

Terreno Realty Corp  
Form DEF 14A  
March 19, 2015  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**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

**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

**Terreno Realty Corporation**

**(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) (set forth the amount on which the filing fee is calculated and state how it was determined)

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

101 Montgomery Street, Suite 200

San Francisco, California 94104

(415) 655-4580

March 19, 2015

Dear Fellow Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Terreno Realty Corporation. This meeting will be held on Tuesday, May 5, 2015, at 8:00 a.m., local time, at our corporate headquarters, 101 Montgomery Street, Suite 200, San Francisco, California 94104.

The attached proxy statement, accompanied by the notice of meeting, describes the matters expected to be acted upon at the meeting. We urge you to review these materials carefully and to use this opportunity to take part in the affairs of Terreno Realty Corporation by voting on the matters described in the proxy statement. Following the formal portion of the meeting, our directors and management team will be available to answer appropriate questions.

Your vote is important. Whether or not you plan to attend the meeting, please authorize a proxy to vote your shares as promptly as possible by calling the toll-free telephone number or via the Internet. If you received a proxy card by mail, you may complete the enclosed proxy card and return it as promptly as possible. The proxy statement and the enclosed proxy card contain instructions regarding all three methods of voting. If your shares of common stock are held by a broker, bank or other nominee, please follow the instructions you receive from your broker, bank or other nominee to have your shares of common stock voted. If you attend the meeting, you may continue to have your shares voted as you have previously instructed or you may withdraw your proxy at the meeting and vote your shares in person.

We have also enclosed a copy of our 2014 Annual Report. Thank you for your interest in Terreno Realty Corporation.

Sincerely,

W. Blake Baird  
*Chairman and Chief Executive Officer*

Michael A. Coke  
*President*

Table of Contents

**TERRENO REALTY CORPORATION**

**101 Montgomery Street, Suite 200**

**San Francisco, California 94104**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be Held on May 5, 2015**

**To Our Stockholders:**

Notice is hereby given that the 2015 annual meeting of the stockholders of Terreno Realty Corporation, a Maryland corporation, will be held on Tuesday, May 5, 2015 at 8:00 a.m., local time, at our corporate headquarters, 101 Montgomery Street, Suite 200, San Francisco, California 94104. At the meeting, stockholders will consider and vote on the following matters:

1. The election of six directors, each to serve until the next annual meeting of stockholders and until his successor has been duly elected and qualifies;
2. A resolution to approve, on a non-binding, advisory basis, the compensation of certain executives, as more fully described in the accompanying proxy statement;
3. The ratification of the appointment of Ernst & Young LLP as our independent registered certified public accounting firm for the 2015 fiscal year; and
4. Such other business as may properly come before the annual meeting, including any adjournments or postponements of the meeting.

If you were a stockholder of record of our common stock as of the close of business on March 2, 2015, you can vote in person or by proxy at the meeting. If you do not plan to attend the meeting and vote in person, please authorize a proxy to vote your shares in one of the following ways (if you received paper copies of the proxy materials):

Use the toll-free telephone number shown on your proxy card on or before 8:00 p.m., Pacific Time, on May 4, 2015 (this call is toll-free if made in the United States or Canada);

Go to the website address shown on your proxy card on or before 8:00 p.m., Pacific Time, on May 4, 2015 and authorize a proxy via the Internet; or

Edgar Filing: Terreno Realty Corp - Form DEF 14A

Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope so that it is received by 8:00 p.m., Pacific Time, on May 4, 2015.

If you received a notice of internet availability of proxy materials, please follow the voting instructions in that notice. Stockholders who authorize a proxy over the Internet, who authorize a proxy by telephone or who return proxy cards by mail prior to the meeting may nonetheless attend the meeting, revoke their proxies and vote their shares in person.

By Order of our Board of Directors

W. Blake Baird

*Chairman and Chief Executive Officer and  
Secretary*

San Francisco, California

March 19, 2015

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<u>Questions and Answers</u>	1
<u>Corporate Governance and Related Matters</u>	5
<u>Independent Directors</u>	5
<u>Executive Sessions</u>	5
<u>Nominations for Directors</u>	5
<u>Communications with our Board of Directors</u>	6
<u>Board Leadership Structure</u>	6
<u>Risk Oversight</u>	6
<u>Code of Business Conduct and Ethics</u>	7
<u>Corporate Governance Guidelines</u>	7
<u>Meetings and Committees of Our Board of Directors</u>	7
<u>Meetings</u>	7
<u>Committee Membership</u>	7
<u>Other Committees</u>	9
<u>Proposal 1 Election of Directors</u>	10
<u>Executive Officers</u>	13
<u>Proposal 2 Non-Binding, Advisory Approval of Executive Compensation</u>	14
<u>Proposal 3 Ratification of the Appointment of Independent Registered Certified Public Accounting Firm</u>	15
<u>Fees Paid to Independent Registered Certified Public Accounting Firm</u>	15
<u>Audit Fees</u>	15
<u>Audit-Related Fees</u>	16
<u>Tax Fees</u>	16
<u>All Other Fees</u>	16
<u>Pre-Approval Procedures</u>	16
<u>Report of the Audit Committee</u>	17
<u>Compensation Committee Report</u>	19
<u>Risk Considerations in our Compensation Programs</u>	19
<u>Compensation Committee Interlocks and Insider Participation</u>	19
<u>Compensation Discussion and Analysis</u>	20
<u>Overview</u>	20
<u>Objectives</u>	20
<u>Management's and Advisor's Role in Compensation Decisions</u>	20
<u>Principal Elements of Compensation and Total Direct Compensation</u>	20
<u>Other Elements of Compensation</u>	22
<u>Other Compensation Policies</u>	23
<u>Summary Compensation Table</u>	24
<u>Grants of Plan-Based Awards</u>	26
<u>Outstanding Equity Awards at Fiscal Year End</u>	27
<u>Stock Vested Table</u>	28
<u>Payments upon Termination of Employment and Change of Control</u>	28

<u>Director Compensation</u>	32
<u>Share Ownership Information</u>	33
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	33
<u>Certain Transactions</u>	33



**Table of Contents**

	<b>Page</b>
<u>Security Ownership</u>	34
<u>Stockholder Proposals</u>	35
<u>2014 Annual Report</u>	36
<u>Other Matters</u>	36

**Table of Contents**

**TERRENO REALTY CORPORATION**

**101 Montgomery Street, Suite 200**

**San Francisco, California 94104**

**(415) 655-4580**

**PROXY STATEMENT**

**2015 ANNUAL MEETING OF STOCKHOLDERS**

**QUESTIONS AND ANSWERS**

***Q: Why did you send me this proxy statement?***

A: We sent you this proxy statement and the enclosed proxy card because our board of directors is soliciting proxies to be voted at our annual meeting. The annual meeting will be held at our corporate headquarters, 101 Montgomery Street, Suite 200, San Francisco, California 94104 on Tuesday, May 5, 2015, at 8:00 a.m., Pacific Time. This proxy statement summarizes the information you need to know to vote by proxy or in person at the annual meeting. You do not need to attend the annual meeting in person in order to vote.

***Q: When was the proxy statement mailed?***

A: The proxy statement, the enclosed proxy card and the 2014 annual report are being mailed to stockholders beginning on or about March 19, 2015. Certain of our stockholders may receive a notice of internet availability of proxy materials, or Notice, which is first being sent to stockholders on or about March 19, 2015, containing information on the availability of our proxy materials on the Internet. Stockholders who received the Notice by mail will not receive a paper copy of our proxy materials unless requested in the manner described in the Notice. The Notice explains how to access and review this proxy statement and our 2014 annual report, and how you may vote by proxy.

***Q: Who is entitled to vote?***

A: All stockholders of record of our common stock as of the close of business on March 2, 2015, the record date, are entitled to receive notice of the annual meeting and to cast one vote for each share of common stock they held of record at the close of business on the record date.

***Q: What is the quorum for the meeting?***

A: Stockholders entitled to cast a majority of all votes entitled to be cast, as of the close of business on the record date, will constitute a quorum for the transaction of business at the annual meeting. No business may be conducted at the meeting if a quorum is not present. Broker non-votes (defined below) and abstentions will be counted as present in determining whether or not there is a quorum. As of the close of business on the record date, 42,876,144 shares of common stock were issued and outstanding.

If stockholders entitled to cast a majority of all votes entitled to be cast are not present, in person or by proxy, at the annual meeting, the chairman of the meeting may adjourn the annual meeting to another date, time or place, not later than 120 days after the original record date of March 2, 2015. Notice need not be given of the new date, time or place if announced at the meeting before an adjournment is taken.

**Table of Contents**

***Q: How many votes do I have without attending the annual meeting?***

A: You are entitled to cast one vote for each share of our common stock you owned of record on the record date on each item submitted to you for consideration.

***Q: How do I vote without attending the annual meeting?***

A: Whether or not you plan to attend the annual meeting, we urge you to authorize your proxy to vote. If you received a Notice, please follow the voting instructions in the Notice to authorize your proxy. If you received paper copies, you may authorize your proxy by completing, dating, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize your proxy to vote your shares by the Internet or telephone as described in your proxy card. Your proxy (one of the individuals named in your proxy card) will vote your shares per your instructions. Authorizing your proxy by mailing a proxy card, the Internet or telephone will not limit your right to attend the annual meeting and vote your shares in person.

***Q: How do I vote my shares that are held by my broker, bank or other nominee?***

A: If you have shares held through a broker, bank or other nominee, you should instruct your broker, bank or other nominee to vote your shares by following the instructions that the broker, bank or other nominee provides to you. Most brokers, banks or other nominees allow you to provide voting instructions by the Internet, mail or telephone.

***Q: What am I voting on?***

A: You are being asked to consider and vote on the following proposals:

a proposal to elect six directors, each to serve until the next annual meeting of stockholders and until his successor has been duly elected and qualifies;

a proposal to adopt a resolution to approve, on a non-binding, advisory basis, certain executive compensation as more fully described in this proxy statement; and

a proposal to ratify the appointment of Ernst & Young LLP as our independent registered certified public accounting firm for the 2015 fiscal year.

In addition, your proxies will have the authority to vote in their discretion as to any other business as may properly come before the annual meeting, including any adjournments or postponements thereof.

***Q: What vote is required to approve the proposals assuming that a quorum is present at the annual meeting?***

The following table sets forth the voting requirements with respect to each of the proposals:

Edgar Filing: Terreno Realty Corp - Form DEF 14A

Proposal 1	Election of Directors	Each director must be elected by a majority of the votes cast at the annual meeting. Accordingly, in an uncontested election, a nominee is elected if he or she receives more FOR votes than the total number of AGAINST and WITHHELD votes. Please see the section entitled Vote Required Majority Vote Standard for Election of Directors for a more detailed description of the majority voting standard in our bylaws.
Proposal 2	Non-binding, advisory approval of executive compensation	To be adopted by stockholders, this resolution must receive the affirmative FOR vote of a majority of votes cast on this proposal at the annual meeting.
Proposal 3	Ratification of the Appointment of Independent Registered Certified Public Accounting Firm	To be approved by stockholders, this proposal must receive the affirmative FOR vote of a majority of votes cast on this proposal at the annual meeting.

**Table of Contents**

In respect of Proposals 1, 2 and 3, abstentions and broker non-votes are not counted as votes cast and will have no effect on the result of the vote. Instructions to withhold authority to vote for any nominee will have the effect of a vote against the election of that nominee.

***Q: Will there be any other items of business on the agenda?***

A: Our board of directors does not know of any other matters that may be properly brought before the annual meeting nor does it foresee or have reason to believe that proxy holders will have to vote for substitute or alternate nominees for election to our board of directors. In the event that any other matter should properly come before the annual meeting or any nominee is not available for election, the persons named in the enclosed proxy will have discretionary authority to vote all proxies with respect to such matters in accordance with their discretion.

***Q: What happens if I submit my proxy without providing voting instructions on all proposals?***

A: If you are a stockholder of record and properly submit your proxy via the Internet, mail or telephone, your proxy will be voted at the annual meeting in accordance with your directions. If you sign and return a proxy card without giving specific voting instructions, then the Company-designated proxy holders will vote your shares in the manner recommended by our board of directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the meeting.

If you are a beneficial owner of shares and your broker, bank or nominee does not receive instructions from you about how your shares are to be voted, one of two things can happen, depending on the type of proposal. Pursuant to NYSE, rules, brokers, banks and nominees have discretionary power to vote your shares with respect to routine matters such as the ratification of the appointment of our independent registered certified public accounting firm, but they do not have discretionary power to vote your shares on non-routine matters. The election of directors and the non-binding, advisory approval of executive compensation are considered non-routine matters. A broker, bank or nominee may not vote your shares with respect to non-routine matters if you have not provided instructions. This is called a broker non-vote. We strongly encourage you to submit your proxy with instructions and exercise your right to vote as a stockholder.

***Q: Who has paid for this proxy solicitation?***

A: We have paid the entire expense of preparing, printing and mailing this proxy statement and any additional materials furnished to stockholders.

***Q: May stockholders ask questions at the annual meeting?***

A: Yes. There will be time allotted at the end of the meeting when our representatives will answer appropriate questions from the floor.

***Q: How do I submit a proposal or nominate a candidate for election as a director at the 2016 annual meeting of stockholders?***

A: Our bylaws currently provide that in order for a stockholder to nominate a candidate for election as a director at an annual meeting of stockholders or propose business for consideration at such meeting, written notice accompanied by the information and other materials specified in our bylaws generally must be delivered to our corporate secretary not later than the close of business on the 120th day, and not earlier than the 150th day, prior to the first anniversary of the date of the notice for the preceding year's annual meeting. Accordingly, a stockholder nomination or proposal intended to be considered at the 2016 annual meeting of stockholders, but not included in our proxy statement, generally must be received by our corporate secretary after October 20, 2015 and prior to 5:00 p.m., Eastern Time, the close of business, on November 20, 2015. If the 2016 annual meeting of

## **Table of Contents**

stockholders is scheduled to take place before April 5, 2016 or after June 4, 2016, then notice must be delivered no earlier than the 150th day prior to the 2016 annual meeting of stockholders and not later than the close of business on the later of the 120th day prior to the 2016 annual meeting of stockholders or the tenth day following the day on which public announcement of the date of the 2016 annual meeting of stockholders is first made by the Company. If the number of directors to be elected at the 2016 annual meeting of stockholders is increased, and there is no public announcement of such increase before November 10, 2015, then notice of nominees for any new positions created by such increase must be delivered not later than 5:00 p.m., Eastern Time, the close of business, on the later of November 10, 2015 and the tenth day after the day on which public announcement of such increase is first made by the Company. Proposals or nominations and the other materials required by our bylaws should be mailed to the attention of our corporate secretary at 101 Montgomery Street, Suite 200, San Francisco, CA 94104. A copy of the bylaws may be obtained from our corporate secretary by written request to the same address.

The date by which we must receive stockholder proposals for inclusion in the proxy materials relating to the 2016 annual meeting of stockholders, or for presentation at such meeting, is November 20, 2015. Stockholder proposals to be included in our proxy materials relating to the 2016 annual meeting of stockholders must comply with all of the applicable requirements set forth in the rules and regulations of the Securities and Exchange Commission, or SEC, including Rule 14a-8. Our board of directors will review any stockholder proposals that are timely submitted and will determine whether such proposals meet the criteria for inclusion in the proxy solicitation materials or for consideration at the 2016 annual meeting.

### ***Q: Can I change my vote after I have voted?***

A: Yes. Proxies properly submitted by the Internet, mail or telephone do not preclude a stockholder from voting in person at the meeting. A stockholder may revoke a proxy at any time prior to its exercise by filing with our corporate secretary a duly executed revocation of proxy, by properly submitting, either by Internet, mail or telephone, a proxy to our corporate secretary bearing a later date or by appearing at the meeting and voting in person. Attendance at the meeting will not by itself constitute revocation of a proxy. If you have shares held through a broker, bank or other nominee and you instructed your broker, bank or other nominee to vote your shares by following the instructions that the broker, bank or other nominee provided to you, you may change your voting instructions by submitting new voting instructions to your broker, bank or other nominee.

### ***Q: Can I find additional information on the Company's website?***

A: Yes. Our website is located at <http://www.terreno.com>. Although the information contained on our website is not part of this proxy statement and is not incorporated by reference in this proxy statement, you can view additional information on the website, such as our corporate governance guidelines, our code of business conduct and ethics, charters of our board committees and reports that we file with the SEC.

## **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 5, 2015:**

This proxy statement and our 2014 annual report, including our annual report on Form 10-K for the fiscal year ended December 31, 2014, are available at [www.edocumentview.com/TRNO](http://www.edocumentview.com/TRNO).





**Table of Contents**

**CORPORATE GOVERNANCE AND RELATED MATTERS**

Our business is managed under the direction of our board of directors. Our board of directors establishes our overall corporate policies, reviews the performance of our senior management in executing our business strategy and managing our day-to-day operations and acts as an advisor to our senior management. Our board's mission is to further the long-term interests of our stockholders. Members of our board of directors are kept informed of our business through discussions with our management, primarily at meetings of our board of directors and its committees, and through reports and analyses presented to them. Significant communications between our directors and senior management occur apart from such meetings. Our board of directors and each of its committees—audit, compensation and nominating and corporate governance—also have the authority to retain, at our expense, outside counsel, consultants or other advisors in the performance of their duties.

Charters for the audit, compensation and nominating and corporate governance committees, our corporate governance guidelines and our code of business conduct and ethics may be viewed on our website at <http://www.terreno.com> under the Investors & Media tab under the subheading Corporate Profile and under the heading entitled Governance Documents. These documents are also available without charge to stockholders who request them by contacting Terreno Realty Corporation—Investor Relations, 101 Montgomery Street, Suite 200, San Francisco, California 94104.

**Independent Directors**

Under the corporate governance standards of the NYSE, at least a majority of our directors and all of the members of the audit committee, compensation committee and nominating and corporate governance committee must meet the test of independence as defined by the NYSE. The NYSE standards provide that to qualify as an independent director, in addition to satisfying certain bright-line criteria, our board of directors must affirmatively determine that a director has no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us). In addition, our corporate governance guidelines provide that at least annually, our board of directors will evaluate all relationships between the Company and each director in light of relevant facts and circumstances for the purposes of determining whether a material relationship exists that might signal a potential conflict of interest or that might cause the director to cease to meet the applicable independence requirements or interfere with such director's ability to satisfy his or her duties as a director. Our board of directors has determined that each of Messrs. Carlson, Merlone, Pasquale and Polk is an independent director under the corporate governance standards of the NYSE and the SEC. Therefore, following the election of the director nominees at the annual meeting, we believe that 67% of our board members will be independent under those rules.

**Executive Sessions**

Our non-management directors meet regularly in separate executive sessions without management participation. The executive sessions typically occur after each regularly scheduled meeting of our entire board of directors and at such other times that our non-management directors deem appropriate. The executive sessions are chaired by Mr. Pasquale, our Lead Director.

**Nominations for Directors**

The nominating and corporate governance committee will consider nominees for director suggested by stockholders in written submissions to our corporate secretary. Our bylaws currently provide that in order for a stockholder to nominate a candidate for election as a director at an annual meeting of stockholders or propose business for consideration at such meeting, written notice containing the information and materials required by our bylaws generally must be delivered to our corporate secretary not later than the close of business on the 120th day, and not

earlier than the 150th day, prior to the first anniversary of the date of the notice for the preceding year's annual meeting.

## **Table of Contents**

In evaluating nominees for director, the nominating and corporate governance committee does not differentiate between nominees recommended by stockholders and others. The nominating and corporate governance committee develops and recommends to our board of directors for its consideration and approval such criteria for identifying and recommending prospective nominees for election as directors as the nominating and corporate governance committee deems necessary or advisable in the context of the current make-up of our board of directors. The criteria include such factors as diversity, age, qualities (such as character, professional integrity, independence, judgment and business acumen), skills and experience, industry knowledge, requirements of the NYSE to maintain a minimum number of independent directors, requirements of the SEC to have persons with financial expertise on the Company's audit committee, the ability of a candidate to devote sufficient time to the affairs of the Company, any actual or potential conflicts of interest, and the extent to which the candidate generally would be a desirable addition to our board of directors and any committees of our board of directors.

We do not have a formal diversity policy. However, the criteria above include a broad range of factors such as relevant experience, independence, commitment, compatibility with our board of directors and its committees and diversity.

## **Communications with our Board of Directors**

Our board of directors has implemented a process by which our stockholders or any interested parties may communicate with our board of directors as a whole or with individual members of our board of directors. Communications directed at our board of directors as a whole should be addressed to Terreno Realty Corporation, 101 Montgomery Street, Suite 200, San Francisco, California 94104, Attn: Corporate Secretary, and communications directed at individual directors, including our Lead Director, should be addressed to the attention of the individual director at the same address. Such communications may be made on an anonymous or confidential basis. Our board of directors has instructed our Corporate Secretary to promptly forward all such communications to the specified addressees thereof.

## **Board Leadership Structure**

Our corporate governance guidelines provide that our board of directors will periodically appoint a chairman of the board, who may either be independent or a management director, including our chief executive officer. The positions of chairman and chief executive officer are currently occupied by one individual, Mr. Baird. Our board of directors believes that this leadership structure serves us well, as Mr. Baird's deep industrial real estate expertise across markets and cycles, as well as extensive public REIT operating experience, uniquely qualify him to serve as both chairman and chief executive officer. Combining the chairman and chief executive officer roles fosters clear accountability, effective decision-making and aligns corporate strategy with the Company's day-to-day operations. Combining the roles also promotes unified leadership and direction for our board of directors and management.

In his combined role, Mr. Baird sets the agenda for board meetings in consultation with our Lead Director and presides over all meetings of the full board. Since the chairman and chief executive officer positions are currently occupied by Mr. Baird, our board of directors appointed Mr. Pasquale, an independent director, as our Lead Director to ensure strong independent oversight. As Lead Director, Mr. Pasquale chairs the executive sessions of the non-employee directors, facilitates communications and resolves conflicts, if any, between our non-employee directors, other directors and our management and consults with and provides counsel to our chief executive officer as needed or requested. In performing these duties, our Lead Director consults with the chairpersons of the appropriate committees of our board of directors and solicits their participation in order to avoid diluting the authority or responsibility of the board committees and their chairpersons.

**Risk Oversight**

Our board of directors provides oversight of the Company's risk exposure by receiving periodic reports from senior management regarding matters relating to financial, operational, legal and strategic risks and mitigation

## **Table of Contents**

strategies for such risks. In addition, as reflected in the audit committee charter, our board of directors has delegated to the audit committee responsibility to discuss and evaluate our policies and guidelines with respect to risk assessment and risk management. During these discussions, the audit committee may discuss or consider our major financial risk exposures and the steps that our management has taken to monitor and control such exposures.

### **Code of Business Conduct and Ethics**

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers and employees. Day-to-day responsibility for administering and interpreting our code of business conduct and ethics has been delegated by our board of directors to our President. Our code of business conduct and ethics contains compliance procedures, allows for the anonymous reporting of a suspected violation of our code of business conduct and ethics and specifically forbids retaliation against any officer or employee who reports suspected misconduct in good faith. The provisions of our code of business conduct and ethics may only be amended, or waived for the benefit of our directors and executive officers, by our board of directors or, if permitted, a committee of our board of directors. Such waivers or amendments must be promptly disclosed to our stockholders in accordance with applicable laws and rules and regulations of the NYSE. We intend to disclose any amendments or waivers to our code of business conduct and ethics that apply to any of our executive officers on our website at <http://www.terreno.com>. The full text of our code of business conduct and ethics is available on our website at <http://www.terreno.com>, under the heading Investors & Media , under the subheading Corporate Profile and under the heading entitled Governance Documents.

### **Corporate Governance Guidelines**

Our board of directors has adopted Corporate Governance Guidelines, a copy of which is available on our website at <http://www.terreno.com> under the heading Investors & Media , under the subheading Corporate Profile and under the heading entitled Governance Documents.

## **MEETINGS AND COMMITTEES OF OUR BOARD OF DIRECTORS**

### **Meetings**

During the year ended December 31, 2014, our board of directors held a total of four meetings. Each of our directors attended 100% of the aggregate of (i) the number of the meetings of our board of directors which were held during the period that such person served on our board of directors and (ii) the number of meetings of committees of our board of directors held during the period that such person served on such committee. Members of our board of directors are encouraged to attend the annual meeting, but we currently do not have a formal policy with regard to the attendance of Board members at the annual meeting. All of our directors attended our 2014 Annual Meeting.

### **Committee Membership**

Our board of directors has established three standing committees of our board of directors: the audit committee; the compensation committee; and the nominating and corporate governance committee, and has adopted written charters for each committee.

The current members of our board committees are as follows:

<b>Name</b>	<b>Audit</b>	<b>Compensation</b>	<b>Nominating and Corporate Governance</b>
LeRoy E. Carlson	X*	X	X
Peter J. Merlone	X	X*	X
Douglas M. Pasquale**	X	X	X
Dennis Polk	X	X	X*

\* Chair

\*\* Lead Director

**Table of Contents**

*Audit Committee.* The audit committee is composed of Messrs. Carlson, Merlone, Pasquale and Polk, each of whom is an independent director and financially literate under the rules of the NYSE and the SEC. Mr. Carlson chairs the audit committee and has been determined by our board of directors to be an audit committee financial expert within the meaning of the rules of the SEC. The audit committee met four times during the year ended December 31, 2014.

The purposes of the audit committee are to:

assist our board of directors in its oversight of (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) the qualifications, independence and performance of our independent auditors and (4) our internal audit function; and

prepare the report required by the rules of the SEC, which is set forth on page 17 of this proxy statement. The audit committee is also responsible for engaging our independent registered certified public accounting firm, reviewing with the independent registered certified public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered certified public accounting firm, reviewing the independence of the independent registered certified public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls.

*Compensation Committee.* The compensation committee is composed of Messrs. Carlson, Merlone, Pasquale and Polk, each of whom is an independent director under the rules of the NYSE and the SEC. Mr. Merlone chairs the compensation committee. The compensation committee met one time during the year ended December 31, 2014.

The purposes of the compensation committee are to:

discharge our board of directors' responsibilities relating to compensation of our directors and executives;

oversee our overall compensation structure, policies and programs;

review our processes and procedures for the consideration and determination of director and executive compensation; and

prepare the compensation committee report, which is set forth on page 19 of this proxy statement, in accordance with the applicable rules and regulations of the SEC, the NYSE and any other rules and regulations applicable to us.

*Nominating and Corporate Governance Committee.* The nominating and corporate governance committee is composed of Messrs. Carlson, Merlone, Pasquale and Polk, each of whom is an independent director under the rules of the NYSE and the SEC. Mr. Polk chairs the nominating and corporate governance committee. The nominating and corporate governance committee met one time during the year ended December 31, 2014.

The purposes of the nominating and corporate governance committee are to:



identify individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors, and recommend that our board of directors select the director nominees for election at each annual meeting of stockholders;

review and make recommendations to our board of directors for committee appointments to our board of directors;

develop and recommend to our board of directors a set of corporate governance guidelines applicable to us and periodically review and recommend any changes to such guidelines; and

oversee the evaluation of our board of directors and committees.

**Table of Contents**

**Other Committees**

Our board of directors may from time to time establish special or standing committees to facilitate the management of the Company or to discharge specific duties delegated to the committee by our full board of directors. Our board of directors has established the following committee:

*Investment Committee.* Our investment committee is currently composed of Mr. Baird and Mr. Coke. Our board of directors has delegated to our investment committee the authority to approve any investment under \$100 million. Our board of directors must approve any investments of \$100 million or more. Approval by our investment committee requires a unanimous vote and may be given with conditions.

Table of Contents**PROPOSAL 1 ELECTION OF DIRECTORS**

Our board of directors proposes that the nominees described below each be elected to serve until the 2016 annual meeting of stockholders and until their successors are duly elected and qualify. All of the nominees are currently serving as our directors. The biographical descriptions for the nominees include the specific experience, qualifications, attributes and skills that led to the conclusion by our board of directors in the last sentence of each biography that such person should serve as a director.

<b>Nominee</b>	<b>Principal Occupation, Business Experience, Other Directorships Held and Age</b>
<p>W. Blake Baird</p> <p>Age 54</p>	<p>Mr. Baird co-founded Terreno Realty Corporation and has served as chairman of our board of directors and our chief executive officer since February 2010. Mr. Baird was managing partner and co-founder of Terreno Capital Partners LLC, a private real estate investment firm, from September 2007 to February 2010. Mr. Baird served as president of AMB Property Corporation ( AMB ) from January 2000 to December 2006. AMB, now Prologis, Inc. (NYSE: PLD), is a leading global developer, owner and operator of industrial real estate. Mr. Baird also served as a director of AMB from 2001 to 2006 and chairman of its investment committee. Mr. Baird joined AMB as its chief investment officer in 1999. Prior to that, Mr. Baird was a managing director of Morgan Stanley &amp; Co., most recently as head of Real Estate Investment Banking for the Western United States. Mr. Baird spent 15 years at Morgan Stanley and Dean Witter, the last 11 focusing on real estate. Mr. Baird currently serves as a director of Matson, Inc. (NYSE:MATX), a Honolulu-headquartered ocean transportation and logistics company. Mr. Baird is a member of World Presidents Organization, a former member of the Young Presidents Organization and a former member of the Board of Governors of the National Association of Real Estate Investment Trusts. Mr. Baird holds a B.S. in Economics from the Wharton School (magna cum laude) and a B.A. in History from the College of Arts and Sciences (magna cum laude) at the University of Pennsylvania. He also holds an M.B.A. from New York University. Our board of directors has determined that Mr. Baird's qualifications to serve on our board of directors include his deep industrial real estate expertise across markets and cycles, as well as extensive public REIT operating experience, from his eight years of experience most recently as president of AMB and his experience as our co-founder, chairman and chief executive officer.</p>
<p>Michael A. Coke</p> <p>Age 47</p>	<p>Mr. Coke co-founded Terreno Realty Corporation and has served as our president and as a director since February 2010. Mr. Coke also served as our chief financial officer from February 2010 until May 2013. Mr. Coke was managing partner and co-founder of Terreno Capital Partners LLC, a private real estate investment management firm, from September 2007 to February 2010. From January 1999 to March 2007, Mr. Coke served as chief financial officer of AMB, now Prologis, Inc. (NYSE: PLD), which is a leading global developer, owner and operator of industrial real estate. While at AMB, Mr. Coke also served as executive vice president until May 2007, and was AMB's chief accounting officer from 1998 until January 2007. Mr. Coke was a member of AMB's investment committee and was responsible for capital markets, accounting, tax, information systems, dispositions, valuations, risk management and financial planning groups totaling more than 130 officers and associates in five countries. During his tenure at AMB, Mr. Coke was a three time recipient of Realty Stock Review's Annual Outstanding CFO Award.</p>

Edgar Filing: Terreno Realty Corp - Form DEF 14A

From October 2005 to May 2007, Mr. Coke served as president and chief executive officer of IAT Aviation Facilities, Inc., a listed Canadian Income Trust. Prior to AMB, Mr. Coke spent seven years with Arthur Andersen LLP, where he most recently served as an audit manager. At Arthur Andersen, he primarily served public and private real estate companies, including

**Table of Contents**

<b>Nominee</b>	<b>Principal Occupation, Business Experience, Other Directorships Held and Age</b>
	<p>several public real estate investment trusts, and specialized in real estate auditing and accounting, mergers, initial public offerings and business acquisition due diligence. Mr. Coke is a director and chairman of the audit committee of DuPont Fabros Technology, Inc. (NYSE: DFT), a leading owner, developer, operator and manager of wholesale data centers headquartered in Washington, D.C. Mr. Coke received a bachelor's degree in business administration and accounting from California State University at Hayward. He is a former Certified Public Accountant. Our board of directors has determined that Mr. Coke's qualifications to serve on our board of directors include his deep industrial real estate expertise across markets and cycles, as well as extensive public REIT operating experience, from his ten years of experience most recently as chief financial officer of AMB and his experience as our co-founder, president and previously as our chief financial officer.</p>
LeRoy E. Carlson  Age 69	<p>Mr. Carlson has served on our board of directors since February 2010. Mr. Carlson has been a principal of NNC Apartment Ventures, LLC, a well-established firm specializing in the long-term investment in multi-family assets on the West Coast, since 1999. Mr. Carlson formerly served as executive vice president, chief operating officer, chief financial officer and board member of BRE Properties, Inc. (now Essex Property Trust, NYSE: ESS). BRE was a large multi-family NYSE listed real estate investment trust based in San Francisco, California. In his role as chief operating officer, Mr. Carlson oversaw the company's capital market activities, asset management and development and played a key role in two company mergers with an aggregate value of approximately two billion dollars. Mr. Carlson retired from BRE in October 2002. Prior to joining BRE Properties, Inc., Mr. Carlson served as vice president, chief financial officer and as a director of Real Estate Investment Trust of California from 1990 to March 1996. He was a partner and chief financial officer of William Walters Company, a southern California based asset management company and investor, from 1976 to 1990. Mr. Carlson is a Certified Public Accountant in California. He is a graduate of the University of Southern California where he serves as a member of the board at the Lusk Center for Real Estate. Our board of directors has determined that Mr. Carlson's qualifications to serve on our board of directors include his over 30 years of experience in the real estate industry and his prior experiences as a director, chief operating officer and chief financial officer of a NYSE-listed REIT.</p>
Peter J. Merlone  Age 58	<p>Mr. Merlone has served on our board of directors since February 2010. Mr. Merlone is a founder, co-owner and co-managing partner of the general partner entities of Merlone Geier Partners, or MGP, a private real estate investment firm focused on the acquisition, development and redevelopment of retail and mixed-use properties in California and other western states, and Merlone Geier Management, or MGM, which provides all management, leasing and construction services for all MGP and M&amp;H funds. Mr. Merlone is also a founder, co-owner and president of the general partner entities of M&amp;H Realty Partners, or M&amp;H, the predecessor to MGP, and was a founder and president of M&amp;H Property Management, or MHPM, the predecessor to MGM. From 1986 to 1993, prior to the formation of the first M&amp;H fund, Mr. Merlone was the founder and owner of The Merlone Company, MHPM's predecessor. Mr. Merlone's primary responsibilities are to formulate and oversee the strategy, financial and operating affairs of MGP and the</p>

activities of MGM. Since 1993, Mr. Merlone has overseen eleven institutional limited partnerships with aggregate equity capital commitments of \$3.2 billion which have acquired approximately 135 operating properties aggregating more than 22 million square feet

**Table of Contents**

<b>Nominee</b>	<b>Principal Occupation, Business Experience, Other Directorships Held and Age</b>
	<p>of retail, multi-family and office improvements. Mr. Merlone graduated from UCLA in 1979, simultaneously earning an undergraduate degree in economics, summa cum laude, and a master's degree in education; he was also elected to Phi Beta Kappa. Mr. Merlone is a member of the International Council of Shopping Centers and is a licensed real estate broker. Our board of directors has determined that Mr. Merlone's qualifications to serve on our board of directors include his over 20 years of experience in the real estate industry and his experience operating a real estate investment firm.</p>
Douglas M. Pasquale  Age 60	<p>Mr. Pasquale has served on our board of directors since February 2010. Mr. Pasquale is Founder and CEO of Capstone Enterprises Corporation, an investment and consulting firm, since January 1, 2012. With the acquisition of Nationwide Health Properties (NYSE: NHP) by Ventas, Inc. (NYSE: VTR) on July 1, 2011, Mr. Pasquale served as Senior Advisor to Ventas's Chairman and CEO from July 1, 2011 to December 31, 2011. He was also appointed to the Ventas Board of Directors on July 1, 2011 and continues to serve on that Board. Prior to NHP's acquisition, Mr. Pasquale served as Chairman of the Board of NHP from May 2009 to July 2011, as President and Chief Executive Officer of NHP from April 2004 to July 2011, and Executive Vice President and Chief Operating Officer of NHP from November 2003 to April 2004. Mr. Pasquale was a director of NHP from November 2003 to July 2011. Mr. Pasquale previously served in various roles (most recently Chairman and Chief Executive Officer) at ARV Assisted Living, Inc., an owner and operator of assisted living facilities, from June 1998 to September 2003 and concurrently served as President and Chief Executive Officer of Atria Senior Living Group, Inc. from April 2003 to September 2003. Mr. Pasquale also served as President and Chief Executive Officer of Richfield Hospitality Services, Inc. and Regal Hotels International-North America, a hotel ownership and management company, from 1996 to 1998, and as its Chief Financial Officer from 1994 to 1996. In addition to serving on the Ventas Board of Directors, Mr. Pasquale serves as a director of Alexander and Baldwin, Inc. (NYSE: ALEX), a Honolulu-headquartered real estate and agribusiness company, Vice Chairman and a director of Sunstone Hotel Investors, Inc. (NYSE: SHO), a leading lodging REIT, and a director of DineEquity, Inc. (NYSE: DIN) which franchises Applebee's and IHOP restaurants. He is also a member of the Board of Trustees of ExplorOcean. Mr. Pasquale is a successful leader in the real estate industry with extensive experience and strong skills in management, mergers and acquisitions and strategic planning. Mr. Pasquale received his B.S. in Accounting and his M.B.A. with highest honors from the University of Colorado. Our board of directors has determined that Mr. Pasquale's qualifications to serve on our board of directors include his over 20 years of experience in the real estate industry and his experience as chairman, president and chief executive officer of a NYSE-listed REIT.</p>
Dennis Polk  Age 48	<p>Mr. Polk has served on our board of directors since February 2010. Mr. Polk joined SYNEX Corporation (NYSE: SNX) in 2002 as senior vice president of corporate finance and chief financial officer. In July 2006, he was promoted to his current position of chief operating officer and in 2012 was appointed a director. SYNEX is a business process services company, including the distribution of information technology products, manufacturing and logistics services and business process outsourcing. Prior to SYNEX, Mr. Polk held senior executive positions in finance and operations at</p>

## Edgar Filing: Terreno Realty Corp - Form DEF 14A

DoveBid, Inc. and Savoir Technology Group. Prior to Savoir, Mr. Polk was an audit manager for Grant Thornton LLP. A graduate of Santa Clara University, Mr. Polk received his bachelor's degree in accounting and is an inactive Certified Public Accountant. Our board of directors has determined that Mr. Polk's qualifications to serve on our board of directors include his current experience as a chief operating officer and his prior experience as a chief financial officer of a NYSE-listed company.



**Table of Contents**

**RECOMMENDATION** Our board of directors unanimously recommends a vote **FOR** each named nominee.

**Vote Required** Majority Vote Standard for Election of Directors

Our bylaws provide that the vote standard for election of directors is a majority vote of the votes cast standard in uncontested elections of directors. This means that in an uncontested election, a nominee is elected as a director if he or she receives more for votes than the total number of against votes and votes affirmatively withheld . In an election where the number of nominees is greater than the number of directors to be elected at the meeting, the nominees will be elected by a plurality of the votes cast in the election of directors.

Under our corporate governance guidelines, any director who fails to be elected by a majority vote is required to tender his or her resignation to our board of directors, subject to acceptance. The nominating and corporate governance committee will make a recommendation to our board of directors on whether to accept or reject the resignation or whether other action should be taken. Our board of directors will then act on the nominating and corporate governance committee s recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of election results. If the resignation is not accepted, the director will continue to serve until the next annual meeting and until the director s successor is duly elected and qualifies. The director who tenders his or her resignation will not participate in our board s decision.

**EXECUTIVE OFFICERS**

As of the date of this proxy statement, our executive officers are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
W. Blake Baird	54	Chairman and Chief Executive Officer
Michael A. Coke	47	&