

LTC PROPERTIES INC
Form PRE 14A
June 16, 2003

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary proxy statement
 Definitive proxy statement

Confidential, for use of the commission only (as permitted by Rule 14a-6(e)(2))

Definitive additional materials

Soliciting Material Pursuant to Rule 14a-12

LTC PROPERTIES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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- (1) Title of each class of securities to which transaction applies:
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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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.. Fee paid previously with preliminary materials.

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

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JULY 28, 2003

Our 2003 annual meeting of stockholders will be held on Monday, July 28, 2003 at 10:00 a.m., local time, at our corporate office, 22917 Pacific Coast Highway, Suite 350, Malibu, California 90265.

- (1) To elect a board of five directors for the ensuing year or until the election and qualification of their respective successors;
- (2) To vote on the approval of an amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares of preferred stock from 10,000,000 to 20,000,000;
- (3) To transact such other business as may properly come before the meeting.

Only stockholders whose names appear of record on our books at the close of business on **June 27, 2003** are entitled to notice of, and to vote at, such annual meeting or any adjournments of such annual meeting.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to sign and return the enclosed proxy promptly in the postage-paid envelope enclosed for that purpose. Any stockholder attending the meeting may vote in person even if he or she has returned a proxy.

By Order of the Board of Directors

WENDY L. SIMPSON

Vice Chairman and Chief Financial Officer

Malibu, California

June 30, 2003

IMPORTANT: Whether or not you plan to attend the meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed stamped envelope.

LTC PROPERTIES, INC.

PROXY STATEMENT

Solicitation

This proxy statement is furnished to our stockholders in connection with the solicitation of proxies by our Board of Directors for use at our annual meeting of stockholders to be held on July 28, 2003 and at any and all adjournments of our annual meeting. The approximate date on which this proxy statement and the form of proxy solicited on behalf of our Board of Directors will be sent to our stockholders is July 2, 2003.

Voting Rights

On June 27, 2003, the record date for the determination of stockholders entitled to notice of, and to vote at, our annual meeting, we had 17,748,322 shares of common stock outstanding. Each share of common stock is entitled to one vote on all matters properly brought before the annual meeting. The presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum for the transaction of business at the annual meeting.

Voting of Proxies

Shares of common stock represented by all properly executed proxies received in time for the annual meeting will be voted in accordance with the choices specified in the proxy. Unless contrary instructions are indicated on the proxy, the shares will be voted FOR the election of the nominees named in this Proxy Statement as Directors and for the amendment to the Company's Amended and Restated Articles of Incorporation.

Our management and Board of Directors know of no matters to be brought before the annual meeting other than as set forth herein; no stockholder proposals were received by us on or before November 19, 2002 the deadline for inclusion of such proposals in this Proxy Statement. Other business may properly come before the annual meeting, and in that event, it is the intention of the persons named in the accompanying proxy to vote in accordance with their judgment on such matters.

Revocability of Proxy

The giving of the enclosed proxy does not preclude the right to vote in person should the stockholder giving the proxy so desire. A proxy may be revoked at any time prior to its exercise by delivering a written statement to our Corporate Secretary that the proxy is revoked, by delivering to us a later-dated proxy executed by the person executing the prior proxy, or by attending the annual meeting and voting in person.

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Our principal executive offices are located at 22917 Pacific Coast Highway, Suite 350, Malibu, California 90265.

PROPOSAL 1

ELECTION OF DIRECTORS

At the annual meeting, five directors will be elected to hold office until the 2004 annual meeting of stockholders and, in each case, until their respective successors have been duly elected and qualified.

The nominees for election as directors at the annual meeting are Andre C. Dimitriadis, Edmund C. King, Wendy L. Simpson, Timothy J. Triche, M.D. and Sam Yellen, each of whom is presently serving as a director of our company. Unless authority to vote for the election of directors has been specifically withheld, the persons named in the accompanying proxy intend to vote for the election of the nominees named above to hold office as directors until the 2004 annual meeting of stockholders and until their respective successors have been duly elected and qualified.

If any nominee becomes unavailable to serve as a director for any reason (which event is not anticipated), the shares of common stock represented by the enclosed proxy may (unless such proxy contains instructions to the contrary) be voted for such other person or persons as may be determined by the holders of such proxies.

Required Vote and Recommendations

The five nominees receiving the most votes (providing a quorum is present) will be elected as directors. For purposes of this Proposal 1, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will count towards the presence of a quorum for Proposal 1. Properly executed and unrevoked proxies will be voted FOR the nominees set forth in Proposal 1 unless contrary instructions or an abstention are indicated in the proxy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL

THE NOMINEES SET FORTH IN PROPOSAL 1.

DIRECTORS AND EXECUTIVE OFFICERS

This table shows information concerning our directors and executive officers as of May 31, 2003. Each executive officer is elected by the directors, serves at the pleasure of the Board of Directors and holds office until a successor is elected or until resignation or removal.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Andre C. Dimitriadis	62	Chairman, Chief Executive Officer, President and Director

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Alex J. Chavez	38	Senior Vice President and Treasurer
Christopher T. Ishikawa	39	Executive Vice President and Chief Investment Officer
Edmund C. King	67	Director
Wendy L. Simpson	54	Vice Chairman, Chief Financial Officer and Director
Timothy J. Triche, M.D.	58	Director
Sam Yellen	72	Director

Andre C. Dimitriadis founded LTC Properties in 1992 and has been its Chairman and Chief Executive officer since its inception. In 2000 Mr. Dimitriadis also assumed the position of President. Mr. Dimitriadis is a director of CLC Healthcare, Inc., Magellan Health Services, Assisted Living Concepts, Inc. and Ribapharm, Inc.

Alex J. Chavez has served as Senior Vice President and Treasurer since February 2001 and Vice President and Treasurer since December 1999. Prior to that, he served as Director of Finance since June 1996 and became Vice President in September 1997. Prior to joining LTC, he was employed by the international accounting firm of Ernst & Young LLP, where he served as an Audit Manager specializing in the health care and real estate industries from 1990 to 1996.

Christopher T. Ishikawa has served as Executive Vice President and Chief Investment Officer since February 2001. Mr. Ishikawa served as Senior Vice President and Chief Investment Officer from September 1997 through January 2001 and prior to that, he served as Vice President and Treasurer of LTC Properties since April 1995. Mr. Ishikawa is a director of CLC Healthcare, Inc.

Edmund C. King is a general partner of Trouver Capital Partners, an investment banking firm located in Los Angeles, California and Provo, Utah. Previously, Mr. King was Ernst & Young LLP's Southern California senior health care partner from 1973 through September 30, 1991. Mr. King has been a director since 1992.

Wendy L. Simpson has been Vice Chairman since April 2000 and Vice Chairman and Chief Financial Officer since July 2000. Prior to that she was a financial advisor to Coram Healthcare Corporation, a healthcare organization, from November 1999 through March 31, 2000. Ms. Simpson joined Coram as Executive Vice President and Chief Financial Officer in March 1998 and resigned in November 1999. Prior to joining Coram, Ms. Simpson was Executive Vice President, Chief Financial Officer, Chief Operating Officer and director of Transitional Hospitals Corporation from December 1994 to August 1997 and Senior Vice President and Chief Financial Officer from July 1994 to December 1994. Coram Healthcare commenced bankruptcy proceedings in August 2000. Ms. Simpson has been a director since 1995 and a director of CLC Healthcare, Inc. since 2001.

Timothy J. Triche, M.D. has been the Chairman of the Department of Pathology and Laboratory Medicine at Childrens Hospital Los Angeles since 1988. He has also been a Professor of Pathology and Pediatrics at the University of Southern California Keck School of Medicine in Los Angeles, California since 1988. Dr. Triche has been a director since May 2000.

Sam Yellen has been self-employed as a consultant since his retirement in 1990 from KPMG LLP where he was a partner since 1968. Currently, he serves as a member of the board of directors of Beverly Funding Corporation, and Wedbush Morgan Securities, Inc. Mr. Yellen has been a director since 1992.

Board of Directors and Committees of the Board

During 2002, the Board of Directors met seven times and each of the incumbent directors attended all of the meetings of the Board of Directors and committees on which the director served. The Board of Directors has an Audit Committee, a Nominating and Governance Committee and a Compensation Committee. All Committees are governed by written charters approved by the Board of Directors.

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During 2002, the Audit Committee was comprised of Mr. Yellen, Chair, Mr. King and Dr. Triche. The Audit Committee held eight meetings during fiscal 2002. The Audit Committee is authorized to select and recommend to the Board of Directors the independent auditors to serve us for the ensuing year, review with the independent accountants the scope and results of the audit, review management's evaluation of our system of internal controls, and review non-audit professional services provided by the independent accountants and the amount of audit and non-audit fees. To ensure independence of the audit, the Audit Committee consults separately and jointly with the independent accountants and management.

The function of the Nominating and Governance Committee which met once in 2002, is to select and recommend to the full Board nominees for election as Directors. The Nominating and Governance Committee was comprised of Dr. Triche, Chair, Mr. King and Mr. Yellen.

During 2002, the Compensation Committee was comprised of Mr. King, Chair, Dr. Triche and Mr. Yellen. The Compensation Committee held two meetings during 2002. The Compensation Committee reviews and approves the compensation of our executive officers and determines our general compensation policy. The Compensation Committee also is responsible for the administration of our Amended and Restated 1992 Stock Option Plan and our 1998 Equity Participation Plan and is authorized to determine the options and restricted stock to be granted under such plans and the terms and provisions of such options.

Primarily in 2002 each non-employee director received a fee of \$10,000 per year for services as a director plus \$500 for attendance in person at each meeting of the Board of Directors or of any committee meeting held on a day on which the Board of Directors does not meet. Furthermore, non-employee directors were reimbursed \$500 for attendance on teleconference Board Meetings. In December 2002, the Board approved an increase to \$750 for attendance in person or telephonically and effective the second quarter of 2003 an increase in the annual fee to \$25,000. In addition, we reimburse the directors for travel expenses incurred in connection with their duties as directors of our company.

Directors participate in LTC Properties' Amended and Restated 1992 Stock Option Plan and our 1998 Equity Participation Plan. Both plans permit the Compensation Committee to grant nonqualified stock options or restricted shares to directors from time-to-time. No stock options were granted to non-employee Board members in 2002. In addition, directors are eligible to participate in our Amended Deferred Compensation Plan whereby non-employee directors are entitled to receive, at our option, annual deferred compensation up to \$10,000 per year. All contributions made by us to the deferred compensation plan trust are invested in shares of our common stock. No contribution was made to the Deferred Compensation Plan on behalf of any employee or Board member for 2002.

PRINCIPAL STOCKHOLDERS AND MANAGEMENT OWNERSHIP

This table shows information as of May 31, 2003 with respect to the beneficial ownership of our common stock by (1) each person who is known by us to own beneficially more than 5% of our common shares based on copies received by us of the most recent Schedule 13D or 13G filings with the Securities and Exchange Commission pursuant to rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (2) each director, (3) each executive officer and (4) the directors and executive officers as a group.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership(1)	Percent of Outstanding Shares in Class(2)
Dunn Family Trust	Common Stock	2,465,800(3)	13.8%
9255 Towne Centre Drive			
Suite 925			
San Diego, CA 92121			
National Health Investors, Inc.	Common Stock	2,774,800(4)	14.0%
100 Vine Street			
Suite 1200			
Murfreesboro, TN 37130			
Andre C. Dimitriadis	Common Stock	1,281,208(5)	7.2%
	Preferred A	86,414	2.8%
	Preferred B	1,700	*
Christopher T. Ishikawa	Common Stock	243,721(5)	1.4%
	Preferred A	1,000	*
Wendy L. Simpson	Common Stock	201,470(5)(6)(7)	1.1%
	Preferred A	23,465(7)	*
	Preferred B	4,300(7)	*
Alex J. Chavez	Common Stock	55,555(5)(6)	*
	Preferred B	1,017	*
Edmund C. King	Common Stock	84,941(5)(6)(8)	*
	Preferred B	4,534	*
Timothy J. Triche, M.D.	Common Stock	20,226(5)(6)	*
Sam Yellen	Common Stock	83,256(5)(6)	*
All directors and executive officers as a group (8 persons)	Common Stock	1,970,377(5)(9)	11.0%
	Preferred A	112,679	3.7%
	Preferred B	11,551	*

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* Less than 1%

- (1) Except as otherwise noted below, all shares are owned beneficially by the individual or entity listed with sole voting and/or investment power.
- (2) For purposes of computing the percentages, the number of shares outstanding includes shares purchasable by such individual or entity within 60 days after May 31, 2003 upon exercise of vested options.
- (3) Based upon information contained in a Schedule 13G provided to us, the Dunn Family Trust (DFT) directly owns 1,122,300 shares and had sole voting and sole dispositive power over these shares. The Trustee of DFT owns 50,000 shares jointly with his spouse and is deemed to have voting and dispositive power over these shares. Additionally, because of DFT 's position as general partner of Idanta Partners, which owns 1,293,500 shares, DFT is deemed to be beneficial owner of these shares with the sole power to vote or direct voting and the sole power to dispose of or direct disposition of these shares.
- (4) Based upon information contained in a Schedule 13G filed by National Health Investors, Inc. (NHI), NHI directly owns 774,800 shares and had sole voting and dispositive power over these shares. Additionally, NHI owns the Company 's Series C Cumulative Convertible Preferred Stock, which has an option to convert at a price of \$19.25 per share into 2,000,000 shares of common stock. For the purpose of computing this percentage, the number of shares subject to conversion is deemed to be outstanding only for the calculation of NHI 's percent of class calculation.

- (5) Includes 20,000, 9,000, 16,000 and 9,000 shares that may be purchased upon the exercise of options by Messrs. Chavez, King, Triche and Yellen, respectively.
- (6) Includes 19,125, 13,955, 10,656, 4,226 and 10,656 shares held in the deferred compensation trust for Ms. Simpson, Messrs. Chavez, King, Triche and Yellen, respectively.
- (7) Includes 5,315 shares of common stock, 7,250 shares of Preferred A and 1,800 shares of Preferred B held by spouse in an individual retirement account.
- (8) Includes 1,685 shares held by spouse in an individual retirement account.
- (9) Includes 54,000 shares that may be purchased upon the exercise of options.

EXECUTIVE COMPENSATION

This table shows the compensation paid for the last three fiscal years to the Chief Executive Officer and the other four most highly paid executive officers in 2002.

Name & Principal Position	Year	Annual Compensation		Long Term Compensation		
		Salary	Bonus	Restricted	Securities	All Other
				Stock	Underlying	
				Awards(1)	Options	
Andre C. Dimitriadis	2002	\$ 400,000		\$	\$	\$
Chairman, Chief Executive	2001	400,000	\$ 269,095			1,679,840(2)
Officer and President	2000	400,000	260,000		100,000	62,400(7)
Wendy L. Simpson	2002	300,000	201,821		20,000	
Vice Chairman &	2001	300,000	250,000			96,598(3)
Chief Financial Officer	2000	218,269	87,000		100,000	37,500(4)
Christopher T. Ishikawa	2002	250,000	168,184			
Executive Vice President &	2001	225,000	225,000		14,000	72,155(5)
Chief Investment Officer	2000	225,000	82,000		40,000	23,500(7)
Julia L. Kopta	2002	250,000	168,184			(9)
Executive Vice President,	2001	225,000	225,000		14,000	26,000(7)
General Counsel & Secretary	2000	225,000	82,000	140,882	30,000	93,050(7)
Alex Chavez	2002	150,000	100,911		10,000	
Senior Vice President &	2001	135,000	150,000			15,000(7)
Treasurer	2000	104,500	35,500		30,000	2,000(7)
James J. Pieczynski						
Chief Strategic Planning Officer	2002					285,331(6)
	2001	150,540				
	2000	265,000	66,000		50,000	12,400(7)

- (1) Restricted stock awards are valued at their fair market value based on the per share closing price of the Company's common stock on the New York Stock Exchange on the date of grant. In March 1999, all outstanding shares of restricted stock were cancelled and replaced with a new restricted stock grant with a performance based vesting schedule. In connection with this, during 1999 Messrs. Dimitriadis, Pieczynski, Ishikawa and Ms. Simpson were granted net new shares of 21,640, 11,880, 8,400 and 3,080, respectively. Upon his resignation from our company in August 2001, Mr. Pieczynski forfeited 49,896 shares of restricted stock. In January 2000, Ms. Kopta was granted

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20,000 shares of restricted stock. Restricted stock holdings as of December 31, 2002 and their fair market value based on the per share closing price of \$6.72 on December 31, 2002 were as follows:

Name	Number of unvested Restricted Shares	Value on December 31, 2002
Andre C. Dimitriadis	77,904	\$ 523,515
Alex Chavez	12,960	87,091
Christopher T. Ishikawa	30,240	203,213
Julia L. Kopta	12,000	80,640
Wendy L. Simpson	11,088	74,511

Dividends are payable on the restricted shares to the extent and on the same date as dividends are paid on our common stock. Messrs. Dimitriadis, Chavez, Ishikawa and Ms. Simpson vested in 12,984, 2,160, 5,040 and 1,848 shares, respectively in 2002. As of December 31, 2002, Ms. Kopta's restricted shares vested at the rate of 20% per year beginning January 2001 (see (9) below). The remaining restricted shares vest at the rate of 10% of the original unvested amount per year provided that the Company's funds from operations per

share for the year then ended increased over funds from operations of the previous year. The National Association of Real Estate Investment Trusts (NAREIT) has defined funds from operations as net income applicable to common stockholders (computed in accordance with GAAP) excluding gains (or losses) from debt restructuring, sales of property and impairment charges, plus depreciation of real property and after adjustments for unconsolidated entities in which a REIT holds an interest. In addition, in calculating funds from operations in 2001 we added back the non-cash charge for the adjustments of loans to officers and directors.

There were no restricted stock options granted during the year ended December 31, 2002.

- (2) Represents a \$62,400 contribution to Mr. Dimitriadis' deferred compensation account and \$1,617,440 in adjustment to Employee and Director Stock Option Loans.
- (3) Represents a \$30,000 contribution to Ms. Simpson's deferred compensation account and \$66,598 in adjustment to Employee and Director Stock Option Loans.
- (4) Represents a \$30,000 contribution to Ms. Simpson's deferred compensation account and \$7,500 in Board Fees paid prior to Ms. Simpson becoming an employee in 2000.
- (5) Represents a \$26,000 contribution to Mr. Ishikawa's deferred compensation account and \$46,155 in adjustment to Employee and Director Stock Option Loans.
- (6) Represents an adjustment to Employee and Director Stock Option Loans.
- (7) Represents the contribution to the named individual's deferred compensation account.
- (8) The Company made no contribution to deferred compensation for any employee or Director for fiscal 2002.
- (9) On April 1, 2003, Ms. Kopta and the Company entered into an Agreement whereby it was mutually agreed to terminate her employment agreement with the Company. The Company agreed to vest all of Ms. Kopta's unvested restricted stock and unvested stock options as of April 1, 2003.

OPTION GRANTS DURING FISCAL DECEMBER 31, 2002

This table shows the number of stock options granted during the period ended December 31, 2002 to each of our executive officers and the value of unexercised options held as of December 31, 2002.

Name	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees	Exercise or Base Price Per Share	Expiration Date	Potential Realizable Value at Assumed Rates of Stock Price Appreciation for Option Term	
					5%(1)	10%(1)
Wendy L. Simpson	20,000	66.7%	\$ 7.63	April 4, 2012	\$ 96,000	\$ 243,200
Alex Chavez	10,000	33.3%	\$ 7.63	April 4, 2012	\$ 48,000	\$ 121,600

- (1) An assumed annual rate of appreciation of 5% and 10% on \$7.63 would result in the price of our common stock increasing to \$12.43 and \$19.79, respectively at the expiration date of the options.

AGGREGATE OPTION EXERCISES IN 2002 AND OPTION VALUES AT DECEMBER 31, 2002

During 2002, no options were exercised by any of our executive officers. This table shows the number of stock options held by each of our executive officers as of December 31, 2002 and the value of their unexercised options based on our closing price of \$6.72 on December 31, 2002.

Name	Shares Acquired on Exercise	Value Realized	Securities Underlying Unexercised Options at December 31, 2002		Value of Unexercised Options	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Andre C. Dimitriadis		\$	40,000	60,000	\$ 53,800	\$ 80,700
Wendy L. Simpson			40,000	80,000	55,908	83,862
Christopher T. Ishikawa			18,800	35,200	25,860	49,640
Julia L. Kopta			14,800	29,200		