

UDR, Inc.
Form DEF 14A
March 27, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed
by
the
Registrant or by a Party other than the Registrant
Check the appropriate box:
Preliminary Proxy Statement
CONFIDENTIAL, FOR USE OF THE
COMMISSION ONLY (AS PERMITTED
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Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

UDR, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

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2019 PROXY STATEMENT HIGHLIGHTS

2018
Performance
Highlights

1, 3, 5 and 10-Year Total Shareholder Return as of December 31, 2018

	1-Year	3-Year	5-Year	10-Year
UDR	6.41%	16.42%	101.16%	320.82%
NAREIT Apartment Index	3.70%	10.63%	79.88%	298.20%
NAREIT Equity Index	(4.62)%	8.91%	46.27%	213.82%
S&P 500 Index	(4.38)%	30.42%	50.33%	243.03%

185th Consecutive Dividend Paid

Our January 2019 dividend represented our 185th consecutive quarterly dividend paid. We are committed to returning value to our shareholders, and for 2018 we increased our dividend by 4.0%, and we have increased our dividend 5.1% annually over the past 3 years and 6.5% annually over the past 5 years.

1-Year	3-Year Average	5-Year Average
4.0% Dividend per share growth	5.1% per share Dividend growth	6.5% Dividend per share growth
5.0% AFFO per share growth	6.2% per share AFFO growth	7.1% AFFO per share growth(a)

(a) We present reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures, as well as additional information, in “Definitions” on page 72.

Our Five Strategic Objectives

- Our 2018 results consisted of improvement across all five of our strategic objectives, which are: 1) operating excellence, 2) balance sheet strength, 3) portfolio diversification, 4) capital allocation and 5) advance an empowering culture and a great place to work and live.

Below is a summary of our results categorized by objective:

1. Operating Excellence

2. Balance Sheet Strength

*We present reconciliations of certain non-GAAP financial measures to their most directly comparable US generally accepted accounting principles (GAAP) measures in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Apartment Community Operations” in our 2018 Annual Report, including reconciliations of net income/loss reported under GAAP to NOI, FFO, FFO as Adjusted and AFFO, as well as additional information about non-GAAP measures.

(a) We present reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures, as well as additional information, in “Definitions” on page 72.

3. Portfolio Diversification

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4. Capital Allocation

5. Empowering Culture and a Great Place to Work and Live

UDR strives to create both a great place to work and a great place to live. We measure our success on this strategic objective through a variety of associate and resident surveys. During 2018, our results improved with respect to both associates and residents.

- Great Place to Work
- Great Place to Live

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Executive
Compensation
Highlights

Say-on-pay approved every year since it was first introduced in 2011; over the last five years, shareholder support for the vote on executive compensation has averaged 88.7%.

Focus on Variable Pay Linked to both Short-Term and Long-Term Performance

Focus on Performance Based Compensation

Our focus on equity-based compensation, together with our robust CEO and executive stock ownership guidelines of 110,000 shares for the CEO and the President, 50,000 shares for any Executive Vice President and 20,000 shares for any Senior Vice President, assist in creating long-term alignment with our shareholders.

2018 SHORT-TERM INCENTIVE

COMPENSATION:

PERFORMANCE METRICS

FFO as Adjusted per share

Same-Store Revenues

Percentage of markets where UDR is at or above the median relative to peer apartment REITs

Development/Redevelopment FFO

Calculated as NOI plus capitalized interest for pre-determined projects

Total Transactions

Acquisitions/Sales/Development/Redevelopment during the year

Three-Year Liquidity

Calculated as projected 2020 year ending revolving loan and commercial paper borrowing capacity, assuming approved and likely to be approved sources and uses of capital

Transaction Yields

FFO yield on transactions in prior years versus pre-established FFO yield expectations on such projects

Associate Engagement

2018 LONG-TERM INCENTIVE
COMPENSATION:

PERFORMANCE METRICS

30% 1-Year FFO as Adjusted per share

35%

3-Year Relative Cumulative
TSR vs. Apartment Peers

20% 3-Year Relative Cumulative
TSR vs. NAREIT Equity
REITs Total Return Index

15% 3-Year Relative Cumulative
FFO as Adjusted Growth
Rate vs. Apartment Peers

Calculated by the “Overall Health of UDR Workforce” score

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Corporate
Governance
Highlights

Shareholder Engagement

In 2018 we had 393 interactions with our investors through meetings and property tours, representing ownership of more than 80.4% of our outstanding common stock.

Investor Relations

In 2017 we were the Gold Award winner of NAREIT's Investor Care Award.

Proxy Access

The Company's Amended and Restated Bylaws ("bylaws") include a proxy access provision, which permits a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years, to nominate and include in the Company's proxy materials director candidates constituting up to 20% of the board.

Majority Voting

The Company's bylaws specify a majority voting standard in uncontested director elections, which incorporates a director resignation policy for any director who does not receive the requisite vote.

Bylaw Amendment

Prior to our 2018 annual meeting, we reached out to shareholders holding approximately 74% of our outstanding common stock regarding a proposed amendment to our bylaws. We discussed the proposed amendment with 24 of our largest shareholders representing approximately 63% of our outstanding common stock. Following such discussions, we amended our Charter and our bylaws to provide that a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years, may propose binding amendments to our bylaws. The amendment to our charter received the approval of 74% of the votes cast.

Director Succession Planning

We remain focused on refreshing the membership of the board. Over the last several years, we have added new independent directors to the board, most recently including the addition of Clint D. McDonnough in 2016, Mary Ann King in 2015 and Robert A. McNamara and Mark R. Patterson in 2014. Two of our long-serving directors, Robert P. Freeman and Lynne B. Sagalyn, will not be standing for re-election at the annual meeting.

Lead Independent Director

In 2017, our board determined that it was appropriate to appoint our Chief Executive Officer and President, Thomas W. Toomey, as Chairman of the Board, and, in connection therewith, to appoint James D. Klingbeil as Lead Independent Director in accordance with our governance standards. Such appointments were effective January 1, 2018.

Succession Planning and Talent Development

In 2019, the Board appointed Jerry A. Davis to President – Chief Operating Officer and five Vice Presidents were appointed to Senior Vice President.

Honored in 2018 and 2019 for Board Composition

The Company was honored at the biennial Breakfast for Corporate Champions for having at least 30% of its board seats held by women.

Corporate Responsibility

Corporate responsibility is part of our culture and our values. Accordingly, during 2018 we formed a corporate responsibility committee made up of members of management. The committee was formed in order to formalize our efforts with respect to environmental, social and governance initiatives and allow us to better recognize and manage risks and opportunities. During 2018 we also hired a consultant well known in the multifamily real estate industry to assist us in reporting our efforts to the Global Real Estate Sustainability Benchmark (“GRESB”) Survey. We will begin reporting to GRESB in 2019 and expect that GRESB will publish its initial report on us in 2020.

We take an inclusive approach to corporate responsibility, addressing not only governance, see pages 8 to 19, but also the impact that our efforts have on the lives of our associates and our residents and the communities of which we are a part as well as the impact of our apartment communities on the environment. Some of our highlights with respect to our associates and residents are set forth elsewhere in this proxy statement, see page 31. With respect to our communities, for a number of years we have considered environmental impacts when making decisions regarding acquisitions, development and re-development. Certain of our results in recent years are set forth below:

LETTER FROM OUR LEAD INDEPENDENT DIRECTOR

Dear Fellow Shareholders:

In 2017, the board unanimously concluded that combining the roles of Chairman and Chief Executive Officer and appointing a strong Lead Independent Director was the appropriate leadership structure for the Company, and in January 2018, I was appointed Lead Independent Director.

In my role I work closely with our Chairman and Chief Executive Officer, Tom Toomey, and we have partnered effectively. As Lead Independent Director, I approve the agendas for board meetings and at each board meeting I lead an executive session of the independent directors. In addition, I manage our annual evaluation of the board's, and each director's, effectiveness.

As a company with a strong culture of performance, we believe that having a strong Lead Independent Director and Tom as both Chairman and Chief Executive Officer drives long-term value creation for our shareholders.

On behalf of the entire board, I want to express our continued dedication to maintaining an open dialog with shareholders, soliciting and considering your input and comments, and a commitment to enhance our corporate governance program as appropriate. We very much value your support and sincerely appreciate and thank you for the trust and confidence you have placed in us.

Sincerely,

James D. Klingbeil

Lead Independent Director

UDR, Inc.

Dear Fellow Shareholders:

It is my pleasure to invite you to attend our Annual Meeting of Shareholders. The meeting will be held on May 16, 2019, at 10:00 a.m. local time at the Hermitage Hotel Nashville, 231 6th Avenue North, Nashville, Tennessee 37219.

The business to be conducted at the meeting is set forth in the formal notice of annual meeting of shareholders and proxy statement that accompany this letter. At the meeting, we will also report on the Company's performance and respond to questions.

Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote your shares electronically through the Internet, by telephone or, if you have requested and received a paper copy of the proxy statement, by completing, signing and returning the paper proxy card enclosed with the proxy statement. Voting through the Internet or by telephone will eliminate the need to return your proxy card.

Last, to the extent you have not previously done so, please consider signing up to receive your proxy materials electronically through the Internet. This can be done by following the instructions in the Notice of Internet Availability, which you received. Enrolling for electronic delivery will reduce the environmental impact of our proxy statement as well as reduce our printing and mailing expense.

Sincerely,

Thomas W. Toomey

Chairman and Chief Executive Officer

UDR, Inc.



NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS

When: Thursday, May 16, 2019, at 10:00 a.m. local time.
Where: Hermitage Hotel Nashville

Items of Business: 231 6th Avenue North, Nashville, Tennessee 37219
Proposal 1 - To elect eight directors to serve until the next annual meeting of shareholders or until their successors are elected and qualified.

Proposal 2 - To ratify the appointment of Ernst & Young LLP to serve as independent registered public accounting firm for the year ending December 31, 2019.

Proposal 3 - To vote to approve, on an advisory basis, the compensation of our named executive officers disclosed in this proxy statement.

Who Can Vote: In addition, to transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.
Holders of UDR common stock at the close of business on Monday, March 18, 2019. Each share of common stock is entitled to one vote for each director position and one vote for each of the other proposals.

Date of Mailing: On or about March 27, 2019, we intend to mail to our shareholders of record a notice containing instructions on how to access our 2019 proxy statement and our annual report for the year ended December 31, 2018, and how to vote online. The notice also provides instructions on how you can request a paper copy of these documents if you desire, and how you can enroll in e-delivery. If you received your annual meeting materials via email, the email contains voting instructions and links to our annual report and proxy statement on the Internet.

How To Vote In Advance

Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote your shares electronically through the Internet, by telephone or, if you have requested and received a paper copy of the proxy statement, by completing, signing and returning the paper proxy card enclosed with the proxy statement.

By Telephone: You can submit your vote by proxy over the telephone by following the instructions provided on the separate proxy card if you received a printed set of the proxy materials.

By Internet: You can go to www.proxyvote.com and vote through the Internet.

By Mail: If you have requested and received a paper copy of the proxy statement, you can mark, sign, date and return the paper proxy card enclosed with the proxy statement in the postage-paid envelope that we have provided to you. Please note that if you vote through the Internet or by telephone, you do not need to return your proxy card.

By Order of the Board of Directors

Important Notice Regarding the Availability of Proxy Materials for UDR, Inc.'s Annual Meeting of Shareholders to be held on May 16, 2019.

WARREN L. TROUPE

Senior Executive Vice President

and Corporate Secretary

This Notice of Annual Meeting and Proxy Statement and UDR, Inc.'s Annual Report/Form 10-K for the year ended December 31, 2018 are available on the Internet at the following website: www.proxyvote.com.

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PROXY SUMMARY

This summary highlights selected information about the items to be voted on at the annual meeting. This summary does not contain all of the information that you should consider in deciding how to vote. You should read the entire proxy statement carefully before voting.

Meeting Agenda and Voting Recommendations

Election of 8 Directors

The Board recommends a vote FOR each of the director nominees.

Diverse slate of directors with broad leadership experience.

All candidates are highly successful executives with relevant skills and expertise.

Average director tenure of 11 years with 7 of 8 directors to be voted upon independent of management.

See pages 1 - 7 for further information

Our Existing Board

Name	Principal Professional Experience (1)	Years of Tenure	# of Other Public Company Boards	Committee Memberships (2)
Katherine A. Cattanach	General Partner of INVESCO Private Capital, Inc.	130		CCGCNCEC
Robert P. Freeman(3)	Senior Managing Director and Principal of Greyfields Investors LLC	210		C
Jon A. Grove	Chairman, President and CEO of ASR Investments Corporation	210		
Mary Ann King	Co-Chairman of Moran & Company	40		