

ISTAR INC.  
Form DEF 14A  
April 06, 2018

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

iSTAR INC.

(Name of Registrant as Specified In Its Charter)

(Name of Registrant as Specified In Its Charter)

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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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:

(5) Total fee paid:

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1114 Avenue of the Americas, 39th Floor  
New York, New York 10036  
April 6, 2018

Dear iStar Shareholder:

We cordially invite you to attend our 2018 annual meeting of shareholders. We will hold the meeting at the Harvard Club of New York City, 35 West 44th Street, 3rd Floor, New York, New York 10036 on Wednesday, May 16, 2018 at 9:00 a.m. local time.

Attached are a notice of meeting and proxy statement that contain information on the proposals to be voted on at the annual meeting and other important matters. We encourage you to read the proxy statement and attachments carefully.

**YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE:**

**FOR THE ELECTION OF THE SIX NOMINEES AS DIRECTORS**

**FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**FOR THE RESOLUTION APPROVING, ON A NON BINDING, ADVISORY BASIS, OUR EXECUTIVE  
COMPENSATION AS DESCRIBED IN THIS PROXY STATEMENT**

Every shareholder vote is important and we encourage you to vote as promptly as possible. All shareholders are invited to attend the annual meeting in person. Any shareholder attending the annual meeting may vote in person even if he or she previously returned a proxy.

As an iStar shareholder, you play an important role in our company by considering and taking action on the matters being presented, as set forth in the attached proxy statement. We appreciate the time and attention you invest in making thoughtful decisions.

Sincerely,

Jay Sugarman

Chairman and Chief Executive Officer

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**NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS**

**DATE:** Wednesday, May 16, 2018

**TIME:** 9:00 a.m. (Eastern time)

**LOCATION:** Harvard Club of New York City

35 West 44th Street, 3rd Floor

New York, New York 10036

**ITEMS OF BUSINESS:**

Proposal Election of Directors: Jay Sugarman, Clifford De Souza, Robert W. Holman, Jr., Robin Josephs, Dale Anne

1: Reiss, and Barry W. Ridings

Proposal Ratification of the Appointment of Deloitte & Touche LLP as our Independent Registered Public

2: Accounting Firm for the fiscal year ending December 31, 2018

Proposal 3: Non-binding, Advisory Vote to Approve Executive Compensation (“Say on Pay”)

In addition, at the annual meeting we will transact such other business as may properly come before the meeting or any postponement or adjournment of the meeting.

**RECORD DATE:**

The board has fixed the close of business on March 23, 2018 as the record date for the determination of shareholders entitled to receive notice of and to vote at the annual meeting or any postponement or adjournment of the meeting.

Only holders of record of our common stock, par value \$0.001 per share, and 8.00% Series D preferred stock, par value \$0.001 per share, at the close of business on that date will be entitled to vote at the annual meeting.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2018:**

We make proxy materials available to our shareholders on the Internet. You can access proxy materials at [www.istar.com/annualreport2017](http://www.istar.com/annualreport2017). You also may authorize your proxy via the Internet or by telephone by following the instructions on that website. In order to authorize your proxy via the Internet or by telephone you must have the shareholder identification number that appears on the enclosed Notice of Internet Availability of Proxy Materials. You also may request a paper or an e mail copy of our proxy materials and a paper proxy card by following the instructions included in the Notice of Internet Availability of Proxy Materials.

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By Order of the Board of Directors,  
Geoffrey M. Dugan  
General Counsel, Corporate and Secretary  
New York, NY  
April 6, 2018

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, PLEASE MARK, SIGN, DATE AND RETURN THE ATTACHED PROXY CARD AS PROMPTLY AS POSSIBLE

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PROXY STATEMENT

Annual Meeting of Shareholders

To Be Held May 16, 2018

GENERAL

We are making this proxy statement available to holders of our common stock, par value \$0.001 per share, and holders of our 8.00% Series D preferred stock, par value \$0.001 per share, on or about April 6, 2018 in connection with the solicitation by our board of directors of proxies to be voted at our 2018 annual meeting of shareholders or at any postponement or adjournment of the annual meeting. Our common stock is listed on the New York Stock Exchange, or NYSE, and is traded under the symbol "STAR."

This proxy statement is accompanied by a copy of our Annual Report to Shareholders for the year ended December 31, 2017. Additional copies of the Annual Report, including our financial statements at December 31, 2017, may be obtained from our website at [www.istar.com](http://www.istar.com), or by contacting our Investor Relations department at (212) 930 9400, 1114 Avenue of the Americas, 39 Floor, New York, NY 10036. Copies will be furnished at no additional expense. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the Securities and Exchange Commission, or SEC.

Who is entitled to vote at the meeting?

Only holders of record of our common stock and our Series D preferred stock at the close of business on March 23, 2018 are entitled to receive notice of and to vote at the annual meeting or at any postponement or adjournment of the meeting. On the record date, there were 67,773,942 shares of common stock and 4,000,000 shares of Series D preferred stock outstanding and entitled to vote.

What constitutes a quorum?

The presence, either in person or by proxy, of the holders of the outstanding common stock and Series D preferred stock entitled to cast a majority of all the votes entitled to be cast at the meeting, considered as a single class, on the record date is necessary to constitute a quorum at the annual meeting.

What are the voting rights of shareholders?

Each shareholder is entitled to one vote for each share of common stock and 0.25 votes for each share of Series D preferred stock registered in the shareholder's name on the record date.

What vote is needed to approve each proposal?

Assuming a quorum is present in person or by proxy at the annual meeting:

For Proposal 1,

the election of directors, the vote of a plurality of the votes cast by the holders of our common stock and Series D preferred stock, all voting as one class, is required. However, in an uncontested election of directors, notwithstanding being elected by a plurality of the votes cast, if an incumbent nominee for

director fails to receive the affirmative vote of a majority of the total votes cast “for” and affirmatively “withheld” as to such individual, such person must promptly tender his or her resignation to the Board following certification of the vote. See “INFORMATION REGARDING THE BOARD OF DIRECTORS AND ITS COMMITTEES - Director Resignation Policy”. Broker non-votes are not considered votes cast for the foregoing purpose, and will have no effect on the election of the nominees.

For Proposal 2, the ratification of the appointment of the independent registered public accounting firm, the affirmative vote of a majority of the votes cast by the holders of our common stock and Series D preferred stock, all voting as one class, is required.

For Proposal 3, the resolution to approve, on a non binding, advisory basis, our executive compensation as described in this proxy statement, the affirmative vote of a majority of the votes cast by the holders of our common stock and Series D preferred stock, all voting as one class, is required.

For the approval of any other matters properly presented at the meeting for shareholder approval, the affirmative vote of a majority of the votes cast by the holders of our common stock and Series D preferred stock, all voting as one class, is required.

What are broker non-votes and what is the effect of broker non votes and abstentions?

A “broker non vote” occurs when a broker, bank or other nominee returns a properly executed proxy, but indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter and has not received voting instructions from the beneficial owner of such shares on that matter. Under current NYSE rules, a broker, bank or other nominee does not have discretionary authority to vote shares without specific voting instructions from the beneficial owner on the election of directors (Proposal 1) or the resolution to approve, on a non binding, advisory basis, our executive compensation (Proposal 3). A broker, bank or other nominee does, however, have discretionary authority to vote shares without specific voting instructions from the beneficial owner on the ratification of the appointment of the independent registered public accounting firm (Proposal 2).

For purposes of votes on all matters described in this proxy statement to be presented at the annual meeting, broker non votes and abstentions will not be counted as votes cast and will have no effect on the result of the vote. Both abstentions and broker non votes will be considered present for the purpose of determining the presence of a quorum. How is my vote counted?

If you properly execute a proxy in the accompanying form, and if we receive it prior to voting at the annual meeting, the shares that the proxy represents will be voted in the manner specified on the proxy. If no specification is made, the common stock or Series D preferred stock will be voted FOR the election of directors (Proposal 1), FOR the ratification of the appointment of the independent registered public accounting firm (Proposal 2) and FOR the resolution to approve, on a non binding, advisory basis, executive compensation (Proposal 3).

Votes cast in person or by proxy at the annual meeting will be tabulated by the election inspectors appointed for the meeting, who will determine whether or not a quorum is present. If your shares are held by a broker, bank or other nominee (i.e., in “street name”), you will receive instructions from your nominee which you must follow in order to have your shares voted. Such shareholders who wish to vote in person at the meeting will need to obtain a proxy from the broker, bank or other nominee that holds their shares of record.

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

If you authorize a proxy to vote your shares, you may revoke it at any time before it is voted by:

submitting voting instructions at a later time via Internet or telephone before the closing of these voting facilities;





giving written notice to our Secretary by any means bearing a date later than the date of the proxy expressly revoking the proxy;

signing and forwarding to us a proxy dated later; or

attending the annual meeting and personally voting the common stock or Series D preferred stock owned of record by you, although attendance at the annual meeting will not, by itself, revoke a proxy.

Who pays the costs of soliciting proxies?

We will pay the costs of soliciting proxies from our shareholders. In addition to solicitation by mail, certain of our directors, officers and regular employees may solicit the return of proxies by telephone, facsimile, personal interview or otherwise without being paid additional compensation. We will also reimburse brokerage firms and other persons representing the beneficial owners of our shares for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners in accordance with the proxy solicitation rules and regulations of the SEC and the NYSE. Alliance Advisors LLC has been engaged to solicit proxies on our behalf in connection with our 2018 annual meeting of shareholders and provide other advisory services for a fee of \$17,500, plus expenses.

#### ELECTION OF DIRECTORS

At the 2018 annual meeting, six directors are to be elected to hold office for a term of one year, until the next annual meeting and until their successors have been elected and qualified. In accordance with the provisions of our charter, each member of our board is elected annually.

All of the nominees for election as a director are presently serving as directors. If a nominee becomes unavailable to serve as a director for any reason, the shares represented by any proxy will be voted for the person, if any, who may be designated by the board to replace that nominee. At this time, the board has no reason to believe that any nominee will be unavailable to serve as a director if elected.

All of the nominees for election as a director, other than Mr. Sugarman, are independent within the standards prescribed by the NYSE.

The following table sets forth summary information about each person nominated for election as a director:

Name	Age	Title	Director Since	Committee Memberships
Mr. Jay Sugarman	55	Chairman and Chief Executive Officer	1996	None
Mr. Clifford De Souza	56	Independent Director	2015	Audit Committee Nominating and Governance Committee
Mr. Robert W. Holman, Jr.	74	Independent Director	1999	Compensation Committee (Chair) Nominating and Governance Committee Compensation Committee
Ms. Robin Josephs	58	Lead Independent Director	1998	Nominating and Governance Committee (Chair)
Ms. Dale Anne Reiss	70	Independent Director	2008	Audit Committee (Chair) Nominating and Governance Committee
Mr. Barry W. Ridings	66	Independent Director	2011	Audit Committee Compensation Committee

#### Director Qualifications

Our Nominating and Governance Committee believes that our directors should possess a diverse range of attributes, including the following qualifications:



Education, background, skills and experience that provide knowledge of business, financial, governmental or legal matters relevant to our business or to our status as a publicly owned company;

A high level of personal and professional ethics, integrity and values;

Reputation for exercising good business judgment;

Commitment to representing the long-term interests of our shareholders; and

Sufficient available time to be able to fulfill his or her responsibilities as a member of the board and of any committees to which he or she may be appointed.

The committee endeavors to ensure our board represents a broad range of experience, qualifications, skills and other attributes and, as a whole, reflects an appropriate diversity of background, experience and perspectives. We believe that the nominees for election as a director have the qualifications necessary to ensure that we are taking appropriate steps to address the complex issues confronting us in a challenging business and economic environment. The nominees for election as a director have held leadership positions in business (and in particular the real estate, investment and financial services business sectors) and finance over an extended period of time. Each of the nominees has demonstrated a long record of professional integrity, intellectual acumen, analytic skills, a strong work ethic and the ability to maintain a constructive environment for discussion of matters considered by our board. Additionally, all of our directors have experience as board members of a diverse range of public and private companies.

#### Director Nominees

Jay Sugarman currently serves as our chairman and chief executive officer. He has served as a director of iStar Inc. (and our predecessors) since 1996 and chief executive officer since 1997. He also currently serves as chairman and chief executive officer of Safety, Income & Growth Inc., or Safety (NYSE: SAFE), the first public company focused on ground lease investments, which is externally-managed by our wholly owned subsidiary and of which we are the largest shareholder. Prior to forming iStar Inc. and its predecessors, Mr. Sugarman managed private investment funds on behalf of the Burden family (a branch of the Vanderbilt family) and the Ziff family. Mr. Sugarman received his undergraduate degree summa cum laude from Princeton University, where he was nominated for valedictorian and received the Paul Volcker Award in Economics, and his M.B.A. with high distinction from Harvard Business School, graduating as a Baker Scholar and recipient of the school's academic prizes for both finance and marketing. As founder of iStar Inc. and chief executive officer since 1997, Mr. Sugarman has demonstrated the leadership skills and extensive executive experience across a broad range of investment, financial and operational matters that are necessary to lead iStar, a fully integrated finance and investment company focused on the commercial real estate industry.

Clifford De Souza has served as one of our directors since 2015. Mr. De Souza is a member of our Audit Committee and our Nominating and Governance Committee. Previously, he was chairman of the board of directors and head of international business at Mitsubishi UFJ Securities International, or Mitsubishi, from 2012 to 2014 and served as its chief executive officer from 2008 to 2012. At Mitsubishi, Mr. De Souza was responsible for its securities and investment banking operations and served as the global head of fixed income and commodities for its securities business. From 2005 to 2007, Mr. De Souza served as the chief executive officer and chief investment officer of EMG Investment Management where he managed and developed an alternative asset management business. From 2001 to 2004, Mr. De Souza served as the head of the hedge fund group at Citigroup Alternative Investment where he managed over \$40 billion in private equity, real estate, structured product and hedge fund assets. From 1995 to 2000, Mr. De Souza served as global co head of the UBS Emerging Markets Debt and Currency Trading Franchise where he directed its global secondary debt, derivative, local instrument and foreign exchange trading functions. He holds a B.A. in Physics from the University of Cambridge and a Ph.D. in Theoretical Physics from the University of Maryland. Mr. De Souza's qualifications for election to our board include his experience as chairman and chief executive officer at Mitsubishi, his involvement and experience leading and developing the management of complex businesses and his in depth expertise as an investor and allocator of capital.



Robert W. Holman, Jr. has served as one of our directors since 1999. He is chairman of our Compensation Committee and a member of our Nominating and Governance Committee. Mr. Holman was co-founder of TriNet Corporate Realty Trust, Inc., or TriNet, a NYSE-listed company that we acquired in 1999, and served as its chief executive officer and chairman of the board. He was chief executive officer and chairman of TriNet's predecessor, Holman/Shidler Corporate Capital, Inc., for ten years. Mr. Holman has structured, acquired, financed and managed several billion dollars of commercial and corporate assets in 40 states and Canada. He co-founded and was a senior executive and director of Watkins Pacific Corporation, a public multi-national conglomerate. Mr. Holman has previously served as a director and member of the audit and investment committees of the Parasol Tahoe Community Foundation, as chairman of the board of directors of Amerivest Properties, Inc., an American Stock Exchange-listed company, and as a senior executive, director, owner or board advisor for investment and operating companies in the United States, Great Britain, Australia and Mexico. He holds a B.A. degree in international economics from the University of California at Berkeley, an M.A. degree with honors from Lancaster University in England, where he was a British Council Fellow, and did post-graduate work at Harvard University where he was awarded a Loeb Fellowship. Mr. Holman's experience as a founder, chief executive and director of TriNet, a public real estate investment firm focused on corporate tenant leasing that remains a key aspect of our business, his involvement in leadership capacities in other companies and organizations engaged in a broad range of business, finance and investment activities and his experience as a private investor all bring valuable skills and qualifications to our board.

Robin Josephs has served as one of our directors since 1998. Ms. Josephs serves as our Lead Director, with duties that include presiding at all executive sessions of the independent directors and serving as principal liaison between the chairman and the independent directors. Ms. Josephs is chair of our Nominating and Governance Committee and a member of our Compensation Committee. She currently serves as a director of Safety, the first public company focused on ground lease investments, which is externally-managed by our wholly owned subsidiary and of which we are the largest shareholder. Ms. Josephs also serves as a director, chair of the compensation committee and a member of the audit committee of MFA Financial, Inc. (NYSE: MFA), which is primarily engaged in investing in residential mortgage-backed securities, and as a director and member of the audit committee and compensation committee of QuinStreet, Inc. (NASDAQ: QNST), a vertical marketing and online media company. Ms. Josephs previously served until 2016 as a director and member of the audit and compensation committees of Plum Creek Timber Company, Inc. (NYSE: PCL), which conducted operations in the land, wood products, natural resource and energy businesses. From 2005 to 2007, Ms. Josephs was a managing director of Starwood Capital Group L.P., a private equity firm specializing in real estate investments. Previously, Ms. Josephs was a senior executive with Goldman Sachs & Co. in various capacities. Ms. Josephs is a trustee of the University of Chicago Cancer Research Foundation. Ms. Josephs received a B.S. degree in economics magna cum laude from the Wharton School (Phi Beta Kappa) and an M.B.A. degree from Columbia University. Ms. Josephs' employment as an investment banking professional brings valuable knowledge of finance and capital markets to our board. Her background working as a managing director of Starwood Capital Group, where she evaluated and managed numerous real estate investments, adds knowledge and expertise in this area of vital importance to our company. Ms. Josephs' extensive experience as a director of public companies also brings to our board valuable skills and insights into the governance of real estate, investment and operating companies.

Dale Anne Reiss has served as one of our directors since 2008. Ms. Reiss is chair of our Audit Committee and a member of our Nominating and Governance Committee. Until her retirement in 2008, she served as Global and Americas Director of Real Estate at Ernst & Young LLP, was a Senior Partner there from 1995 through 2008, and subsequently was a senior consultant to the Global Real Estate Center of Ernst & Young LLP from 2008 to 2011. Ms. Reiss serves as Senior Managing Director of Brock Capital Group LLC and Chairperson of Brock Real Estate LLC, its equity and mezzanine financing arm, as well as Managing Director of Artemis Advisors, LLC. Ms. Reiss currently serves as a director and chair of the audit committee of Tutor Perini Corporation (NYSE: TPC), a leading civil and building construction company, and as a director and a member of the compensation and nominating and governance committees of CYS Investments, Inc. (NYSE: CYS), a specialty finance company that invests in residential mortgage-backed securities. Ms. Reiss also serves on the boards of Educational Housing Services, Inc. and

the Police Pension Board of the City of Sanibel, FL. She previously served as a director and member of the audit committee of Post Properties, Inc., and as a director, chair of the compensation committee and a member of the nominating and governance and executive committees of Care Capital Properties, Inc., a healthcare

real estate investment trust. Ms. Reiss is a former member of the boards of directors of the Pension Real Estate Association and ULI-the Urban Land Institute, where she continues to serve as a governor. Ms. Reiss is a Certified Public Accountant. She received a B.S. from the Illinois Institute of Technology and an M.B.A. from the University of Chicago. Ms. Reiss' qualifications for election to our board include extensive expertise in financial and accounting matters from her experience over an extended period at several major public accounting firms, her leadership experience in management and operations at those firms and her experience as a director of other public and private companies.

Barry W. Ridings has served as one of our directors since 2011. Mr. Ridings is a member of our Audit Committee and our Compensation Committee. He is a senior advisor at Lazard Frères & Co. LLC, having previously served as vice chairman of the firm, where he has been employed since 1999. Mr. Ridings serves as chairman of LMDC Holdings LLC and chairman of Lazard Middle Market LLC. He previously served as managing director of BT Alex Brown from 1990 to 1999. Mr. Ridings has over 40 years of experience in debt and equity offerings, mergers and acquisitions and corporate restructurings. He serves as a director of Siem Industries Inc., a company with interests in oil, gas and shipping, and as a director of Republic Airways Holdings, a regional airline in the United States operating as American Eagle, Delta Connection and United Express. Mr. Ridings is chairman of the Advisory Council for the Cornell University Johnson Graduate School of Business. He serves as a trustee of the Mu of Delta Kappa Epsilon Foundation, a charitable fraternal organization associated with Colgate University, a trustee of The Montclair Kimberley Academy and a director of the Catholic Charities of the Archdiocese of New York. Mr. Ridings has a B.A. in Religion from Colgate University and an M.B.A. in Finance from Cornell University. Mr. Ridings' distinguished career in the finance industry, his experience in helping companies access debt and equity capital and navigate challenging market conditions and his service as a director of other public and private companies demonstrate the valuable skills and attributes Mr. Ridings brings to our board.

#### INFORMATION REGARDING THE BOARD OF DIRECTORS AND ITS COMMITTEES

##### Board Leadership Structure

Our board has the authority to select the leadership structure it considers appropriate for us. In making leadership structure determinations, the board considers many factors, including the specific needs of our business and what is in the best interests of our shareholders. Our current leadership structure consists of a combined chairman of the board and chief executive officer position, a lead independent director, or Lead Director, an active and involved board, a majority of which consists of independent directors, and board committees chaired by independent directors.

Under our bylaws, the chairman of the board presides over the meetings of the board and of the shareholders. The chairman of the board shall perform such other duties as may be assigned to him by the board of directors. The chief executive officer has general responsibility for implementation of our policies, as determined by the board, and for the management of our business and affairs. Jay Sugarman serves as both chairman of the board and chief executive officer.

Our board, by vote of its independent members, designates a Lead Director from among the independent directors, whose duties include the following:

- Preside at all meetings of the board at which the chairman is not present and all executive sessions of the independent directors;
- Serve as principal liaison between the chairman and the independent directors;
- Approve agendas for board meetings;
- Approve information presented to the board;
- Approve the schedule of meetings of the board to assure that there is sufficient time for discussion of agenda items;





• Call meetings of the independent directors, if deemed necessary or appropriate by the Lead Director;  
• If requested by major shareholders, be available for consultation and direct communication with major shareholders and their representatives; and  
• Such other duties as the board may determine from time to time.

Robin Josephs currently serves as our Lead Director.

The board believes that this leadership structure—a combined chairman and chief executive officer, a lead independent director, active and involved independent directors, and board committees led by independent directors—is the most appropriate and effective arrangement for us at this time. Due to the varied and complex nature of our business, the board believes the chief executive officer is in the best position to serve in the critical role of chairman of the board and lead us and the board effectively. Having a chairman who also serves as chief executive officer facilitates timely communication with directors on critical business matters. The board believes that leadership of both the board and the company by Mr. Sugarman is the optimal structure to guide us and maintain the focus needed to achieve our business goals, while also providing for effective oversight by an independent board through an independent lead director. The board also believes the current board leadership structure functions very well and provides an effective balance between strong company leadership and appropriate oversight by independent directors. The board recognizes that circumstances may change, however, and will periodically review its leadership structure.

**No Staggered Board**

All of our directors are elected annually.

**Director Resignation Policy**

In an uncontested election of directors, if an incumbent nominee for director fails to receive the affirmative vote of a majority of the total votes cast “for” and affirmatively “withheld” as to such individual at a meeting of shareholders duly called and at which a quorum is present in accordance with our Bylaws, he or she shall offer to resign from the board promptly following certification of the results of the shareholder vote.

The Nominating and Governance Committee will consider such offer to resign, will determine whether to recommend acceptance of such director’s resignation and will submit such recommendation for consideration by the board. The director whose offer to resign is under consideration shall not participate in any deliberation or vote of the Nominating and Governance Committee or board regarding that offer to resign. Notwithstanding the foregoing, in the event that all directors offer to resign in accordance with this policy, the Nominating and Governance Committee shall make a final determination as to whether to recommend that the board accept any or all offers to resign, including those offers to resign from members of the Nominating and Governance Committee. The Nominating and Governance Committee and the board may consider any factors they deem relevant in deciding whether to accept a director’s resignation.

Within 90 days after the date of certification of the results of the shareholder vote, the board will disclose its decision in a press release, filing with the SEC or by other public announcement. If such director’s offer to resign is not accepted by the board, such director will continue to serve until his or her successor is elected and qualifies, or his or her death, resignation, retirement or removal, whichever event shall occur first. If a director’s offer to resign is accepted by the board, then the board, in its sole discretion, may fill any resulting vacancy pursuant to the Bylaws.

A director’s acceptance of the position, or continued service as, a director of the Company constitutes such director’s agreement to abide by this policy.

#### Board Composition and Diversity

Our board recognizes the value of nominating for election to the board individuals who bring a variety of diverse opinions, perspectives, skills, experiences, backgrounds and orientations to its discussions and decision-making processes. An overriding principle is that all nominations to the board should be based upon merit and suitability of the candidate. Subject to this overriding principle, the board recognizes the need to consider director candidates from different backgrounds, including, but not limited to, geography, race, ethnicity and gender.

The Nominating and Governance Committee regularly assesses the size and composition of our board to help ensure that our board functions in an effective manner given the size, diversity and complexity of our business and the range of business segments and markets in which we operate. The committee believes it is important to have a mix of experienced directors with a deep understanding of our business and others who bring fresh perspectives. The committee engages in discussions of potential additions to our board on an ongoing basis. In seeking to maintain an engaged, independent board possessing broad experience and judgment and committed to representing the long term interests of our shareholders, the committee takes into account the various factors described above in the section of this proxy statement captioned "ELECTION OF DIRECTORS-Director Qualifications".

#### Director Independence

Our board has determined that all of our current directors, other than our chairman and chief executive officer, are independent. In determining director independence, the board considers all relevant facts and circumstances and the NYSE listing standards. Under the NYSE listing standards, no director qualifies as independent unless the board affirmatively determines that the director has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us.

#### Board and Committee Annual Assessments

Our directors engage in an annual assessment of the board and committee performance, for the purpose of ensuring the effectiveness of the board as a whole and its committees. An independent party interviews each director individually on a wide range of topics relating to board structure and composition, communications, information furnished to the board, the board's relationship with management and the effectiveness of the board and its committees, and then summarizes the individual comments and assessments in an oral report to the board in executive session. The board utilizes the results of this process to help refine and improve the operations of the board and its committees.

#### Board Meetings Held during 2017

During the fiscal year ended December 31, 2017, the board held 15 meetings, including meetings held in person and by telephone conference call. All directors are expected to attend a majority of the board meetings. All directors attended at least 75% of all of the board meetings and applicable committee meetings held during 2017. The board also acts by unanimous written consent in appropriate circumstances. Five of our six directors who were elected at the 2017 annual meeting were present in person at that annual meeting.

#### Executive Sessions

Our board of directors meets in executive session at least quarterly without management present. Our audit committee also meets in executive session at least quarterly, without management present, with representatives of our independent registered public accounting firm and with representatives with the accounting firm engaged to assist us in the preparation of our documentation, testing and evaluation of internal controls over financial reporting.

#### Committees Established by the Board

Our board has standing Audit, Compensation and Nominating and Governance Committees. These standing committees are comprised entirely of independent directors. Our board appoints special committees from time to time, as deemed necessary or appropriate.

#### Audit Committee

The Audit Committee is responsible, among other things, for the following matters:

- appointment, compensation, retention and oversight over the work of our independent registered public accounting firm;
- ensuring that procedures are established for handling complaints regarding accounting, internal accounting controls or auditing matters, including the confidential and anonymous submission of “whistleblower” reports by our employees regarding questionable accounting or auditing matters.
- meeting periodically with management and our independent registered public accounting firm to review and discuss the Company’s annual audited financial statements and quarterly financial statements;
- meeting separately, on a periodic basis, with management, with internal auditors or our personnel responsible for the internal audit function, and with our independent registered public accounting firm;
- receiving reports from our management of (i) all significant deficiencies in the design or operation of our internal controls and (ii) any fraud that involving management or other employees who have a significant role in our internal controls;
- reviewing analyses of significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements
- reviewing any accounting adjustments, any communications between the audit team and the audit firm’s national office respecting auditing or accounting and any “management” or “internal control” letter issued, or proposed to be issued, by the auditing firm;
- reviewing our hedging policy and the status of hedging transactions on a quarterly basis;
- reviewing our credit loss reserve policy and establishment of reserves on a quarterly basis;
- discussing policies with respect to risk assessment and risk management;
- discussing any material legal matters;
- ensuring that policies are established regarding hiring employees or former employees of the independent auditors;
- reviewing annually internal and external audits, if any, of our employee benefit plans and pension plans.

As of the date of this proxy statement, the members of the Audit Committee are Dale Anne Reiss (chair), Clifford De Souza and Barry W. Ridings. Each of the current members of the Audit Committee is independent, as defined by the Audit Committee’s charter and the NYSE listing standards. The board has determined that Ms. Reiss, Mr. De Souza and Mr. Ridings each qualifies as an “audit committee financial expert” as defined by the SEC. The Audit Committee met 14 times during 2017, including meetings held in person and by telephone conference call.

#### Compensation Committee

The Compensation Committee is responsible for overseeing our executive compensation programs. The principal responsibilities of the committee are to:

- review management’s recommendations and advise management and the board on broad compensation programs and policies such as salary ranges, annual incentive bonuses and long-term incentive plans,