

SJW GROUP

Form PRE 14A

March 06, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A)

OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

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SJW Group

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SJW Group

Notice of Annual Meeting of Stockholders

To Be Held On April 24, 2019

To Our Stockholders:

Notice is hereby given that the annual meeting of stockholders of SJW Group will be held on Wednesday, April 24, 2019 at 9:00 AM Pacific Time at the principal offices of SJW Group, 110 W. Taylor Street, San Jose, California 95110, for the following purposes, as more fully described in the proxy statement accompanying this Notice:

1. To elect eight directors to serve on the Board of Directors of SJW Group;
2. To approve, on an advisory basis, the compensation of the named executive officers as disclosed in this proxy statement;
3. To approve an amendment to the Corporation's Certificate of Incorporation to increase the number of authorized shares of common stock from 36,000,000 shares to 70,000,000 shares;
4. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of SJW Group for the fiscal year ending December 31, 2019; and
5. To act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The Board of Directors has set the close of business on Monday, March 4, 2019 as the record date for determining the stockholders entitled to notice of, and to vote at, the annual meeting and at any adjournment or postponement thereof. You are cordially invited to attend the meeting in person. You may call our offices at (408) 918-7231 for directions to our principal offices in order to attend the meeting in person. Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible. You may vote by telephone, via the Internet or by mailing a completed proxy card. For detailed information regarding voting instructions, please refer to the section entitled "Voting Procedure" on page 2 of the proxy statement. You may revoke a previously delivered proxy at any time prior to the meeting. If you attend the meeting and wish to change your proxy vote, you may do so automatically by voting in person.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 24, 2019: A COPY OF THE PROXY STATEMENT, THE FORM OF PROXY, AND THE ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2018 ARE AVAILABLE AT <https://www.proxydocs.com/SJW>.

BY ORDER OF THE BOARD OF DIRECTORS

Eric W. Thornburg  
President, Chief Executive Officer and  
Chairman of the Board

San Jose, California  
March \_\_, 2019

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SJW Group

110 W. Taylor Street

San Jose, California 95110

Proxy Statement for the 2019 Annual Meeting of Stockholders

To Be Held on April 24, 2019

The enclosed proxy is solicited on behalf of the Board of Directors of SJW Group, a Delaware corporation ("SJW Group" or the "Corporation"), for use at SJW Group's annual meeting of stockholders to be held on Wednesday, April 24, 2019, at 9:00 AM Pacific Time and at any adjournment or postponement thereof. The annual meeting will be held at the principal offices of the Corporation, 110 W. Taylor Street in San Jose, California 95110.

These proxy solicitation materials are being mailed on or about March \_\_, 2019 to all stockholders entitled to notice of, and to vote at, the annual meeting of stockholders. SJW Group's 2018 Annual Report, which includes its Form 10-K for the year ended December 31, 2018, accompanies these proxy solicitation materials.

**PURPOSE OF MEETING**

The Board of Directors has called the annual meeting of stockholders for the following purposes:

1. To elect eight directors to serve on the Board of Directors of SJW Group;
2. To approve, on an advisory basis, the compensation of the named executive officers as disclosed in this proxy statement;
3. To approve an amendment to the Corporation's Certificate of Incorporation to increase the number of authorized shares of common stock from 36,000,000 shares to 70,000,000 shares;
4. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of SJW Group for the fiscal year ending December 31, 2019; and
5. To act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The Board of Directors asks for your proxy for each of the foregoing proposals, and in the case of Proposal 1, for each of the director nominees.

**VOTING RIGHTS AND SOLICITATION**

**Voting**

Only stockholders of record on March 4, 2019, the record date, will be entitled to notice of, and to vote at, the annual meeting. As of the close of business on March 4, 2019, there were 28,431,124 shares of common stock issued and outstanding. Each share of common stock is entitled to one vote on each matter presented at the meeting.

**Quorum and Votes Required**

A majority of the Corporation's voting power of all shares of stock issued and outstanding and entitled to vote must be present in person or represented by proxy at the annual meeting in order to constitute a quorum. Abstentions and broker non-votes (shares held of record by brokers for which the required voting instructions are not provided by the beneficial owners of those shares) are included in the number of shares present for purposes of determining whether a quorum is present for the transaction of business at the annual meeting. If a broker or other nominee holds shares in its name on behalf of a stockholder, the broker or nominee is not permitted to vote those shares on Proposal 1 and Proposal 2 in the absence of voting instructions from that stockholder. The broker or nominee is permitted to vote on Proposal 3 and Proposal 4 in the absence of voting instructions from the stockholders, therefore the Corporation does not expect any broker non-votes for Proposal 3 and Proposal 4.

For Proposal 1, each director nominee is elected by a majority of the votes cast with respect to the director, i.e., the number of votes "for" the director exceeds the number of votes "against" the director. Our Amended and Restated Bylaws (the "Bylaws") provide that any incumbent director who does not receive the required majority votes at the annual meeting will promptly tender his or her resignation to the Board, and the Board, after considering the recommendation of the Nomination & Governance Committee regarding such resignation, shall determine

whether to accept or reject the resignation. For a more detailed description of the majority voting process, see "Proposal 1-Election of Directors-General." Abstentions and broker non-votes are not considered votes cast and will not be counted for Proposal 1.

Proposal 2 requires for approval the affirmative vote of a majority of stockholders present in person or represented by proxy at the meeting and entitled to vote. As a result, abstentions will have the same effect as voting against Proposal 2. For Proposal 2, broker non-votes will not be included in the calculation of votes because they are not considered as shares "entitled to vote" on the proposal. In addition, the stockholder vote on executive compensation in Proposal 2 is an advisory vote only, and it is not binding on the Corporation. Although the vote is non-binding, the Board of Directors and the Executive Compensation Committee will consider the outcome of the vote when making future compensation decisions affecting the Corporation's executive officers.

Proposal 3 requires for approval the affirmative vote of a majority of the shares of our common stock outstanding and entitled to vote at the Annual Meeting. As a result, abstentions will have the same effect as voting against Proposal 3. As discussed above, we do not expect broker non-votes in Proposal 3.

Proposal 4 requires for approval the affirmative vote of a majority of stockholders present in person or represented by proxy at the meeting and entitled to vote. As a result, abstentions will have the same effect as voting against Proposal 4. As discussed above, we do not expect broker non-votes in Proposal 4.

#### Voting Procedure

Stockholders of record may vote via the Internet, by telephone, by mailing a completed proxy card prior to the annual meeting, by delivering a completed proxy card at the annual meeting, or by voting in person at the annual meeting. Instructions for voting via the Internet or by telephone are set forth on the enclosed proxy card. The Internet and telephone voting facilities will close at 11:59 PM Eastern Time on April 23, 2019. If the enclosed form of proxy is properly signed, dated and returned, the shares represented thereby will be voted at the annual meeting in accordance with the instructions specified thereon. If voting instructions are not specified on the proxy, the shares represented by that proxy (if that proxy is not revoked) will be voted at the annual meeting FOR the election of each of the director nominees listed in Proposal 1; FOR the advisory resolution to approve the compensation of the named executive officers as disclosed in this proxy statement in Proposal 2; FOR the amendment to the Corporation's Certificate of Incorporation to increase the number of authorized shares of common stock as described in Proposal 3; and FOR the ratification of the appointment of KPMG LLP as the independent registered public accounting firm as described in Proposal 4, and as the proxy holder may determine in his or her discretion with respect to any other matter that properly comes before the annual meeting or any adjournment or postponement thereof.

**YOUR VOTE IS IMPORTANT. PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY CARD WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.**

You may revoke your proxy at any time before it is actually voted at the meeting by:

• Delivering written notice of revocation to the Corporate Secretary at SJW Group, 110 W. Taylor Street, San Jose, California 95110;

• Submitting a later dated proxy; or

• Attending the meeting and voting in person.

Your attendance at the meeting will not, by itself, constitute a revocation of your proxy.

You may also be represented by another person present at the meeting by executing a form of proxy designating that person to act on your behalf. Shares may only be voted by or on behalf of the record holder of shares as indicated in the stock transfer records of the Corporation. If you are a beneficial owner of shares, but those shares are held of record by another person such as a stock brokerage firm or bank, then you must provide voting instructions to the appropriate record holder so that such person can vote those shares. In the absence of such voting instructions from you, the record holder may not be entitled to vote those shares.

Proxy Solicitation Costs

The Corporation will bear the entire cost of this solicitation of proxies, including the preparation, assembly, printing, and mailing of this proxy statement, the proxy, and any additional solicitation materials that the Corporation may provide to stockholders. Copies of solicitation materials will be provided to brokerage firms, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation material to such beneficial owners. The Corporation will reimburse the brokerage firms, fiduciaries and custodians holding shares in their names for reasonable expenses incurred by them in sending solicitation materials to its beneficial stockholders. The solicitation of proxies will be made by regular or first class mail and may also be made by telephone, telegraph, facsimile, electronic mail or personally by directors, officers and employees of the Corporation who will receive no extra compensation for such services. In addition, the Corporation has retained Georgeson LLC to act as a proxy solicitor in conjunction with the annual meeting. The Corporation has agreed to pay that firm \$7,500, plus expenses, for proxy solicitation services.

PROPOSAL 1  
ELECTION OF DIRECTORS

General

Eight directors, which constitutes and will constitute the entire Board of Directors (the "Board") following the annual meeting, are to be elected at the annual meeting to hold office until the next annual meeting or until a successor for such director is elected and qualified, or until the death, resignation or removal of such director. The Corporation's Bylaws provide a majority voting standard for the election of directors in uncontested elections. The election of directors at the annual meeting is uncontested, therefore under the Bylaws, each of the eight nominees set forth in this proxy statement will be elected by the majority of the votes cast with respect to such nominee. If an incumbent director does not receive the required majority vote, the director shall promptly tender his or her resignation to the Board. Within 90 days after the annual meeting, the Nominating & Governance Committee will make a recommendation to the Board of Directors as to whether to accept or reject the resignation. The Board will act by taking into account such committee's recommendation. If the Board does not accept the resignation, the Board is required to publicly disclose its decision and the rationale behind the decision. For more detail about the majority voting standard, see our Bylaws which were filed with the Securities and Exchange Commission (the "SEC"). Unless individual stockholders specify otherwise, each returned proxy will be voted FOR the election of each of the eight nominees who are listed below, each of whom has been nominated by the existing Board of Directors upon the recommendation of the Nominating & Governance Committee. All nominees are current directors of SJW Group, San Jose Water Company, a wholly owned subsidiary ("San Jose Water Company" or "SJWC"), and SJW Land Company, another wholly owned subsidiary of SJW Group. SJW Group intends to appoint all persons elected as directors of SJW Group at the annual meeting to be the directors of San Jose Water Company and SJW Land Company for a concurrent term. It is anticipated that four of the individuals elected as directors of SJW Group at the annual meeting will also be appointed as directors of SJWTX, Inc., a wholly owned subsidiary of SJW Group, for a concurrent term. In the unanticipated event that a nominee is unable or declines to serve as a director at the time of the annual meeting, proxies will be voted for any nominee named by the present Board of Directors to fill the vacancy. As of the date of this proxy statement, SJW Group is not aware of any nominee who is unable or will decline to serve as a director.



The following sets forth certain information concerning the nominees for directors of SJW Group:

Name	Age	Director Since	Position with the Corporation	Standing Committee Membership
Katharine Armstrong	66	2009	Director	Executive Compensation Committee Nominating & Governance Committee (Chair)
Walter J. Bishop	67	2012	Director	Executive Compensation Committee Nominating & Governance Committee Sustainability Committee (Chair) Audit Committee (Chair)
Douglas R. King	76	2003	Director	Nominating & Governance Committee Finance Committee Audit Committee
Gregory P. Landis	68	2016	Director	Executive Compensation Committee Finance Committee Audit Committee
Debra C. Man	65	2016	Director	Sustainability Committee Audit Committee
Daniel B. More	62	2015	Director	Executive Compensation Committee (Chair) Finance Committee (Chair) Sustainability Committee
Eric W. Thornburg	58	2017	President, Chief Executive Officer and Chairman of the Board	
Robert A. Van Valer	69	2006	Director	Nominating & Governance Committee

#### Business Experience of Nominees

Katharine Armstrong, Chairman of the Advisory Board of Natural Resources Solutions (“NRS”) since 2017. Ms. Armstrong was the President of NRS from 2008 until 2017 and the President of Katharine Armstrong, Inc. from 2003 until 2014. Ms. Armstrong founded NRS in 2008, an Austin, Texas based company that works in partnership with universities, agencies of state and federal government, stakeholder groups and others to identify and implement positive solutions to environmental challenges created by regulatory mandates. Ms. Armstrong also served as a director of Uranium Energy Corp. from June 2012 until June 2014 and is a former Chairman of the Texas Parks and Wildlife Commission.

Walter J. Bishop, Principal in Walter Bishop Consulting, a firm dedicated to utility management, leadership development, and strategic and business planning since 2010. Mr. Bishop was the General Manager and acted as the Chief Executive Officer of the Contra Costa Water District (the "District") from September 1992 until 2010. The District serves 600,000 customers in Northern California’s Contra Costa County. From 1983 until 1992, he worked for the East Bay Municipal Utility District in Northern California, including serving as its General Manager. Mr. Bishop has served as a Board Member, Chairman and Officer of numerous water industry organizations dedicated to water supply and utility management. Mr. Bishop is a registered civil engineer in the State of California, and holds a Bachelor of Science in Civil Engineering from Duke University and a Master’s Degree in Public Administration from Pepperdine University.

Douglas R. King, Retired as an audit partner of Ernst & Young LLP in 2002. During his career, Mr. King was the audit partner for large, complex public companies, and he managed Ernst & Young LLP’s San Francisco office, and had regional management responsibilities. He also currently serves as a director of Adaptive Spectrum & Signal Alignment, Inc. since 2005. He served as a director of Marvell Technology Group, Ltd. from April 2004 until October 2007, Fuel Systems Solutions, Inc. from April 2006 until July 2010, Silicon Graphics International Corp. from February 2008 until November 2016, and Westport Innovations, Inc. from January 2012 until November 2015. Mr. King is a Certified Public Accountant and holds a Master’s Degree in Business Administration from the University of Arkansas.



Gregory P. Landis, Counsel to Yarmuth, LLP since April 2016. Mr. Landis served as General Counsel and Senior Vice President of TerraPower, LLC from January 2013 until January 2015 and Senior Advisor from January 2015 until December 2018. Mr. Landis also served as a director of Unwired Planet, Inc. from 2013 to 2015. He was General Counsel and then Senior Legal Advisor of Intellectual Ventures from November 2007 until December 2012.

Previously, Mr. Landis served as the General Counsel and Executive Vice President of Vulcan, Inc. from 2005 to 2007, and from 1995 to 2005 was the General Counsel of AT&T Wireless Services, Inc., where he also served as Executive Vice President and Corporate Secretary. From 1985 until 1995, Mr. Landis was a partner at the law firm McCutchen, Doyle, Brown & Enersen. Mr. Landis holds a Juris Doctor, cum laude, from Harvard Law School, and a Bachelor of Arts in Psychology, magna cum laude, from Yale University.

Debra C. Man, Retired as the Assistant General Manager and Chief Operating Officer at The Metropolitan Water District of Southern California (“Metropolitan”) in June 2017. She held such positions since December 2003.

Metropolitan is a wholesale water utility that provides water to a six-county service area in which over 19 million people reside. She was responsible for managing the operational business functions of Metropolitan, including operations, engineering, water resource management, budget and regulatory compliance. Ms. Man had been with Metropolitan since 1986. Ms. Man is a registered engineer in California and Hawaii and holds a Bachelor of Science in Civil Engineering from University of Hawaii and a Master’s Degree in Civil Engineering from Stanford University. Daniel B. More, Retired as a Managing Director and Global Head of Utility Mergers & Acquisitions of the Investment Banking Division of Morgan Stanley in 2014. He held such position since 1996. Mr. More has been an investment banker since 1978 and has specialized in the utility sector since 1986. Mr. More currently serves as a Senior Advisor to Guggenheim Securities since November 2015 and as a director of Clearway Energy, Inc. since February 2019. He served as a director of Saeta Yield from February 2015 until July 2018 and served as a director of the New York Independent System Operator from April 2014 until February 2016. Mr. More holds a Bachelor of Arts in Economics from Colby College and a Master of Business Administration in Finance from the Wharton School at the University of Pennsylvania.

Eric W. Thornburg, President and Chief Executive Officer of SJW Group and SJW Land Company and Chief Executive Officer of San Jose Water Company and SJWTX, Inc. since November 6, 2017, and Chairman of the Board of SJW Group, San Jose Water Company, SJW Land Company and SJWTX, Inc. since April 25, 2018. Prior to joining the Corporation, Mr. Thornburg served as President and Chief Executive Officer of Connecticut Water Service, Inc. (“CTWS”) since 2006, and Chairman of the Board of CTWS since 2007. Mr. Thornburg served as President of Missouri-American Water, a subsidiary of American Water Works Corporation from 2000 to 2004. From July 2004 to January 2006, he served as Central Region Vice President-External Affairs for American Water Works Corporation. Mr. Thornburg holds a Bachelor of Arts in Biology and Society from Cornell University and a Master’s Degree in Business Administration from Indiana Wesleyan University.

Robert A. Van Valer, President of Roscoe Moss Manufacturing Company, manufacturer of water well casing and screen and water transmission pipe, since 1990. Mr. Van Valer served as Vice President from 1984 until 1990 and previously managed domestic and international water well construction projects since joining Roscoe Moss Manufacturing Company in 1977. Mr. Van Valer has served as a Director Emeritus of the American Ground Water Trust since 2005 and as a Director Em