

Primoris Services Corp
Form DEF 14A
April 08, 2011
Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant X

Filed by a Party other than the Registrant O

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

PRIMORIS SERVICES 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) 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:

Table of Contents

2100 McKinney Avenue, Suite 1500
Dallas, Texas 75201
www.prim.com

Dear Stockholder:

On behalf of the Board of Directors, I am pleased to invite you to attend the 2011 Annual Meeting of Stockholders of Primoris Services Corporation, a Delaware corporation (NASDAQ:PRIM), to be held on Friday, May 6, 2011, at 9:30 a.m., Central Time, at the Ritz-Carlton Dallas, located at 2121 McKinney Avenue, Dallas, Texas 75201.

During the Annual Meeting, we will discuss each item of business described in the accompanying Notice of the 2011 Annual Meeting of Stockholders and Proxy Statement. We encourage you to carefully read these materials and the Annual Report to Stockholders on SEC Form 10-K for the fiscal year ended December 31, 2010, which is included with this Notice and the Proxy Statement.

Please participate in our Annual Meeting of Stockholders by signing, dating and promptly mailing your enclosed proxy card to ensure the presence of a quorum. **Your vote is important, whether or not you plan to attend.** I hope you will ensure that your shares are represented and voted by completing and returning the enclosed proxy card. If you plan attend the Annual Meeting of Stockholders, you will have the right to revoke your proxy and vote in person if you so desire. If you hold your shares through an account with a broker, nominee, fiduciary or other custodian, please follow the instructions you receive from them to vote your shares.

Thank you for your ongoing support of and continued interest in Primoris Services Corporation.

Sincerely,

/s/ Brian Pratt
Brian Pratt
Chairman of the Board, Chief Executive Officer and President

Table of Contents

2100 McKinney Avenue, Suite 1500
Dallas, Texas 75201
www.prim.com

PROXY STATEMENT

TABLE OF CONTENTS

	Page
<u>NOTICE OF THE 2011 ANNUAL MEETING OF STOCKHOLDERS</u>	
<u>PROXY STATEMENT</u>	1
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	6
<u>PROPOSAL 2 ADVISORY NON-BINDING VOTE APPROVING THE COMPANY S EXECUTIVE COMPENSATION PROGRAM</u>	11
<u>PROPOSAL 3 ADVISORY NON-BINDING VOTE ON THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION</u>	12
<u>PROPOSAL 4 RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM</u>	13
<u>STOCK OWNERSHIP</u>	14
<i><u>Security Ownership of 5% or Greater Stockholders, Directors, Director Nominees and Executive Officers</u></i>	14
<i><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></i>	15
<i><u>Additional Stockholder Information</u></i>	16
<u>CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS</u>	16
<i><u>Board Independence</u></i>	16
<i><u>Board Structure and Committee Composition</u></i>	16
<i><u>Audit Committee</u></i>	17
<i><u>Audit Committee Report</u></i>	19
<i><u>Compensation Committee</u></i>	19
<i><u>Compensation Committee Interlocks and Insider Participation</u></i>	20
<i><u>Compensation Committee Report</u></i>	20
<i><u>Nominating and Corporate Governance Committee</u></i>	21
<i><u>Selection of Board Nominees</u></i>	21
<i><u>Stockholder Nominations</u></i>	21
<i><u>Board Role in Risk Oversight</u></i>	22

<u>Code of Ethics</u>	22
<u>Policy Regarding Director Attendance at Annual Meetings of Stockholders</u>	23
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	23
<u>EXECUTIVE COMPENSATION</u>	24
<u>Compensation Discussion and Analysis</u>	24
<u>Overview</u>	24
<u>Compensation Methodology</u>	25
<u>Benchmarking of Cash and Equity Compensation</u>	25

Table of Contents

	Page
<u>Key Elements of Executive Officer Compensation</u>	25
<u>Employment Agreements</u>	28
<u>Compensation Tables</u>	29
<u>Summary Compensation Table</u>	29
<u>Grants of Plan-Based Awards</u>	30
<u>Outstanding Equity Awards at Fiscal Year-End</u>	31
<u>Options Exercised and Stock Vested</u>	31
<u>Equity Compensation Plan Information</u>	31
<u>Potential Payments upon Termination</u>	31
<u>Retirement Plans</u>	32
<u>2008 Long-Term Incentive Equity Plan</u>	32
<u>Additional Equity Compensation Plan Information</u>	33
<u>OTHER MATTERS</u>	34
<u>PERFORMANCE GRAPH</u>	35

Table of Contents

2100 McKinney Avenue, Suite 1500
Dallas, Texas 75201
www.prim.com

**NOTICE OF THE
2011 ANNUAL MEETING OF STOCKHOLDERS**

To Be Held On May 6, 2011

April 8, 2011

To our Stockholders:

The 2011 Annual Meeting of Stockholders of Primoris Services Corporation, a Delaware corporation, will be held on Friday, May 6, 2011, at 9:30 a.m., Central Time, at the Ritz-Carlton Dallas, located at 2121 McKinney Avenue, Dallas, Texas 75201.

Only stockholders of record that owned shares of our common stock at the close of business on March 31, 2011 are entitled to vote at the Annual Meeting. A list of our stockholders will be made available at our principal executive offices at 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201 during ordinary business hours for ten days prior to the Annual Meeting and will also be available at the Annual Meeting.

At the Annual Meeting, we will consider the following proposals, which are described in detail in the accompanying Proxy Statement:

(1) to elect three Class C Directors to hold office for a three-year term expiring at the Annual Meeting of Stockholders to be held in 2014 or until their respective successors are elected and qualified. The Board of Directors has nominated the following persons for election as Class C Directors at the meeting: Michael D. Killgore, Robert A. Tinstman and Eric S. Rosenfeld;

Edgar Filing: Primoris Services Corp - Form DEF 14A

- (2) to provide a non-binding advisory vote approving the Company's executive compensation program;
- (3) to provide a non-binding advisory vote on the proposed timeline for seeking executive compensation advisory votes in the future;
- (4) to ratify the appointment of Moss Adams, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; and
- (5) to transact such other business as may properly come before the Annual Meeting and all adjournments or postponements thereof.

PLEASE VOTE PROMPTLY YOUR PROXY IS REVOCABLE AND YOU MAY VOTE IN PERSON AT THE MEETING IF YOU WISH.

References to Primoris, the Company, we, us or our in this Notice and the accompanying Proxy Statement refer to Primoris Services Corporation and its subsidiaries and affiliates, unless otherwise indicated.

By Order of the Board of Directors,

/s/ John M. Perisich
John M. Perisich
Senior Vice President, General Counsel and Secretary

Table of Contents

2100 McKinney Avenue, Suite 1500
Dallas, Texas 75201
www.prim.com

PROXY STATEMENT

FOR THE
2011 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 6, 2011.

SOLICITATION

This Proxy Statement, being mailed and made available electronically (on our Company website at *www.prim.com*) to stockholders on or about April 8, 2011, is being sent to you by the Board of Directors (the Board) of Primoris Services Corporation in connection with our 2011 Annual Meeting of Stockholders (the Annual Meeting). The Annual Meeting will take place at 9:30 a.m. Central Time, on Friday, May 6, 2011, at the Ritz-Carlton Dallas, located at 2121 McKinney Avenue, Dallas, Texas 75201. You are cordially invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

Purpose of the Annual Meeting

At the Annual Meeting, our stockholders will vote to elect each of three Class C Directors, will vote, on an advisory, non-binding basis, on the Company's executive compensation program and the proposed timeline for seeking executive compensation non-binding advisory votes in the future and will vote to ratify the appointment of Moss Adams, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011. In addition, management will report on our performance over the last fiscal year and, following the Annual Meeting, respond to questions from stockholders.

Materials provided

The Board sent you this Proxy Statement and the enclosed proxy card in order to solicit your proxy to vote your shares at the Annual Meeting. As a stockholder, you are invited to attend the meeting and are entitled to vote on the items of business described in this Proxy Statement.

Annual Meeting attendance

All stockholders of record as of March 31, 2011 (the Record Date), or their duly appointed proxies, may attend the Annual Meeting. You will need to bring personal identification. Admission to the Annual Meeting depends on how your stock ownership is recorded by our transfer agent, Continental Stock Transfer & Trust Company (the Transfer Agent). If your stock is held in the name of a bank, broker or other holder of record and you plan to attend the Annual Meeting, please obtain proof of ownership, such as a current brokerage account statement or certification from your broker. If your stock is registered with our Transfer Agent, all you need is proof of identity; no proof of ownership is needed.

Voting at the Annual Meeting

Holders of our common stock (Common Stock) as of the close of business on the Record Date will be entitled to vote at the Annual Meeting. On the Record Date, there were 51,044,307 shares of Common Stock outstanding, each of which is entitled to one vote with respect to each matter to be voted on at the Annual Meeting.

Table of Contents

Quorum requirement

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the voting power of all outstanding shares of Common Stock entitled to vote shall constitute a quorum for the transaction of business. Proxies marked as abstaining (including proxies containing broker non-votes) on any matter to be acted upon by stockholders will be treated as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on such matters.

Stockholder of record & beneficial owner

Most of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record

If your shares are registered directly in your name with the Transfer Agent, you are considered the stockholder of record, and these proxy materials are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use.

Beneficial Owner of Shares Held in Street Name

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker on how to vote your shares and are also invited to attend the Annual Meeting. Because you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting except as noted below under *How do I vote my shares in person at the Annual Meeting?* If you hold shares in street name, your broker, bank or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee regarding how to vote your shares.

Voting in person at the Annual Meeting

Shares held directly in your name as the stockholder of record may be voted in person at the Annual Meeting. If you choose to do so, please bring the enclosed proxy card or proof of identification. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting. Shares held beneficially in street name may be voted in person at the meeting if you obtain a signed legal proxy from the record holder (e.g., your broker, bank or nominee) giving you the right to vote the shares in person.

Voting without attending the Annual Meeting

If you complete and properly sign the accompanying proxy card and return it to the Transfer Agent, your shares will be voted as you direct on the proxy card. If you are a stockholder of record, follow the instructions included with your proxy card. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, bank or nominee. For instructions on how to vote, please refer to the instructions included on your proxy card or, for shares held beneficially in street name, the voting instruction card provided by your broker, bank or nominee.

Stockholders of record may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. Our stockholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instruction cards provided by their brokers, banks or nominees and mailing them to such entities in the accompanying pre-addressed envelopes.

Table of Contents

Changing your vote after returning your proxy card

If you are a stockholder of record, you can revoke your proxy before it is exercised by:

- delivering written notice of revocation of the proxy to our Secretary prior to the Annual Meeting;
- executing and delivering a later dated proxy card to our Secretary; or
- attending and voting by ballot in person at the Annual Meeting.

If you are the beneficial owner of your shares held in street name, you may submit new voting instructions by contacting your broker, bank or other nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described above in *In person voting at the Annual Meeting*. All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

Required votes to approve each item

Each outstanding share of Common Stock is entitled to one vote on each proposal at the Annual Meeting. All matters require the existence of a quorum at the Annual Meeting. All proposals require an affirmative vote of the majority of shares represented in person or by proxy. Election of Directors is determined by plurality voting. The three individuals receiving the largest number of votes will be elected.

In the election of Directors, you may vote **FOR** any of the nominee(s) or your vote may be **WITHHELD** with respect to any of the nominee(s). A properly executed proxy marked **ABSTAIN** with respect to any other matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention on any matter other than election of Directors will have the effect of a negative vote on that matter. If you hold your shares in street name through a broker, bank or other nominee, shares represented by broker non-votes (when the broker indicates they do not have their customer's direction on how to vote, nor has discretionary authority on how to vote) will be counted in determining whether there is a quorum but will not be counted as votes cast on any matter.

Inspector of elections

Our Senior Vice President, General Counsel and Secretary, John M. Perisich, will act as Inspector of Elections and oversee the voting results. The Inspector of Elections will also determine the presence of a quorum.

Voting results of the Annual Meeting

We will announce preliminary voting results at the Annual Meeting and will publish final results in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission (SEC) within four business days of the Annual Meeting.

Board recommendations

The Board recommends a vote:

- FOR Proposal No. 1 to elect each of the three Class C Directors.

- FOR Proposal No. 2, the advisory, non-binding vote approving the Company's executive compensation program.

- On Proposal No. 3, the advisory, non-binding vote on the proposed timeline for seeking executive compensation advisory votes in the future, the Board recommends a 3-year timeline.

- FOR Proposal No. 4 to ratify the appointment of Moss Adams, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

Unless you give other instructions on your proxy card, the individual named as proxy holder on the proxy card will vote in accordance with the recommendations of the Board.

Table of Contents

Expense of soliciting proxies

We will pay the costs for the solicitation of proxies, including the cost of preparing and mailing this Proxy Statement. Proxies are being solicited primarily by mail, but the solicitation by mail may be followed-up by solicitation in person, or by telephone or facsimile, by our regular employees without additional compensation for such proxy solicitation activity. We will reimburse brokers, banks and other custodians and nominees for their reasonable out-of-pocket expenses incurred in sending proxy materials to our stockholders.

Stockholder proposal deadline for the 2012 Annual Meeting

The rules of the SEC establish the eligibility requirements and the procedures that must be followed for a stockholder's proposal to be included in a public company's proxy materials. Under those rules, proposals submitted for inclusion in our 2012 proxy materials must be received on or before the close of business on the day that is 120 days prior to April 8, 2012. Proposals for inclusion in our 2012 proxy materials must comply with the procedures set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

In addition to the requirements of the SEC, our Amended and Restated Bylaws (Bylaws) provide that in order for a proposal to be properly brought before an Annual Meeting of Stockholders, it must be either (1) specified in the notice of the meeting given by us, (2) otherwise brought before the meeting by or at the direction of our Board, or (3) properly brought before the meeting by a stockholder entitled to vote at the meeting and who complies with the following notice procedures: (i) the stockholder must give timely notice thereof in writing of the business to be brought before such meeting to our Secretary, and (ii) such business must be a proper matter for stockholder action under the Delaware General Corporation Law. Our Bylaws provide that to be timely, a stockholder's notice must be delivered to our Secretary at our principal executive offices not less than 45 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's Annual Meeting. If the date of the subsequent year's Annual Meeting of Stockholders is changed by more than 30 days from the date of the prior year's meeting, notice by the stockholder for the subsequent year's Annual Meeting must be delivered to our Secretary within a reasonable time prior to our mailing of the proxy materials for the subsequent year's Annual Meeting of Stockholders. We expect to announce the date of the 2012 Annual Meeting of Stockholders in early 2012.

If a stockholder proposes to nominate for election or reelection a director, the stockholder's notice must include all information relating to such director nominee that is required to be disclosed in solicitation of proxies for election of directors in an election contest, or otherwise required, in each case, pursuant to Regulation 14A and Rule 14a-11 under the Exchange Act.

For any business that a stockholder desires to bring before an annual meeting, the stockholder's notice must comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder, and must include the following:

- a brief description of the proposal and the reasons for the proposal;
- the name and address of such stockholder, and of such beneficial owner, as they appear on our books;
- the class and number of shares of Common Stock which are owned beneficially and of record by such stockholder or such beneficial owner;

Edgar Filing: Primoris Services Corp - Form DEF 14A

- a representation that the stockholder is a holder of record of Common Stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination; and
- a representation whether the stockholder or the beneficial owner intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of our outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination.

Table of Contents

Any stockholder who intends to present a proposal at the 2012 Annual Meeting of Stockholders must send the proposal via standard mail, overnight delivery or other courier service, to Primoris Services Corporation, 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201, Attention: Secretary.

Information about Primoris Services Corporation

We maintain a corporate website at www.prim.com. Visitors to the Investor Relations section of our website can view and print copies of our SEC filings, including this Proxy Statement and Forms 10-K, 10-Q and 8-K. Copies of the charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee and our Code of Ethics, are also available through our website. Alternatively, stockholders may obtain, without charge, copies of all of these documents by writing to Investor Relations at the Company's headquarters. Please note that the information contained on our website is not incorporated by reference in, or considered to be a part of, this Proxy Statement.

Documents not incorporated by reference into this Proxy Statement

The Audit Committee Report and the Compensation Committee Report are not deemed filed with the SEC and shall not be deemed incorporated by reference into any prior or future filings made by us under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except to the extent that we specifically, and in writing, incorporate such information by reference.

Table of Contents

MATTERS TO COME BEFORE THE MEETING

PROPOSAL 1 ELECTION OF DIRECTORS

(Item 1 on Proxy Card)

General Information

We currently have a classified Board consisting of ten members. Six of our Directors are non-employee independent Directors under the NASDAQ rules. Our Directors are divided into three classes (Class A, Class B and Class C). Directors in each class are elected to serve for three-year terms that expire in successive years. The terms of Class C Directors Michael D. Killgore, Robert A. Tinstman, Eric S. Rosenfeld and David D. Sgro expire at the upcoming 2011 Annual Meeting. In March 2011, the Board of Directors Nominating and Governance Committee recommended to the Board a reduction in the number of Board positions, from 10 to 9 Board positions. The Board of Directors adopted that recommendation.

The Nominating and Governance Committee also recommended the nomination of Michael D. Killgore, Robert A. Tinstman and Eric S. Rosenfeld for re-election as Class C Directors for three-year terms expiring at the 2014 Annual Meeting, or until their successors are elected and qualified or their earlier death, resignation or removal. If the nominees decline to serve or become unavailable for any reason, or if any vacancy occurs before the election at the 2011 Annual Meeting (although we know of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees as the Board may designate.

Each nominee has consented to being named in this Proxy Statement and has agreed to serve if elected. If a quorum is present and voting, the three nominees receiving the highest number of votes will be elected as Class C Directors. Abstentions and broker non-votes have no effect on the result of the vote; however, abstentions and broker non-votes will be counted as shares present for purposes of determining the presence of a quorum.

Information Regarding Directors and Director Nominees

The following table sets forth information regarding our current Directors, including the Class C Director nominees for election at the Annual Meeting. The term of David D. Sgro expires at the 2011 Annual Meeting, and he is not standing for re-election. There are no family relationships among any Directors, nominees or named executive officers of the Company.

Name	Position with our Company	Age	Director Since
-------------	----------------------------------	------------	-----------------------