy and change your vote at any time before it is voted at the Annual Meeting by (1) sending a written notice of revocation to our Secretary at the Company’s address set forth in this Proxy Statement that is received prior to the time at which your proxy is voted at the Annual Meeting and submitting a new written proxy bearing a date later than the date of the proxy being revoked; (2) voting again on the Internet or by telephone prior to 11:59 p.m. Eastern Time on Wednesday, May 8, 2019; or (3) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, in itself, constitute revocation of a previously granted proxy.

If you hold your shares in “street name”, then you may submit new voting instructions by contacting your broker, financial institution or nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described above.

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QUESTIONS AND ANSWERS

12. How will my Shares be Voted if I do not Return my Proxy or do not Provide Specific Instructions in the Proxy Card that I Submit?

If you are a stockholder of record, your shares will not be voted if you do not vote over the Internet, by telephone, by returning your proxy or by ballot at the Annual Meeting. If you submit a proxy card without giving specific voting instructions on one or more proposals listed in the notice for the Annual Meeting, your shares will be voted as recommended by our Board on such proposals, and as the proxyholders may determine in their discretion how to vote with respect to any other proposals properly presented for a vote at the Annual Meeting.

If your shares are held in “street name” at a broker, your broker may under certain circumstances vote your shares on routine proposals, including Proposal 2, if you do not timely provide voting instructions in accordance with the instructions provided by them. However, if you do not provide timely instructions, your broker does not have the authority to vote on non-routine proposals, including Proposals 1,3 and 4, at the Annual Meeting and a “broker non-vote” would occur.

13. Where do I Find the Voting Results of the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting. We will also publish preliminary or, if available, final voting results within four business days of the Annual Meeting in a Current Report on Form 8 K to be filed with the SEC. If necessary, we will publish final voting results within four business days after the final voting results are known in an amendment to Current Report on Form 8 K to be filed with the SEC. Copies of the Current Report on Form 8 K and any amendments thereto to be filed with the SEC will be available on our website at: <http://www.fspreit.com> and on the SEC’s website at <http://www.sec.gov>.

14. Will other Matters be Voted on at the Annual Meeting?

We are not currently aware of any other matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If any other matters not described in the Proxy Statement are properly presented at the Annual Meeting, any proxies received by us will be voted in the discretion of the proxy holders.

Communications and Stockholder Proposals

15. How can I Communicate with the Company’s Directors?

Our Board will give appropriate attention to written communications that are submitted by stockholders and will respond if and as appropriate. The Secretary of Franklin Street Properties is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he or she considers appropriate.

Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Secretary considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we may receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to our Board should address such communications to Board of Directors, Franklin Street Properties Corp., 401 Edgewater Place, Suite 200, Wakefield, Massachusetts 01880, Attn: Scott H. Carter, Secretary.

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QUESTIONS AND ANSWERS

16. How do I Submit a Proposal for Action at the 2020 Annual Meeting?

In accordance with Rule 14a-8 of the Exchange Act, proposals of stockholders intended to be included in our proxy statement and form of proxy for the 2020 Annual Meeting of Stockholders must be received by Franklin Street Properties at its principal office not later than November [___], 2019. In addition, according to our current bylaws, any stockholder proposal intended to be presented at an annual meeting, including nominations for election to the Board, but not considered for inclusion in our proxy statement relating to such meeting, must be received at Franklin Street Properties' principal office not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the mailing date of the preceding year's proxy materials. For the 2020 Annual Meeting of Stockholders, that means that a stockholder must deliver proper notice of a proposed nominee or action that is proposed to be presented at the 2020 Annual Meeting of Stockholders but not be included in the proxy statement for such meeting to the Secretary of Franklin Street Properties between October [___], 2019 and November [___], 2019. In addition to the timing of the delivery of the notice, our bylaws include specific information that must be provided and procedures that must be followed to submit a proposal.

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PROPOSAL ONE — ELECTION OF DIRECTORS

PROPOSAL ONE — ELECTION OF DIRECTORS

Our Board is divided into three classes, with members of each class holding office for staggered three-year terms. There are currently two Class I directors, whose terms expire at the Annual Meeting, two Class III directors, whose terms expire at our 2020 Annual Meeting, and three Class II directors, whose terms expire at our 2021 Annual Meeting (in all cases subject to the election and qualification of their successors or to their earlier death, resignation or removal).

Accordingly, at the Annual Meeting, two Class I directors will be elected to serve for a term expiring at our 2022 Annual Meeting and until their respective successors are duly elected and qualified. Following the recommendation of the Nominating and Corporate Governance Committee, our Board has nominated Mr. Brian N. Hansen and Mr. Dennis J. McGillicuddy for election as Class I directors. Each nominee is currently serving as a Class I director of Franklin Street Properties. Our Board anticipates that, if elected, the nominees will serve as directors. However, if any person nominated by our Board is unable to serve or for good cause will not serve, the proxies will be voted for the election of such other person(s) as our Board may recommend.

Nominees for Director

The following table provides certain information about each nominee for director.

Name	Age	Position(s) with the Company	Director Since
Brian N. Hansen	47	Independent Director	2012
Dennis J. McGillicuddy	77	Independent Director	2002

Vote Required

The affirmative vote of a majority of the total votes cast for and affirmatively withheld as to each nominee for director is required to approve the election of each nominee for director in this Proposal 1. Votes may be cast FOR or WITHHELD with respect to each nominee. If you own shares in street name, in the absence of your voting instructions, your broker may not use its discretion to vote your shares with respect to the election of directors. Those broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR ITS NOMINEES, BRIAN N. HANSEN AND DENNIS J. MCGILLICUDDY. PROPERLY AUTHORIZED PROXIES SOLICITED BY THE BOARD WILL BE VOTED FOR EACH OF THE NOMINEES UNLESS INSTRUCTIONS TO THE CONTRARY ARE GIVEN. PROXIES MAY NOT BE VOTED FOR A GREATER NUMBER OF PERSONS THAN THE NUMBER OF NOMINEES CONTAINED HEREIN.

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PROPOSAL ONE — ELECTION OF DIRECTORS

Director Qualifications and Biographical Information

Our Board includes individuals with expertise in executive leadership and management, real estate, accounting and finance, private investing, corporate and securities law, and investor relations. Our directors have a diversity of backgrounds and experiences. We believe that, as a group, they work effectively together in overseeing our business, hold themselves to the highest standards of integrity, and are committed to representing the long-term best interests of our stockholders.

Biographical information for each of the director nominees and the continuing directors, including the key qualifications, experience, attributes, and skills that led our Board to the conclusion that each of them should serve as a director, is set forth on the pages below. In addition to the business and professional experiences described below, our directors also serve on the boards of various civic and charitable organizations.

Nominees for Class I Directors (to be elected to hold office for a term expiring at our 2022 Annual Meeting):

Brian N. Hansen Qualifications:
Director Since
2012

We believe Mr. Hansen's qualifications to serve on our Board include his investment banking and public accounting experience.

Brian N. Hansen, age 47, has been Chair of the Nominating and Corporate Governance Committee since 2013. Since 2007, Mr. Hansen has served as President and Chief Operating Officer of Confluence Investment Management LLC, a St. Louis based Registered Investment Advisor. Prior to founding Confluence in 2007, Mr. Hansen served as a Managing

Director in A.G. Edwards' Financial Institutions & Real Estate Investment Banking practice. While at A.G. Edwards, Mr. Hansen advised a wide variety of real estate investment trusts with numerous capital markets transactions, including public and private offerings of debt and equity securities as well as the analysis of various merger and acquisition opportunities. Prior to joining A.G. Edwards, Mr. Hansen served as a Manager in Arthur Andersen LLP's Audit & Business Advisory practice. Mr. Hansen has served on the board of a number of non-profit entities and currently serves on the Investment Committee of the Archdiocese of St. Louis and as a member of the St. Louis County Retirement Board. Mr. Hansen earned his M.B.A. from the Kellogg School of Management at Northwestern University and his

Bachelor of
Science in
Commerce from
DePaul
University. Mr.
Hansen is a
Certified Public
Accountant.

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PROPOSAL ONE — ELECTION OF DIRECTORS

Dennis J. Qualifications:
McGillicuddy
Director Since 2002

We believe Mr. McGillicuddy's qualifications to serve on our Board include his entrepreneurial and investment acumen and experience.

Dennis J. McGillicuddy, age 77, graduated from the University of Florida with a B.A. degree and from the University of Florida Law School with a J.D. degree. In 1968, Mr. McGillicuddy co-founded Coaxial Communications, a cable television company. In 1998 and 1999, Coaxial sold its cable systems. Mr. McGillicuddy has served on the boards of various charitable organizations. He is currently president of the Board of Trustees of Florida Studio Theater, a professional non-profit theater organization, and he serves as a Co-Chair, together with his wife, of Embracing Our Differences, an annual two-month art exhibit that promotes the values of diversity and inclusion. Mr. McGillicuddy also is a director of All-Star Children's Foundation, an organization engaged in creating a new paradigm for

foster care.

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PROPOSAL ONE — ELECTION OF DIRECTORS

Class III Directors (holding office for a term expiring at our 2020 Annual Meeting):

George J. Carter
Director
Since 2002

Qualifications:

We believe Mr. Carter's qualifications to sit on our Board include his more than 30 years of experience in the commercial real estate and investment banking industries, including as our founder, Chairman and Chief Executive Officer.

George J. Carter, age 70, has served as Chairman of the Board and Chief Executive Officer of Franklin Street Properties since 2002. Mr. Carter also served as President of Franklin Street Properties from 2002 to May 2016. He is responsible for all aspects of the business of Franklin Street Properties and its affiliates, with special emphasis on the evaluation, acquisition and structuring of real estate investments. Prior to the conversion of Franklin Street Partners Limited Partnership, or

the Partnership,
into the
Company in
2002, Mr.
Carter was
President of the
general partner
of the
Partnership and
was
responsible for
all aspects of
the business of
the Partnership
and its
affiliates. From
1992 through
1996 he was
President of
Boston
Financial
Securities, Inc.
Prior to joining
Boston
Financial
Securities, Inc.,
Mr. Carter was
owner and
developer of
Gloucester Dry
Dock, a
commercial
shipyard in
Gloucester,
Massachusetts.
From 1979 to
1988, Mr.
Carter served
as Managing
Director in
charge of
marketing at
First Winthrop
Corporation, a
national real
estate and
investment
banking firm
headquartered
in Boston,
Massachusetts.

Prior to that, Mr. Carter held a number of positions in the brokerage industry, including positions with Merrill Lynch & Co. and Loeb Rhodes & Co. Mr. Carter is a graduate of the University of Miami (B.S.). Mr. Carter's son, Scott H. Carter, serves as Executive Vice President, General Counsel and Secretary of the Company and Mr. Carter's other son, Jeffrey B. Carter, serves as President and Chief Investment Officer of the Company.

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PROPOSAL ONE — ELECTION OF DIRECTORS

Georgia Murray
Director Since
2005

Qualifications:

Georgia Murray, age 68, has been Chair of the Compensation Committee since 2006 and Lead Independent Director since 2014. Ms. Murray is retired from Lend Lease Real Estate Investments, Inc., where she served as a Principal from November 1999 until May 2000. From 1973 through October 1999, Ms. Murray worked at The Boston Financial Group, Inc., serving as Senior Vice President and a Director at times during her tenure. Boston Financial was an affiliate of the Boston Financial Group, Inc. She is a past Trustee of the Urban Land Institute and a past President of the Multifamily Housing Institute. Ms. Murray previously served on the Board of Directors of Capital Crossing Bank. She also serves on the boards of numerous non-profit entities. Ms. Murray is a

We believe Ms. Murray's qualifications to serve on our Board include her more than 28 years of experience in the commercial real estate industry, board experience in the banking industry and general expertise in corporate strategy development and organizational acumen.

graduate of Newton
College.

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PROPOSAL ONE — ELECTION OF DIRECTORS

Class II Directors (holding office for a term expiring at our 2021 Annual Meeting):

John N. Qualifications:
Burke
Director
Since 2004

We believe Mr. Burke's qualifications to serve on our Board include his more than 30 years of experience in the practice of public accounting with extensive experience in the real estate and REIT industry.

John N. Burke, age 57, has been Chair of the Audit Committee since 2004. Mr. Burke is a certified public accountant with over 30 years of experience in the practice of public accounting working with both private and publicly traded companies and extensive experience serving clients in the real estate and REIT industry. His experience includes analysis and evaluation of financial reporting, accounting systems, internal controls and

audit matters.

Mr. Burke has been involved as an advisor on several public offerings, private equity and debt financings and merger and acquisition transactions.

Mr. Burke's consulting experience includes a wide range of accounting, tax and business planning matters. Prior to starting his own firm, Burke & Associates CPAs, Inc., in 2003 with which he currently practices, Mr. Burke was an Audit Partner in the Boston office of BDO USA, LLP. Mr. Burke is a member of the American Institute of Certified Public Accountants and the Massachusetts Society of CPAs. Mr. Burke earned an M.S. in Taxation and studied

undergraduate
accounting at
Bentley
University.

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PROPOSAL ONE — ELECTION OF DIRECTORS

Kenneth A. Hoxsie
Director
Since 2016

Qualifications:
We believe Mr. Hoxsie’s qualifications to serve on our Board include his significant legal and real estate capital markets expertise from his extensive experience in corporate and securities laws as well as public company counselling. In addition, as a long-time legal advisor to the Company, Mr. Hoxsie brings in-depth knowledge about the Company’s history to the Board.

Kenneth A. Hoxsie, age 68, was a Partner at the international law firm of Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) until his retirement on December 31, 2015. He joined Hale and Dorr (the predecessor of WilmerHale) in 1981, subsequently worked at Copley Real Estate Advisors, an institutional real estate investment advisory firm, and rejoined Hale and Dorr in 1994. Mr. Hoxsie has over 30 years’ experience in real estate

capital
markets
transactions,
fund
formation,
public
company
counselling
and mergers
and
acquisitions
and has
advised the
Company
since its
formation in
1997. Mr.
Hoxsie earned
his J.D. (Cum
Laude) from
Harvard Law
School, his
M.A. from
Harvard
University and
his B.A.
(Summa Cum
Laude) from
Amherst
College,
where he was
elected to Phi
Beta Kappa.

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PROPOSAL ONE — ELECTION OF DIRECTORS

Kathryn P. O’Neil Qualifications:
Director Since 2016

We believe Ms. O’Neil’s qualifications to serve on our Board include her extensive investor relations and private equity experience, as well as her broad business operating experience.

Kathryn P. O’Neil, age 55, was a Director at Bain Capital in the Investor Relations area from 2011 until her retirement in 2014 where she focused on Private Equity and had oversight of the Investment Advisory sector. From 1999 to 2007, Ms. O’Neil was a Partner at FLAG Capital Management LLC, a manager of fund-of-funds investment vehicles in Private Equity, Venture Capital, Real Estate and Natural Resources. Previously, Ms. O’Neil was an Investment Consultant at Cambridge Associates where she specialized in Alternative Assets. Ms. O’Neil currently serves on a variety of non-profit boards, including the Peabody Essex Museum, where she is a Director and a member of the Finance, Audit, and Investment Committees, Horizon’s

for Homeless Children where she is a Director and serves on the Executive and Finance Committees, and the Trustees of Reservations where she serves on the President's Council and Investment Committee. Ms. O'Neil is a Trustee Emeritus of Colby College and a former member of the Board of Overseers of the Boston Museum of Science. Ms. O'Neil holds a B.A. (Summa Cum Laude) and M.A. (Honorary) from Colby College, where she was elected to Phi Beta Kappa. Ms. O'Neil received her M.B.A. from The Harvard Graduate School of Business Administration.

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We operate within a comprehensive corporate governance structure that includes the highest standards of professional and personal conduct. Our Corporate Governance Guidelines, our Code of Business Conduct and Ethics, the charters for our Audit, Compensation, and Nominating and Corporate Governance Committees, and other corporate governance information, are available on our website at <http://www.fspreit.com> under the heading “Investor Relations” and then under the subheading “Governance Documents” under “Corporate Information.” The information on our website is not a part of this Proxy Statement and is not incorporated into any of our filings made with the SEC.

Introduction

Our Common Stock trades on NYSE American under the symbol “FSP”. We began trading on the American Stock Exchange in June 2005. The exchange’s name was changed to NYSE Amex after it was acquired by NYSE Euronext on October 1, 2008, was later known as NYSE MKT and is now NYSE American.

Board of Directors and its Committees

Franklin Street Properties is currently managed by a seven member Board, which is divided into three classes (Class I, Class II and Class III). Our Board is currently composed of two Class I directors (Brian N. Hansen and Dennis J. McGillicuddy), three Class II directors (John N. Burke, Kenneth A. Hoxsie and Kathryn P. O’Neil) and two Class III directors (George J. Carter and Georgia Murray). The members of each class of our Board of Directors serve for staggered three-year terms. The terms of our current Class I, Class II and Class III directors expire upon the election and qualification of directors at the Annual Meetings of stockholders to be held in 2019, 2021 and 2020, respectively, where directors will be elected or re-elected for a full term of three years to succeed those directors whose terms are expiring.

Director Independence

Under the NYSE American corporate governance standards, set out in the NYSE American LLC Company Guide (the “NYSE American Rules”), at least a majority of the Board must be “independent directors” as defined in Section 803A of the NYSE American Rules. According to Section 803A, “independent director” means a person other than an executive officer or employee of Franklin Street Properties. In addition, to qualify as an “independent director,” the Board of Directors must affirmatively determine that the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Section 803A of the NYSE American Rules also includes the following non-exclusive list of persons who shall not be considered independent:

- a. a director who is, or during the past three years was, employed by us, other than prior employment as an interim executive officer (provided the interim employment did not last longer than one year);
- b. a director who accepted or has an immediate family member who accepted any compensation from us in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
 - i. compensation for Board or Board committee service,

- ii. compensation paid to an immediate family member who is an employee (other than an executive officer) of Franklin Street Properties,
 - iii. compensation received for former service as an interim executive officer (provided the interim employment did not last longer than one year), or
 - iv. benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- c. a director who is an immediate family member of an individual who is, or at any time during the past three years was, employed by us as an executive officer;

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d. a director who is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which we made, or from which we received, payments (other than those arising solely from investments in our securities or payments under non-discretionary charitable contribution matching programs) that exceed 5% of the organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the most recent three fiscal years;

e. a director who is, or has an immediate family member who is, employed as an executive officer of another entity where at any time during the most recent three fiscal years any of our executive officers serve on the compensation committee of such other entity; or

f. a director who is, or has an immediate family member who is, a current partner of our outside auditor, or was a partner or employee of our outside auditor who worked on our audit at any time during any of the past three years.

For purposes of Section 803A of the NYSE American Rules, "immediate family member" includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home (other than domestic employees).

Because Mses. Murray and O'Neil and Messrs. Burke, Hansen, Hoxsie, and McGillicuddy do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, our Board has determined that they are "independent directors" for purposes of the NYSE American.

Board Meetings, Annual Meeting of Stockholders, and Attendance

During 2018, each director attended more than 75% of the meetings of the Board and of the committees on which he or she served. The Board held seven meetings in 2018.

Each of our directors attended the 2018 Annual Meeting.

Current Board Leadership Structure

At the present time, our Board has chosen to combine the Chairman and Chief Executive Officer positions. Our Board believes that George J. Carter is best suited to serve as both Chairman and Chief Executive Officer because he is most familiar with Franklin Street Properties' business and industry and is most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Mr. Carter has served as Chief Executive Officer and Chairman since he founded Franklin Street Properties, originally Franklin Street Partners Limited Partnership. Our Board believes that independent directors and management have different perspectives and roles in our strategy development. Our independent directors bring experience, oversight and expertise from outside Franklin Street Properties and its industry, while the Chief Executive Officer brings company-specific experience and expertise. Our Board believes that, at the present time, the combined role of Chairman and Chief Executive Officer is in the best interest of Franklin Street Properties and our stockholders and is consistent with good corporate governance. The combined role promotes strategy development and execution and facilitates information flow between management and the Board, which are essential to effective governance.

Lead Independent Director

On February 7, 2014, our Board appointed Georgia Murray as Lead Independent Director. The Lead Independent Director's duties include: coordinating the activities of our independent directors, coordinating the agenda for and chairing sessions of our independent directors, serving as the principal liaison for consultation and communication between our independent directors and our stockholders, facilitating communications between our independent directors, the other members of our Board and our management, and performing such other duties as our Board may from time to time delegate. In performing the duties described above, the Lead Independent Director is expected to consult with the chairs of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibility of such committee chairs.

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CORPORATE GOVERNANCE

The Board's Role in Succession Planning

The Board expects management to have an ongoing program for effective senior leadership development and succession. As reflected in our Corporate Governance Guidelines, the Board works on a periodic basis with the Chief Executive Officer to review, maintain and revise, if necessary, the Company's succession plan upon the conclusion of the Chief Executive Officer's service as our Chief Executive Officer for any reason. The Chief Executive Officer reports periodically to the Board on succession planning for the Chief Executive Officer and senior management positions, which report includes a discussion of assessments, leadership development plans and other relevant factors.

The Board's Role in Risk Oversight

Our Board has the primary responsibility for overseeing the Company's risk management processes. A portion of this responsibility has been delegated by the Board to the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, each with respect to the assessment of the risks and risk management in their respective areas of oversight. In general, our Board oversees risk management activities relating to business strategy, acquisitions, capital allocation, organizational structure and certain operational risks. Our Audit Committee oversees risk management activities related to financial controls and legal and compliance risks; our Compensation Committee oversees risk management activities relating to our compensation policies and practices; and our Nominating and Corporate Governance Committee oversees risks relating to our nominating and corporate governance policies and practices. Each committee reports to the full Board on a regular basis, including reports with respect to the committee's risk oversight activities as appropriate. These committees and the full Board focus on the most significant risks facing the Company and the Company's general risk management strategy, and also ensure that risks undertaken by the Company are consistent with the Board's appetite for risk. While the Board oversees the Company's risk management, the Company's management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing the Company and that the leadership structure of our Board supports this approach. The Board and each of our committees regularly discusses with management our major risk exposures, their potential financial impact on Franklin Street Properties, and the steps we take to manage them.

Executive Sessions

Each director has the right to call an executive session without management participation after each regularly scheduled meeting of the entire Board and at such other times that the directors deem such a meeting to be appropriate. Similarly, each independent director has the right to call an executive session with only independent directors present after each regularly scheduled meeting of the entire Board and at such other times that an independent director deems appropriate. At a minimum, the independent directors meet in executive session at least annually without the presence of non-independent directors and management.

Committees of the Board

Our Board has the following three standing committees: (1) Audit, (2) Compensation and (3) Nominating and Corporate Governance. The membership and the function of each of these committees are described below.

Audit

Compensation

Nominating and Corporate Governance

John N. Burke, Chair	Georgia Murray, Chair	Brian N. Hansen, Chair
Brian N. Hansen	John N. Burke	John N. Burke
Dennis J. McGillicuddy	Brian N. Hansen	Kenneth A. Hoxsie
Kenneth A. Hoxsie	Kathryn P. O'Neil	Kathryn P. O'Neil
Georgia Murray		

Audit Committee. Our Board has established an Audit Committee which operates pursuant to a charter approved by our Board and that is reviewed and reassessed at least annually. The Audit Committee, among other functions, (1) has the sole authority to appoint, evaluate, terminate and determine the compensation of our independent registered public accounting firm, (2) reviews with our independent registered public accounting firm the scope and results of the audit engagement, (3) approves professional services provided by our independent registered public accounting firm, (4) reviews

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the independence of our independent registered public accounting firm, (5) reviews and approves our policies and procedures for reviewing and approving or ratifying related person transactions and (6) reviews and approves our entry into swaps. Our Board has determined that each member of the Audit Committee is “independent” as that term is defined under the NYSE American Rules, including the independence requirements contemplated by Rule 10A-3 under the Exchange Act. Our Board determined that Mr. Burke qualifies as an “audit committee financial expert” as that term is defined in the rules of the SEC. The Audit Committee Report is included later in this Proxy Statement. The Audit Committee met five times during 2018.

Compensation Committee. Our Board has established a Compensation Committee which operates pursuant to a charter that was approved by our Board and that is reviewed and reassessed at least annually. Our Board has determined that each member of the Compensation Committee has been determined to be “independent” under the NYSE American Rules, including the independence requirements under Rule 10C-1 under the Exchange Act. The Compensation Committee’s responsibilities include, among other duties, the responsibility to (1) review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, (2) evaluate the performance of the Chief Executive Officer in light of such goals and objectives and either determine and approve or recommend to our Board for approval the compensation of the Chief Executive Officer based on such evaluation, (3) oversee the evaluation of our other executive officers, (4) review and approve, or make recommendations to our Board with respect to, the compensation of our other executive officers, (5) review and make recommendations to our Board with respect to incentive compensation and equity-based plans, (6) review and make recommendations to our Board with respect to the compensation of our non-employee directors and (7) perform other functions or duties deemed appropriate by the Board.

The Compensation Committee is authorized to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation and to approve the consultant’s fees and other retention terms and to pay the compensation without further action by the Board. The Compensation Committee also has authority to retain or obtain the advice of compensation consultants, legal counsel and other advisors as the Compensation Committee deems necessary or appropriate, and is responsible for assessing the independence of such consultants and advisors, overseeing the work of such consultants and advisors and authorizing the payment of such consultants and advisors. The Compensation Committee makes all compensation decisions relating to compensation of our executive officers other than the Chief Executive Officer and makes a recommendation regarding the compensation of our Chief Executive Officer to the Board. The Chief Executive Officer is not permitted to be present during any deliberations or voting relating to the Chief Executive Officer’s compensation. The Compensation Committee takes into consideration recommendations made by the Chief Executive Officer with respect to compensation decisions relating to executive officers other than the Chief Executive Officer.

The Compensation Committee Report is included later in this Proxy Statement. The Compensation Committee met one time during 2018.

Nominating and Corporate Governance Committee. Our Board has established a Nominating and Corporate Governance Committee which operates pursuant to a charter approved by our Board and is reviewed and reassessed by the Nominating and Corporate Governance Committee at least annually. The Nominating and Corporate Governance Committee is responsible for identifying and recommending individuals to become members of our Board, periodically reviewing our Corporate Governance Guidelines and other corporate governance documents and recommending any changes, as well as ensuring that we are in compliance with all corporate governance and listing standards of the NYSE American. The Nominating and Corporate Governance Committee is authorized to retain

advisors and consultants and to compensate them for their services.

The Nominating and Corporate Governance Committee met one time during 2018.

General Committee Information. A copy of each of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee Charters is available on our website at <http://www.fspreit.com> under the heading “Investor Relations” and then under the subheading “Governance Documents” under “Corporate Information.” In addition, our Board adopted Corporate Governance Guidelines, a copy of which is available in the same place on our website.

Our Board may from time to time establish other special or standing committees to facilitate the management of Franklin Street Properties or to discharge specific duties delegated to a committee by the full Board.

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Director Nomination Process

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate director candidates includes requests to our directors and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by our directors. The Nominating and Corporate Governance Committee has established director qualification standards for consideration in recommending candidates to our Board. The Nominating and Corporate Governance Committee is responsible for reviewing with our Board, on an annual basis, the appropriate characteristics, skills and experience required for our Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members of our Board), the Nominating and Corporate Governance Committee, in recommending candidates for election, and our Board, in approving the nomination of (and, in the case of vacancies, electing) such candidates, may take into account a variety of subjective factors, including, without limitation:

- (1) personal and professional integrity, ethics and values;
- (2) experience in corporate management, such as serving as an officer or former officer of a publicly-held company, and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment;
- (3) experience in our industry and/or in an industry or industries that may be beneficial to us;
- (4) experience as a board member of another publicly-held company;
- (5) academic expertise in an area of our operations;
- (6) practical and mature business judgment, including ability to make independent analytical inquiries; and
- (7) any relationships, financial, professional or social in nature, that a candidate may have with members of management or other board members in so far as they may affect the independence of such candidate.

Although our Board does not have a formal diversity policy, the Nominating and Corporate Governance Committee and our Board also consider diversity of our Board in its evaluation of candidates for board membership. The Nominating and Corporate Governance Committee and our Board believe that diversity with respect to viewpoint, skills and experience should be an important factor in board composition. The Nominating and Corporate Governance Committee and our Board discuss diversity considerations in connection with each potential nominee, as well as on a periodic basis in connection with the composition of our Board as a whole. The Nominating and Corporate Governance Committee and our Board do not assign specific weight to particular factors, and no particular factor is a prerequisite for each prospective nominee. The Nominating and Corporate Governance Committee and our Board believe that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow our Board to fulfill its responsibilities. Our Board evaluates each individual in the context of our Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at

meetings and participation in and contributions to the activities of our Board.

Stockholder Recommendations and Board Nominations

Stockholders may recommend individuals to our Nominating and Corporate Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials to our principal office, 401 Edgewater Place, Suite 200, Wakefield, Massachusetts 01880, Attn: Scott H. Carter, Secretary. Assuming that appropriate biographical and background material has been provided on a timely basis, our Nominating and Corporate Governance will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If our Board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in our proxy card for the next Annual Meeting.

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CORPORATE GOVERNANCE

Stockholders also have the right under our bylaws to directly nominate director candidates, without any action or recommendation on the part of our Nominating and Corporate Governance Committee or Board, by following the procedures set forth below under “Other Information—Stockholder Proposals.” Candidates nominated by stockholders in accordance with the procedures set forth in the bylaws would be presented as a nominee at the next Annual Meeting but would not be included in our proxy card for the next Annual Meeting.

Stockholder Power to Amend Bylaws

After engaging with the Company’s stockholders during the fourth quarter of 2017, on and effective February 2, 2018, our Board amended and restated the Company’s bylaws to, among other items, provide stockholders with the power to amend the Company’s bylaws by the affirmative vote of the holders of two-thirds of the outstanding shares of Common Stock pursuant to a binding proposal submitted by any stockholder or group of up to five stockholders holding at least one percent of the outstanding shares of Common Stock for at least one year (the “Ownership Threshold”). Such a stockholder proposal submitted under Article XIV (Amendment of Bylaws) of the bylaws may not alter or repeal Article XIV without the approval of the Board.

We believe the Ownership Threshold enables stockholders who have held a meaningful stake in the Company for more than a brief period of time to propose binding amendments to the Company’s bylaws. As of February 19, 2019, (i) 14 stockholders each held more than one percent of the outstanding shares of Common Stock (representing more than 60.5% of outstanding shares in the aggregate), (ii) an additional 25 stockholders each held at least 0.2 percent of the outstanding shares of Common Stock (representing more than 10.45% of outstanding shares in the aggregate), and (iii) these 30 stockholders together owned more than 70.97% of the outstanding shares of Common Stock.

The Company’s decision to amend the bylaws to provide stockholders with the power to amend the bylaws was guided, in part, by the fact that approximately 44.1% of the Russell 3000 companies have supermajority thresholds for stockholders to amend the bylaws, and that the default voting standard for charter amendments and extraordinary actions under Maryland law is two-thirds of the outstanding shares of voting stock.

Code of Business Conduct and Ethics

Franklin Street Properties is committed to establishing and maintaining an effective ethics and compliance program that is intended to increase the likelihood of preventing, detecting, and correcting ethical lapses and violations of law or Company policy. The Company has adopted a Code of Business Conduct and Ethics (the “Code”) which applies to all officers, and employees, as well as to our Board.

The Code is available on the Company’s website at <http://www.fspreit.com> under the heading “Investor Relations” and then under the subheading “Governance Documents” under “Corporate Information.” We will disclose amendments to, or waivers of our Code that are required to be disclosed under the securities rules, by posting such information on the Company’s website, www.fspreit.com. Any waiver of our Code for directors or executive officers must be approved by the Board. The Company did not grant any such waivers during 2018 and does not anticipate granting any such waivers during 2019.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2018, Georgia Murray (Chair), Kathryn O'Neil, John Burke and Brian Hansen served as members of the Compensation Committee. No executive officer of Franklin Street Properties has served as a director or member of the compensation committee (or other committee serving an equivalent function, or in the absence of any such committee, the entire board of directors) of any other entity that has one of its executive officers serving or having served as a member of our Board or Compensation Committee.

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DIRECTOR COMPENSATION AND STOCK OWNERSHIP REQUIREMENTS

DIRECTOR COMPENSATION AND STOCK OWNERSHIP REQUIREMENTS

The Compensation Committee of the Board is responsible for reviewing and recommending to the Board the form and amount of compensation for our non-employee directors.

Non-employee Director Compensation