

Brookdale Senior Living Inc.  
Form DEF 14A  
June 06, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**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

**Brookdale Senior Living 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:

(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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June 6, 2014

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2014 Annual Meeting of Stockholders of Brookdale Senior Living Inc., to be held on Monday, July 7, 2014 at 10:00 A.M., local time, at our principal executive office located at 111 Westwood Place, Brentwood, Tennessee.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting of Stockholders and the attached proxy statement.

On February 20, 2014, Brookdale Senior Living Inc. and Emeritus Corporation entered into a merger agreement (the Merger Agreement ). The proposed merger (the Merger ) is addressed at length in our Registration Statement on Form S-4 that we filed with the Securities and Exchange Commission (the SEC ), and is available on the SEC s website at [www.sec.gov](http://www.sec.gov). **Please note that stockholders will NOT be asked to vote on matters related to the proposed merger at the Annual Meeting.** The annual meeting is separate and distinct from the special meeting of stockholders to be held for the purpose of voting on matters related to the Merger. The special meeting of stockholders to consider approval of the transactions contemplated by the Merger Agreement is scheduled for July 10, 2014. If you are a stockholder on the record date for the special meeting, you will receive a proxy statement that will include instructions on how to vote on the transactions contemplated by the Merger Agreement.

All stockholders are cordially invited to attend the meeting. Whether or not you expect to attend the meeting, it is important that your shares be represented and voted at the meeting. In addition to voting in person, stockholders of record may vote via a toll-free telephone number or over the Internet. Stockholders who received a paper copy of the Proxy Statement and 2013 Annual Report by mail may also vote by completing, signing and mailing the enclosed proxy card promptly in the return envelope provided.

FOR THE BOARD OF DIRECTORS OF

BROOKDALE SENIOR LIVING INC.

Jeffrey R. Leeds

Chairman of the Board of Directors

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**BROOKDALE SENIOR LIVING INC.**

**111 Westwood Place, Suite 400**

**Brentwood, Tennessee 37027**

**NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MONDAY, JULY 7, 2014**

To the Stockholders:

The 2014 Annual Meeting of Stockholders of Brookdale Senior Living Inc. will be held on Monday, July 7, 2014 at 10:00 A.M., local time, at our principal executive office located at 111 Westwood Place, Brentwood, Tennessee, for the following purposes:

1. to elect two Class I directors to hold office for a term of three years and until their successors are duly elected and qualified;
2. to ratify the Audit Committee's appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for the 2014 fiscal year;
3. to hold an advisory vote to approve named executive officer compensation;
4. to hold a vote to approve the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan; and
5. to transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Stockholders of record at the close of business on May 20, 2014 are entitled to notice of, and to vote at, the Annual Meeting, including any adjournments and postponements thereof. Our stock transfer books will remain open for the transfer of our common stock. A list of all stockholders entitled to vote at the meeting will be available for examination at our principal executive office located at 111 Westwood Place, Suite 400, Brentwood, Tennessee 37027, for the ten days before the meeting between 9:00 A.M. and 5:00 P.M., local time, and at the place of the meeting during the meeting for any purpose germane to the meeting.

By Order of the Board of Directors,

Chad C. White

Secretary

Brentwood, Tennessee

June 6, 2014

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE MEETING. IN ADDITION TO VOTING IN PERSON, STOCKHOLDERS OF RECORD MAY VOTE VIA A TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET. STOCKHOLDERS WHO RECEIVED A PAPER COPY OF THE PROXY STATEMENT AND 2013 ANNUAL REPORT BY MAIL MAY ALSO VOTE BY COMPLETING, SIGNING AND MAILING THE ENCLOSED PROXY CARD PROMPTLY IN THE RETURN ENVELOPE PROVIDED. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED WITHIN THE UNITED STATES. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE VOTE BY ONE OF THESE THREE METHODS. THE PROXY MATERIALS ARE BEING MAILED TO STOCKHOLDERS ON OR ABOUT JUNE 9, 2014.

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**BROOKDALE SENIOR LIVING INC.**

**111 Westwood Place, Suite 400**

**Brentwood, Tennessee 37027**

**PROXY STATEMENT**

**FOR THE 2014 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MONDAY, JULY 7, 2014**

**General Information**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Brookdale Senior Living Inc., a Delaware corporation ( Brookdale, the Company, we, us or our ), for use at the 2014 Annual Meeting of Stockholders to be held on Monday, July 7, 2014, including any adjournments and postponements thereof (the Annual Meeting ).

**Date, Time and Place of the Annual Meeting**

The 2014 Annual Meeting of Stockholders of Brookdale will be held on Monday, July 7, 2014 at 10:00 A.M., local time, at our principal executive office located at 111 Westwood Place, Brentwood, Tennessee 37027. Our main telephone number is (615) 221-2250.

**Matters to be Considered at the Annual Meeting**

The items of business scheduled to be considered and voted on at the Annual Meeting are:

1. the election of two Class I directors to hold office for a term of three years and until their successors are duly elected and qualified;
2. the ratification of the Audit Committee s appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for the 2014 fiscal year;
3. an advisory vote to approve named executive officer compensation; and
4. a vote to approve the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan.

We may also consider such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

**Internet Availability of Proxy Materials**

This proxy statement and the annual report for the year ended December 31, 2013 are also available on the Company's website at [www.brookdale.com/proxy](http://www.brookdale.com/proxy).

### **Stockholders Entitled to Vote**

As of May 20, 2014, there were outstanding and entitled to vote 125,393,366 shares of our common stock, par value \$0.01 per share (excludes unvested restricted shares with respect to which the holders have no voting rights). Each share of our common stock entitles the holder to one vote. Stockholders of record at the close of business on May 20, 2014 are entitled to vote at the Annual Meeting, including any adjournments and postponements thereof. A stockholder list will be available for examination by our stockholders at the Annual Meeting and at the principal executive offices of the Company between 9:00 A.M. and 5:00 P.M., local time, during the ten-day period prior to the Annual Meeting for any purpose germane to the meeting.

### **Quorum; Required Vote**

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of our common stock issued and outstanding on May 20, 2014 will constitute a quorum for the transaction of business.

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We will count votes withheld, abstentions and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote the shares as to a particular matter ( broker non-votes ) for the purpose of determining the presence of a quorum for the transaction of business at the Annual Meeting. If a quorum is not present, the Annual Meeting may be adjourned by the chairman of the meeting or by the vote of a majority of the shares represented at the Annual Meeting until a quorum has been obtained.

For the election of nominees to our Board of Directors, the affirmative vote of a plurality of all the votes cast at the Annual Meeting is sufficient to elect the director if a quorum is present. For the ratification of the appointment of Ernst & Young LLP, the advisory vote on named executive officer compensation, the approval of the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan and the approval of any other business properly presented at the Annual Meeting, the affirmative vote of a majority of the shares of our common stock voting in person or by proxy and entitled to vote at the Annual Meeting is required for approval of the matter. Notwithstanding this vote standard, please be advised that Proposal Number Three (an advisory vote to approve named executive officer compensation) is advisory only and is not binding on the Company. Our Board of Directors will consider the outcome of the vote on this item in considering what action, if any, should be taken in response to the advisory vote by stockholders.

If you properly sign and return your proxy card or complete your proxy via the telephone or Internet, your shares will be voted as you direct. If you sign and return your proxy but do not specify how you want your shares voted, the shares of common stock represented by the proxy will be voted as follows:

**FOR** the election of the director nominees named herein;

**FOR** the ratification of the Audit Committee's appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for the 2014 fiscal year;

**FOR** the approval of the compensation paid to the Company's named executive officers, as disclosed in this proxy statement pursuant to the SEC's executive compensation disclosure rules, including the Compensation Discussion and Analysis, the compensation tables and the narrative discussion that accompanies the compensation tables;

**FOR** the approval of the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan; and

in accordance with the judgment of the proxy holders as to any other matters that may be properly brought before the Annual Meeting, including any adjournments and postponements thereof.

We will not count shares that abstain from voting on a particular matter or broker non-votes as votes in favor of such matter. In the election of directors, abstentions and broker non-votes will be disregarded and will have no effect on the outcome of the vote. With respect to the proposal to ratify the appointment of Ernst & Young LLP, abstentions from voting will have the same effect as voting against such matter. With respect to the advisory vote to approve named executive officer compensation and the vote to approve the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan, abstentions from voting and broker non-votes will have the same effect as voting against such matters.

If you hold your shares in street name through a brokerage account, you should have received access to this proxy material from your bank, broker or other holder of record with instructions on how to instruct the holder of record to vote your shares. If you do not submit voting instructions to your broker, your broker may generally vote your shares in its discretion on matters designated as routine under the rules of the New York Stock Exchange ( NYSE ). However, a broker cannot vote shares held in street name on matters designated as non-routine by the NYSE, unless the broker receives voting instructions from the street name holder. The proposal to ratify the appointment of Ernst & Young LLP is considered routine under NYSE rules. Each of the other items to be submitted for a vote of stockholders at the Annual Meeting is considered non-routine under applicable NYSE rules. Accordingly, if you hold your shares in street name through a brokerage account and you do not submit voting instructions to your broker, your broker may exercise its discretion to vote your shares on Proposal

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Number Two but will not be permitted to vote your shares on any of the other items at the Annual Meeting. If your broker exercises this discretion, your shares will be counted as present for the purpose of determining the presence of a quorum at the Annual Meeting and will be voted on Proposal Number Two in the discretion of your broker, but your shares will constitute broker non-votes on each of the other items at the Annual Meeting.

## **Voting**

You may vote by any one of the following means:

on the Internet;

by telephone;

by mail; or

in person, at the Annual Meeting.

To vote by Internet, use the website indicated on your proxy card. You will need the 12 digit number included on your proxy card.

To vote by telephone, dial the toll-free number on your proxy card and follow the instructions. You will need the 12 digit number included on your proxy card.

The deadline for voting by telephone or electronically is 11:59 p.m., Eastern Daylight Time, on July 6, 2014. If you are a registered shareholder and attend the meeting, you may deliver your completed proxy card in person. Street name shareholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares. Submitting your vote by mail or via the Internet or telephone will not affect your right to vote in person should you decide to attend the Annual Meeting. For directions to the Annual Meeting, please contact our Investor Relations Department at (615) 221-2250.

## **Revocability of Proxy**

Any stockholder giving a proxy has the power to revoke it at any time before it is exercised. You may revoke the proxy by filing an instrument of revocation or a duly executed proxy bearing a later date (including by means of a telephone or Internet vote) with our Secretary at 111 Westwood Place, Suite 400, Brentwood, Tennessee 37027. You may also revoke a proxy by attending the Annual Meeting and voting in person. If not revoked, we will vote the proxy at the Annual Meeting in accordance with your instructions.

## **Persons Making the Solicitation**

This proxy statement is sent on behalf of, and the proxies are being solicited by, the Board of Directors of Brookdale. We will bear all costs of the solicitation of proxies. In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, telecopy and personal interviews. We will request brokers, banks, custodians and other fiduciaries to forward proxy soliciting material to the

beneficial owners of stock they hold of record. We will reimburse them for their reasonable out-of-pocket expenses incurred in connection with the distribution of the proxy materials. We have engaged the firm of Morrow & Co., LLC to assist us in the distribution and solicitation of proxies for an estimated fee of \$10,000 plus certain disbursements and expenses.

**Recommendations of the Board of Directors**

The Board of Directors recommends a vote:

**FOR** the election of the director nominees named herein;

**FOR** the ratification of the Audit Committee's appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for the 2014 fiscal year;

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**FOR** the approval of the compensation paid to the Company's named executive officers, as disclosed in this proxy statement pursuant to the SEC's executive compensation disclosure rules, including the Compensation Discussion and Analysis, the compensation tables and the narrative discussion that accompanies the compensation tables; and

**FOR** the approval of the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan.

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The first proposal is to elect two Class I directors to hold office for a term of three years and until their respective successors are duly elected and qualified. The current Class I directors are Frank M. Bumstead, T. Andrew Smith and W.E. Sheriff. W.E. Sheriff will not be standing for re-election to the Board at the 2014 Annual Meeting of Stockholders. His departure did not result from any disagreement with the Company relating to its operations, policies or practices. Mr. Sheriff will continue to serve as a Class I director until his term expires at the conclusion of the 2014 Annual Meeting of Stockholders. Our Board of Directors and management team thank Mr. Sheriff for his service to the Company.

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that our Board of Directors may determine by resolution adopted by a majority of the Board of Directors then in office the number of directors which constitute our Board of Directors. The number of directors is currently fixed at eight, and our Board of Directors has approved a decrease of such number to seven effective at the conclusion of the 2014 Annual Meeting of Stockholders. Our Board of Directors is divided into three classes of directors. The current terms of the Class I, Class II and Class III directors will expire at the annual meetings of stockholders to be held in 2014, 2016 and 2015, respectively.

The Board of Directors has unanimously proposed Frank M. Bumstead and T. Andrew Smith as nominees for re-election as Class I directors. If elected at the Annual Meeting, each of Messrs. Bumstead and Smith will hold office until the 2017 annual meeting of stockholders and until their respective successors are duly elected and qualified, subject to earlier retirement, resignation or removal. If any of the nominees becomes unavailable or unwilling to serve, an event that the Board of Directors does not presently expect, we will vote the shares represented by proxies for the election of directors for the election of such other person(s) as the Board of Directors may recommend. Unless otherwise instructed, we will vote all proxies we receive **FOR** the election of Messrs. Bumstead and Smith.

The Board of Directors recommends that you vote **FOR** the election of each of Messrs. Bumstead and Smith to serve as directors until the 2017 annual meeting of stockholders and until their successors are duly elected and qualified.

**Information Concerning Directors and Director Nominees**

Set forth below is certain biographical information for our directors, including the director nominees. See Security Ownership of Certain Beneficial Owners and Management in this proxy statement for a description of securities beneficially owned by our directors, including the director nominees, as of June 5, 2014.

<b>Name</b>	<b>Age</b>	<b>Position with Brookdale</b>	<b>Class</b>
Jeffrey R. Leeds	68	Non-Executive Chairman of the Board of Directors	Class III
Frank M. Bumstead	72	Director	Class I
Jackie M. Clegg	52	Director	Class II
Mark J. Schulte	60	Director	Class III
James R. Seward	61	Director	Class II
W.E. Sheriff	71	Director	Class I
T. Andrew Smith	54	Director	Class I

Dr. Samuel Waxman

77 Director

Class III

**Jeffrey R. Leeds** became a member of our Board of Directors in November 2005 and has served as Non-Executive Chairman of the Board since June 2012. Mr. Leeds retired as Executive Vice President and Chief Financial Officer of GreenPoint Financial Corporation and GreenPoint Bank in October 2004, in which

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capacities he served since January 1999. Prior to that, he was Executive Vice President, Finance and Senior Vice President and Treasurer of GreenPoint. He joined GreenPoint after 14 years with Chemical Bank, having held positions as Head of Asset and Liability Management, Proprietary Trading and Chief Money Market Economist. He previously served as a director and chair of the Audit Committee of Och-Ziff Capital Management Group LLC and as a director and Audit Committee member of United Western Bancorp. Mr. Leeds' experience as an executive and principal financial officer, along with his extensive financial industry expertise, led to the conclusion that he should serve as a member of our Board of Directors.

**Frank M. Bumstead** became a member of our Board of Directors in August 2006. Prior to our acquisition of American Retirement Corporation, or ARC, Mr. Bumstead served as the Lead Director of ARC. Mr. Bumstead had been a member of the Board of Directors of ARC for 11 years. Since 1989, Mr. Bumstead has been President or Chairman and a principal shareholder of Flood, Bumstead, McCready & McCarthy, Inc., a business management firm that represents, among others, artists, songwriters and producers in the music industry. From 1993 to December 1998, Mr. Bumstead also served as the Chairman and Chief Executive Officer of FBMS Financial, Inc., an investment advisor registered under the Investment Company Act of 1940. Mr. Bumstead is a director of Syntroleum Corporation. Mr. Bumstead's experience in business management and as a director of several public companies, along with his knowledge of the senior housing industry (through his prior service as a director of ARC), led to the conclusion that he should serve as a member of our Board of Directors.

**Jackie M. Clegg** became a member of our Board of Directors in November 2005. Ms. Clegg has served as the Managing Partner of the strategic consulting firm Clegg International Consultants, LLC since August 2001. Prior to that, from June 1997 through July 2001, Ms. Clegg was Vice Chair of the Board of Directors, First Vice President and for a time Chief Operating Officer of the Export-Import Bank of the United States, the official export credit institution of the United States government. Ms. Clegg currently serves as a director and as an Audit Committee member of CME Group Inc., the parent company of the Chicago Mercantile Exchange, and chairs the Audit Committee of the Public Welfare Foundation. Ms. Clegg also previously served on the Board of Directors of Cardiome Pharma Corp., Javelin Pharmaceuticals, Inc. and Blockbuster Inc. and as Chair of the Audit Committees of the Chicago Board of Trade, Cardiome Pharma Corp. and Javelin Pharmaceuticals, Inc. She has also chaired numerous special committees for mergers, acquisitions and financing transactions. Ms. Clegg also worked in the U.S. Senate on international finance and monetary policy, national security and foreign affairs. Ms. Clegg's experience in the public sector and as a director of numerous public companies (including her service as chairman of the foregoing special committees) led to the conclusion that she should serve as a member of our Board of Directors.

**Mark J. Schulte** became a member of our Board of Directors in February 2008. Mr. Schulte served as our Co-Chief Executive Officer from July 2006 until February 2008. He previously served as our Chief Executive Officer from August 2005 until July 2006. Mr. Schulte also previously served as Chief Executive Officer and as a member of the Board of Directors of Brookdale Living Communities, Inc., or BLC, since 1997, and was also Chairman of the Board of BLC from September 2001 to June 2005. From January 1991 to May 1997, he was employed by BLC's predecessor company, The Prime Group, Inc., in its Senior Housing Division, most recently serving as its Executive Vice President, with primary responsibility for overseeing all aspects of Prime's Senior Housing Division. He is a former Chairman of the American Seniors Housing Association, or ASHA. Mr. Schulte is licensed to practice law in the State of New York. Mr. Schulte's extensive knowledge of the senior housing industry and his prior experience as a principal executive officer led to the conclusion that he should serve as a member of our Board of Directors.

**James R. Seward** became a member of our Board of Directors in November 2008. Since 2000, Mr. Seward has been a private investor. Previously, Mr. Seward was Chief Executive Officer and President of SLH Corporation and Chief Financial Officer of Seafield Capital Corporation, both of which were publicly-traded investment holding companies. Mr. Seward, a Chartered Financial Analyst, currently serves as a member of the board of directors and Audit

Committee of Syntroleum Corporation, a synthetic and renewable fuels processor, and is Chairman of the Board of Trustees and a member of the Audit Committee of RBC Funds, a registered

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investment company. He previously served as a director of ARC and LabOne. Mr. Seward's experience and credentials in investing and finance, along with his knowledge of both the senior housing industry (through his prior service as a director of ARC) and the health care industry (through his prior service as a director of LabOne), led to the conclusion that he should serve as a member of our Board of Directors.

**W.E. Sheriff** has served as a member of our Board of Directors since January 2010. He previously served as our Chief Executive Officer from February 2008 until February 2013 and as our Co-Chief Executive Officer from July 2006 until February 2008. Previously, Mr. Sheriff served as Chairman and Chief Executive Officer of ARC and its predecessors since April 1984 and as its President since November 2003. From 1973 to 1984, Mr. Sheriff served in various capacities for Ryder System, Inc., including as President and Chief Executive Officer of its Truckstops of America division. Mr. Sheriff serves on the boards of various educational and charitable organizations and in varying capacities with several trade organizations, and also serves as a member of the Board of Directors of Direct Supply, Inc. Mr. Sheriff's extensive knowledge of the senior housing industry and his experience as our previous Chief Executive Officer and as the Chairman and Chief Executive Officer of ARC led to the conclusion that he should serve as a member of our Board of Directors.

**T. Andrew Smith** became a member of our Board of Directors on June 3, 2014 and has served as our Chief Executive Officer since February 2013. Previously, Mr. Smith served as our Executive Vice President, General Counsel and Secretary since October 2006. In that capacity, in addition to his role in managing the Company's legal affairs, Mr. Smith was responsible for management and oversight of the Company's corporate development functions (including acquisitions and expansion and development activity); corporate finance activities (including capital structure, debt and lease transactions and lender/lessor relations); strategic planning; and risk management. Prior to joining Brookdale, Mr. Smith was with Bass, Berry & Sims PLC in Nashville, Tennessee from 1985 to 2006, where he was a member of the firm's corporate and securities group and served as the chair of the firm's healthcare group. While at Bass, Berry & Sims, Mr. Smith served ARC as outside General Counsel. Mr. Smith currently serves as a member of the board of directors of the National Investment Center for the Seniors Housing & Care Industry and as a member of the executive board of the American Seniors Housing Association. Mr. Smith's knowledge of the senior housing industry and his experience as our Chief Executive Officer, and previously as our Executive Vice President, General Counsel and Secretary, led to the conclusion that he should serve as a member of our Board of Directors.

**Dr. Samuel Waxman** became a member of our Board of Directors in November 2005. Since 1983, Dr. Waxman has served as a professor at Mount Sinai School of Medicine where he directs a multidisciplinary cancer research laboratory and currently serves as the Distinguished Service Professor. In addition, since July 1980, Dr. Waxman has served as the Founder and Scientific Director of the Samuel Waxman Cancer Research Foundation, which supports an international program of collaborative scientists. He is also the president of Samuel Waxman M.D. P.C. Dr. Waxman earned his M.D. Summa Cum Laude from Downstate Medical Center of the State University of New York and completed all clinical and research training at Mount Sinai Hospital in New York. Dr. Waxman's experience in, and knowledge of, health care and the health care industry led to the conclusion that he should serve as a member of our Board of Directors.

## **Legal Proceedings Involving Directors, Officers or Affiliates**

There are no legal proceedings ongoing as to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our affiliates.

## **Director Independence**

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Our Board of Directors has affirmatively determined that Ms. Clegg, Messrs. Bumstead, Leeds, Schulte and Seward and Dr. Waxman are independent under Section 303A.02(b) of the NYSE listing standards because

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none of them has a material relationship with Brookdale. In making these determinations, our Board of Directors considered all relevant facts and circumstances, as required by applicable NYSE listing standards.

The NYSE rules require that the Board of Directors consist of a majority of independent directors and that the Nominating and Corporate Governance Committee, the Compensation Committee and the Audit Committee of the Board of Directors consist entirely of independent directors. Under NYSE listing standards, whether a director is an independent director is a subjective determination to be made by the Board of Directors, and a director of Brookdale only qualifies as independent if the Board of Directors affirmatively determines that the director has no material relationship with Brookdale (either directly or as a partner, shareholder or officer of an organization that has a relationship with Brookdale). While the test for independence is a subjective one, the NYSE rules also contain objective criteria that preclude directors from being considered independent in certain situations.

Specifically, persons meeting the following objective criteria are deemed to be not independent:

A director who is an employee, or whose immediate family member is an executive officer, of Brookdale (including any consolidated subsidiary), may not be considered independent until three years after the end of such employment relationship;

A director who has received, or whose immediate family member has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from Brookdale (including any consolidated subsidiary), other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

A director who (i) is, or whose immediate family is, a current partner of a firm that is the internal or external auditor of Brookdale; (ii) is a current employee of such a firm; (iii) a director whose immediate family member is a current employee of such firm and who personally works on Brookdale's audit; or (iv) was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Brookdale's audit within that time;

A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of Brookdale's present executives serve on that company's compensation committee may not be considered independent until three years after the end of such service or the employment relationship; and

A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company (or a consolidated subsidiary of such company) that makes payments to, or receives payments from, Brookdale for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues may not be considered an independent director until three years after falling below such threshold.

Ownership of a significant amount of Brookdale's stock, by itself, does not constitute a material relationship.

The Board of Directors has not established additional guidelines to assist it in determining whether a director has a material relationship with Brookdale under NYSE rules, but instead evaluates each director or nominee for director under the tests set forth by the NYSE and through a broad consideration and evaluation of all relevant facts and circumstances. The Board of Directors, when assessing the materiality of a director's relationship with Brookdale, also considers the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation.

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There were no transactions, relationships or arrangements not disclosed pursuant to Item 404(a) of Regulation S-K that were considered by our Board of Directors in making the required independence determinations. None of the directors or nominees that were deemed independent had any relationship with us (other than as a director or stockholder).

### **Compensation of Directors**

Under the compensation program for the members of our Board of Directors (other than Mr. Sheriff), each non-affiliated director receives an annual cash retainer of \$100,000. Any director serving as Non-Executive Chairman of the Board receives an additional annual cash retainer of \$25,000, the Chair of the Audit Committee receives an additional annual cash retainer of \$15,000 and the chairs of any other committees of the Board each receive an additional annual cash retainer of \$10,000. Each Board and committee member also receives a \$1,500 cash meeting fee for each Board and committee meeting that he or she attends (whether he or she attends in person or telephonically). All cash amounts are payable quarterly in arrears, with payments to be made on April 1, July 1, October 1 and January 1. Affiliated directors are not separately compensated by us. In addition, following his retirement in February 2013, Mr. Sheriff is compensated for his service as a consultant to the Company under the terms of his employment agreement as described below in Employment Agreements with Named Executive Officers Employment Agreement and Related Arrangements with W. E. Sheriff and is not otherwise separately compensated by us.

Under the compensation program, each director also has the opportunity to elect to receive either immediately vested shares or restricted stock units in lieu of up to 50% of their quarterly cash compensation. Any immediately vested shares or restricted stock units are issued at the same time that cash payments are made. The number of shares or restricted stock units to be issued is based on the closing price of the Company's common stock on the date of issuance (i.e., April 1, July 1, October 1 and January 1), or if such date is not a trading date, on the previous trading day's closing price. Fractional amounts are to be paid in cash. Each restricted stock unit will be payable in the form of one share of the Company's common stock following the director's termination of service as a member of the Company's Board of Directors.

Each director of the Company who is not (i) an officer or employee of the Company or of any of its parents or subsidiaries or (ii) the beneficial owner, whether directly or indirectly, of ten percent or more of our common stock (an eligible director) is also eligible to receive additional stock grants under our Omnibus Stock Incentive Plan. In addition, each of our independent directors (other than Mr. Schulte) received grants of time-based restricted stock under our Omnibus Stock Incentive Plan promptly following their initial election to the Board.

On February 7, 2008, we entered into a Separation Agreement and General Release with Mr. Schulte, pursuant to which Mr. Schulte resigned in his capacity as Co-Chief Executive Officer of the Company effective February 7, 2008. Pursuant to the Separation Agreement, we agreed to provide, at our expense, continued group health plan coverage for Mr. Schulte and his dependents for so long as he serves as a non-employee director. Under the terms of the Separation Agreement, Mr. Schulte reaffirmed the various restrictive covenants relating to non-competition, non-solicitation, non-disparagement and confidentiality previously made by him in connection with his restricted stock award agreements. These restrictive covenants will continue to apply until the longer of the periods specified in such award agreements or the period ending nine months after the date he is no longer serving us as either an employee or as a member of our Board of Directors.

### **Director Compensation for 2013**

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The following table sets forth certain summary information for the year ended December 31, 2013 with respect to the compensation awarded to, earned by, or paid to our directors. Information regarding compensation awarded to, earned by, or paid to Mr. Sheriff for his service through February 20, 2013 as Chief Executive Officer is included in Compensation of Executive Officers below. Information regarding compensation

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awarded to, earned by, or paid to Mr. Sheriff for his service on and after February 20, 2013 as a consultant is included in the following table.

<b>Name</b>	<b>Fees Earned</b>		<b>All Other Compensation</b>	<b>Total</b>
	<b>or Paid in Cash (\$)</b>	<b>Stock Awards (\$)</b>		
Jeffrey R. Leeds	132,472 <sup>(6)</sup>	33,028		165,500
Frank M. Bumstead	146,000			146,000
Jackie M. Clegg	78,284 <sup>(7)</sup>	78,216		156,500
Wesley R. Edens <sup>(8)</sup>				
Randal A. Nardone <sup>(8)</sup>				
Mark J. Schulte	143,500		21,271 <sup>(4)</sup>	164,771
James R. Seward	143,500			143,500
W.E. Sheriff			267,691 <sup>(5)</sup>	267,691
Dr. Samuel Waxman	146,500			146,500

- (1) The grant date fair value of each equity award granted during 2013 (which represents the immediately vested shares issued to Mr. Leeds in lieu of a portion of his cash compensation for 2012 and 2013 and the restricted stock units issued to Ms. Clegg in lieu of a portion of her cash compensation for 2012 and 2013), computed in accordance with FASB ASC Topic 718, is as follows:

<b>Name</b>	<b>Date of Grant</b>	<b>Number of Shares of Stock/RSUs Granted (#)</b>	<b>Grant Date Fair Value of Stock Awards (\$)</b>
Mr. Leeds	1/1/2013	329	8,330
	4/1/2013	292	8,030
	7/1/2013	288	7,730
	10/1/2013	306	8,326
Ms. Clegg	1/1/2013	720	18,230
	4/1/2013	772	21,230
	7/1/2013	652	17,500
	10/1/2013	698	18,993

- (2) None of the directors held any unvested stock awards as of December 31, 2013.  
(3) See Note 14 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a summary of the assumptions made in the valuation of stock awards.  
(4) Represents the amount of premiums paid by the Company for continued group health plan coverage for Mr. Schulte and his dependents.  
(5)

Represents \$257,134 in consulting fees that Mr. Sheriff received for 2013 pursuant to the terms of his employment agreement, \$192 in employer contributions during 2013 to Mr. Sheriff's health savings account and \$10,365 in premiums paid by the Company for continued group health coverage for Mr. Sheriff and his dependents.

- (6) Mr. Leeds elected to receive \$33,028 of his total 2013 compensation in the form of immediately vested shares. See Footnote 1 for the number of shares granted to Mr. Leeds during 2013 and the grant date fair value of each such award. In addition, Mr. Leeds received 329 shares (with a grant date fair value of \$8,942) on January 1, 2014 (representing shares received in lieu of a portion of his cash compensation for the fourth quarter of 2013).
- (7) Ms. Clegg elected to receive \$78,217 of her total 2013 compensation in the form of restricted stock units. See Footnote 1 for the number of shares granted to Ms. Clegg during 2013 and the grant date fair value of each such award. In addition, Ms. Clegg received 754 restricted stock units (with a grant date fair value of \$20,494) on January 1, 2014 (representing shares received in lieu of a portion of her cash compensation for the fourth quarter of 2013).

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- (8) Messrs. Edens and Nardone, as affiliated directors, did not receive compensation from us for service as members of the Board of Directors. Immediately following the completion of the sale by affiliates of certain funds managed by affiliates of Fortress Investment Group LLC (the Fortress Stockholders ) of all of the shares of common stock held by them on June 2, 2014, Messrs. Edens and Nardone, each a designee of the Fortress Stockholders to our Board of Directors, resigned as directors in accordance with the letter agreement entered into by the Company and the Fortress Stockholders on February 20, 2014.

### **Meetings of the Board of Directors**

The Board of Directors met 15 times in 2013. Each of our directors attended at least 75% of the total number of meetings of the Board of Directors and all committees of the Board of Directors on which he or she served during 2013.

Executive sessions of non-management directors, as defined under the rules of the NYSE, are required to be held regularly. Any non-management director can request that additional executive sessions be scheduled. Effective June 29, 2012, Mr. Leeds was elected to serve as Non-Executive Chairman of the Board. In that capacity, Mr. Leeds presides over executive sessions of our non-management directors. Prior to his election, the non-management directors designated a director to preside at each executive session at the beginning of each session.

Brookdale does not require directors to attend the annual stockholders meetings, although they are invited and encouraged to attend. All of the then-incumbent members of the Board of Directors attended the 2013 annual meeting of stockholders.

### **Committees of the Board of Directors**

Brookdale has established four separate standing committees of its Board of Directors: the Audit Committee, the Compensation Committee, the Investment Committee and the Nominating and Corporate Governance Committee.

#### *Audit Committee*

The Company has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit Committee's functions include:

reviewing the audit plans and findings of the independent registered public accounting firm and our internal audit and risk review staff, as well as the results of regulatory examinations, and tracking management's corrective action plans where necessary;

reviewing our financial statements (and related regulatory filings), including any significant financial items and/or changes in accounting policies, with our senior management and independent registered public accounting firm;

reviewing our risk and control issues, compliance programs and significant tax and legal matters;

having the sole discretion to appoint annually the independent registered public accounting firm and evaluating its independence and performance, as well as to set clear hiring policies for the Company's hiring of employees or former employees of the independent registered public accounting firm; and