

GIBRALTAR INDUSTRIES, INC.
Form DEF 14A
April 04, 2017

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
 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 Rule 14a-12
Gibraltar Industries, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(3) Filing Party:

(4) Date Filed:

Notice of 2017 Annual
Meeting of Stockholders
and Proxy Statement

Friday, May 5, 2017 at 11:00 A.M., Eastern Time
Gateway Building, 3556 Lake Shore Road, Buffalo, NY 14219

April 4, 2017

To My Fellow Stockholders:

It is my pleasure to invite you to attend the 2017 Annual Meeting of Stockholders of Gibraltar Industries, Inc. to be held on Friday, May 5, 2017 at 11:00 A.M. local time at the Gateway Building in Buffalo, New York. The meeting will begin with discussion of and voting on the matters described in the attached Notice of 2017 Annual Meeting of Stockholders and Proxy Statement, followed by a report on our Company's financial performance and operations. The Proxy Statement is critical to our corporate governance process and to affirming the direction of our Company. The Proxy Statement provides you with important information about our Board of Directors and executive officers, and informs you of steps we are taking to fulfill our responsibilities to you as a stockholder.

Over the past three years, Gibraltar has undergone a succession process that resulted in the appointment of six new directors to the Board since 2014, the appointment of Frank G. Heard as our Chief Executive Officer at the beginning of 2015, and the appointment of Timothy F. Murphy as our Chief Financial Officer effective April 1, 2017. In connection with the leadership succession described above, Gibraltar has implemented the following significant corporate governance improvements:

- Adopted annual elections of directors as opposed to our previous classified board structure;
- Reduced the average tenure of directors from eight years to five years, increased the diversity, and increased the proportion of independent directors; and
- Separated the role of Chairman from the Chief Executive Officer role.

These improvements, among others, demonstrate the continuing efforts of the Board to implement best-in-class corporate governance practices.

During 2016, Gibraltar continued to successfully implement its four-pillar value creation strategy focused on operational excellence, product innovation, acquisitions, and portfolio management. Significant progress was made in each of the four strategies and the Company made more money at a higher rate of return with a more efficient use of capital for the second year in a row. We look forward to communicating more about the successes Gibraltar has had over the past twelve months and how that performance impacts our governance and compensation considerations. The Proxy Statement is designed to provide you with information relating to the proposals that require your vote and to solicit your vote if you cannot attend the Annual Meeting in person. Your vote is very important to us and we encourage you to vote promptly. Please note that your broker cannot vote on all of the proposals without your instruction. If you do not plan to attend the Annual Meeting in person, please execute and return your proxy or inform your broker as to how you would like us to vote your shares on the proposals set forth in the Proxy Statement. The Proxy Statement includes a description of seven proposals. Our Board of Directors recommends that stockholders vote FOR all proposals. Please read each proposal carefully and study the recommendations of the Board of Directors and its committees.

On behalf of our management team and our Board of Directors, I want to thank you for your continued support and confidence in our Company.

Sincerely,

William Montague
Chairman of the Board

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GIBRALTAR INDUSTRIES, INC.
3556 Lake Shore Road
PO Box 2028
Buffalo, New York 14219-0228

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 5, 2017

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Gibraltar Industries, Inc., a Delaware corporation (the "Company"), will be held at the Gateway Building, 3556 Lake Shore Road, Buffalo, New York, on Friday, May 5, 2017, at 11:00 A.M., local time, for the following purposes:

1. Election of six Directors nominated by the Board to hold office until the 2018 Annual Meeting.
2. Advisory vote to determine stockholder preference on whether future Say-on-Pay votes should occur every one, two, or three years (the "Say-When-on-Pay" vote).
3. Advisory approval of the Company's executive compensation (the "Say-on-Pay" vote).
4. Approval of the material terms of the Company's special grant of Performance Stock Units to enable the Company to deduct the related compensation for federal income tax purposes without being subject to limitations.
5. Approval of the material terms of the Company's Annual Performance Stock Unit Grant to enable the Company to deduct the related compensation for federal income tax purposes without being subject to limitations.
6. Approval of First Amendment to the Gibraltar Industries, Inc. 2015 Equity Incentive Plan.
7. Ratification of the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2017.
8. Transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on March 20, 2017, as the record date for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting.

You may vote in person at the annual meeting or you may vote by using the proxy card enclosed with these materials. Stockholders who do not expect to attend the meeting in person are urged to vote, sign, and date the enclosed proxy and return it promptly in the envelope enclosed for that purpose. Returning the proxy card does not deprive you of your right to attend the Annual Meeting and to vote your shares in person for matters acted upon at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting: the Definitive Proxy Statement and the Annual Report on Form 10-K are available at www.proxyvote.com.

BY ORDER OF THE BOARD OF DIRECTORS

Jeffrey J. Watorek
Secretary
Buffalo, New York
April 4, 2017

3556 Lake Shore Road
PO Box 2028
Buffalo, New York 14219-0228

DEFINITIVE PROXY STATEMENT

April 4, 2017

Date, Time, and Place of Annual Meeting

Gibraltar Industries, Inc., a Delaware corporation (the “Company”, “Gibraltar”, “we”, or “us”) is making this Definitive Proxy Statement available to you on or about April 4, 2017 in connection with the solicitation of proxies by the Board of Directors of the Company to be voted at the 2017 Annual Meeting of Stockholders. We will hold the 2017 Annual Meeting at the Gateway Building, 3556 Lake Shore Road, Buffalo, New York, on May 5, 2017 at 11:00 A.M., local time, and at any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

Voting Information

Record Date. The Board of Directors has fixed the close of business on March 20, 2017, as the record date for the determination of stockholders entitled to receive notice of and to vote at the 2017 Annual Meeting. At the close of business on March 20, 2017, the Company had outstanding and entitled to vote at the Annual Meeting 31,580,694 shares of common stock, \$0.01 par value per share (“Common Stock”). Each share is entitled to one vote on each matter properly brought before the Annual Meeting.

Solicitation Costs. The cost of the solicitation of proxies in the accompanying form will be borne by the Company, including expenses in connection with preparing and mailing this Definitive Proxy Statement. In addition to the use of the mail, proxies may be solicited by personal interviews and by telephone by directors, officers, and employees, without any additional compensation, as well as proxy solicitors. We have retained Alliance Advisors, LLC (“Alliance”) to act as a proxy solicitor in conjunction with the annual meeting. We have agreed to pay Alliance \$12,000, plus reasonable out-of-pocket expenses, for proxy solicitation services. Arrangements will be made with brokerage houses, banks and other custodians, nominees, and fiduciaries for the forwarding of solicitation material to the beneficial owners of Common Stock, and the Company will reimburse them for reasonable out-of-pocket expenses incurred in connection therewith.

Voting Your Proxy. If the enclosed proxy is properly executed, returned, and received in time for the Annual Meeting, the shares represented thereby will be voted in accordance with the specifications, if any, made on the proxy card. If no specification is made, the proxies will be voted as recommended by the Board of Directors (i) FOR the nominees for directors named in this Definitive Proxy Statement, (ii) FOR the option that future Say-on-Pay votes are to be held annually (the “Say-When-on-Pay” vote), (iii) FOR the approval of the advisory resolution on our executive compensation (the “Say-on-Pay” vote), (iv) FOR the approval of the material terms of the Company’s special grant of Performance Stock Units, (v) FOR the approval of the material terms of the Company’s annual grant of Performance Stock Units, (vi) FOR the First Amendment to the Gibraltar Industries, Inc. 2015 Equity Incentive Plan, and (vii) FOR the ratification of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2017.

Vote Required. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting will constitute a quorum. Each proposal submitted to the stockholders requires the affirmative vote of holders of a majority of the shares present at the meeting, entitled to vote, assuming a quorum is present in person or by proxy. If a stockholder specifies an abstention from voting on a proposal, such shares are considered present but, since they are not affirmative votes for the proposal, they will have the same effect as votes against the proposal.

Directors are elected by a majority of votes cast unless the election is contested, in which case directors are elected by a plurality of votes cast. Nominees for the election of directors must receive more “for” than “against” votes to be elected. If an incumbent director, in an uncontested election, does not receive a majority of the votes cast, the director is required to tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the recommendation and publicly disclose its decision and rationale behind it within 90 days of the date election results are certified.

Your shares may be voted on some of the matters to be acted on at the Annual Meeting if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority to vote shares on certain routine matters for which their customers do not provide voting instructions by the tenth day before the meeting. The ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2017 is the only stockholder proposal considered a routine matter.

The election of directors, approval of an amendment to an equity plan, and votes on matters that relate to executive compensation, such as the Say-on-Pay vote, are not considered routine. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial holder of the shares with respect to that proposal, the brokerage firm CANNOT vote the shares on that proposal. This is called a “broker non-vote.” In tabulating the voting result for any particular proposal, shares that are subject to broker non-votes with respect to that proposal will not be considered votes cast either for or against the proposal. Please vote your proxy so your shares will be represented at the Annual Meeting.

Revocability of Proxy. The execution of a proxy will not affect a stockholder’s right to attend the Annual Meeting and to vote in person. A stockholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary, by appearing at the Annual Meeting and so stating, or by submitting another duly executed proxy bearing a later date.

**PROPOSAL 1
ELECTION OF DIRECTORS**

The Certificate of Incorporation of the Company provides that the Board of Directors shall consist of not less than three nor more than fifteen directors. The number of directors may be changed at any time by resolution of the Board of Directors. During 2016, the number of directors was decreased from eight members to seven members upon the retirement of a director after the 2016 Annual Meeting, concluding a two-year period in which the Board accommodated the retirement of six directors and the appointment of six new directors. During 2015, the Certificate of Incorporation was amended to eliminate the classified board structure and provide for the annual election of directors. Directors will stand for election to the Board of Directors as their terms expire and the transition to a declassified board will be completed by the 2018 Annual Meeting. The Board of Directors is presently comprised of seven members:

Directors Subject to Annual Elections	Class III Director Term Expiring in 2018
Sharon M. Brady	Vinod M. Khilnani
Frank G. Heard	Jane L. Corwin
Craig A. Hindman	William P. Montague
	James B. Nish

At the Annual Meeting of Stockholders in 2017, six Directors shall be elected to hold office for a one-year term expiring in 2018. Sharon Brady, Frank Heard, Craig Hindman, Vinod Khilnani, William Montague, and James Nish have been nominated by the Board of Directors for election. All nominees, other than Mr. Heard, our President and Chief Executive Officer, are independent directors under the independence standards provided by Rule 5605(a)(2) of the NASDAQ listing standards.

Unless instructions to the contrary are received, we intend to vote the shares represented by proxies FOR the election of Sharon Brady, Frank Heard, Craig Hindman, Vinod Khilnani, William Montague, and James Nish as directors, each of whom has consented to serve as a director if elected. If any nominee becomes unavailable for election for any reason, we intend to vote the shares represented by the proxies solicited herewith for such other person or persons as the Board of Directors shall designate.

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Set forth below is certain information furnished to us by the directors and nominees for election as directors. We believe our directors should satisfy a number of qualifications, including demonstrated integrity, a record of personal accomplishment, a commitment to participation in board activities, and other traits discussed below in "Corporate Governance." The Board of Directors considered these qualifications, which are summarized following the biographical information for each director, in determining to recommend that the directors be nominated for election.

Nominees

Sharon M. Brady

SHARON BRADY has served as a Director of the Company since July 2015, bringing 36 years of human resources leadership experience in the industrial manufacturing and retail sectors. Most recently, she served as Senior Vice President of Human Resources at Illinois Tool Works, Inc. ("ITW"), a Fortune 200 diversified industrial manufacturer. Prior to ITW, she progressed through a series of leadership roles for large-cap companies in the manufacturing, retail, and pharmaceutical industries. Ms. Brady's qualifications to serve on the Company's Board reflect her extensive experience in global talent development, as well as in the design and implementation of leadership development frameworks, executive compensation plans, governance processes, and culture change strategies, including diversity initiatives and succession planning.

Frank G. Heard

FRANK HEARD has served as Chief Executive Officer and a Director of the Company since January 2015. He joined Gibraltar as President and Chief Operating Officer in 2014 with more than 25 years of experience in the building products industry. Prior to Gibraltar, Mr. Heard served as President of the Building Components Group, a division of ITW. In that role, he had global responsibility for the strategic direction and operational performance of 25 business units in 18 countries across a wide range of industry segments including residential and commercial construction, retail, and component manufacturing. Prior to serving as President of the Building Components Group, Mr. Heard held various executive management roles for ITW dating back to 1990. Mr. Heard's qualifications to serve as a member of the Company's Board include his demonstrated leadership skills as President of the Company since May 2014 through present, his integral knowledge of the markets in which the Company operates, its competitors, products, personnel, manufacturing facilities, and target markets as well as his global operating company experience in the building products industry at ITW.

Craig A. Hindman

CRAIG HINDMAN has served as a Director of the Company since 2014. He is a global executive with 35 years of leadership experience across multiple industry segments. Most recently, Mr. Hindman was Executive Vice President and Chief Executive Officer of the Industrial Packaging Group of businesses at ITW. In that role, he was responsible for 110 business units operating in 30 countries, and was successful in growing revenues and increasing margins through innovation and business simplification initiatives. He also completed two acquisitions before leading the sale of the Industrial Packaging Group to The Carlyle Group in 2014. Mr. Hindman spent more than two decades in ITW's Construction Products Group, providing him with significant experience in and familiarity with end markets also served by Gibraltar. He graduated from Colgate University with a bachelor's degree and from Northwestern University with an MBA. Additionally, he serves as a director of a number of not-for-profit organizations and private companies, including Wilsonart International which he serves as a member of the compensation committee. Mr. Hindman's qualifications to serve on the Company's Board include his experience as an executive with responsibility for the financial and operational performance of global industrial business units within a best-in-class, Fortune 200 company. Other qualifications include his experience in the integration of acquired businesses and business simplification over a period of more than 20 years.

Vinod M. Khilnani

VINOD KHILNANI has served as a Director of the Company since 2014. Most recently from January 2013 to May 2013, he was Executive Chairman of the Board at CTS Corporation, a sensors and electronics components company with operations in North America, Europe, and Asia. Mr. Khilnani previously served as CTS Corporation's Chairman and Chief Executive Officer from 2009 to 2013, President and Chief Executive Officer from 2007 until 2009, and Senior Vice President and Chief Financial Officer from 2001 to 2007. In addition to implementing growth and market diversification strategies at CTS Corporation, he successfully led restructuring and acquisition transactions, completed

private equity and debt offerings, and established operations in Eastern Europe and Asia. Mr. Khilnani is currently a director of Materion Corporation, 1st Source Corporation (parent of 1st Source Bank) and ESCO Technologies, Inc. He serves as lead independent director, chairman of the nominating and corporate governance committee, and a member of the compensation committee of Materion Corporation; chairman of the audit committee and member of the compensation committee of 1st Source Corporation; and chairman of the compensation committee at ESCO Corporation. Mr. Khilnani's qualifications to serve on the Company's Board include his service as a director of publicly-held, global organizations in a number of industries, his leadership role as Chairman and Chief Executive Officer of CTS Corporation, and his extensive background in accounting and finance for global manufacturing entities.

William P. Montague

WILLIAM MONTAGUE has served as a Director of the Company since the consummation of the Company's initial public offering in 1993 and as the Chairman of the Board since June 2015. He served as Executive Vice President and Chief Financial Officer of Mark IV Industries, Inc. ("Mark IV"), a manufacturer of engineered systems and components from 1986 to 1996, as Mark IV's President and a Director from 1996 through 2004, and as Chief Executive Officer and a Director of Mark IV from 2004 to 2008. In April 2009, subsequent to Mr. Montague's retirement, Mark IV filed for bankruptcy protection. Mr. Montague also serves on the Board of Directors of Endo International plc., where he is chairman of the compensation committee and serves on the audit, transaction, and nominating and corporate governance committees. Mr. Montague's qualifications to serve on the Company's Board include his ability to offer the perspectives of a chief executive officer along with his extensive financial and accounting experience acquired during his career with Mark IV and as a certified public accountant. His experience as a director, chief financial officer, and chief executive officer with other public companies with complex capital resource requirements and diverse geographical operations similar to the Company provides significant value to the Board. Mr. Montague's 24 years of experience on the Board and long-term exposure to senior executives of the Company provides a unique perspective regarding Gibraltar's culture.

James B. Nish

JAMES NISH has served as a Director of the Company since July 2015, bringing 28 years of investment banking experience serving clients in a variety of international industrial manufacturing markets. Most recently, he led the Mid-Cap Corporate Investment Banking team at J.P. Morgan Chase. Prior to that, he was head of the Industrial Manufacturing Group at Bear Stearns, where he worked for 22 years. He also serves on the board of Scorpio Bulkers Inc., where he also serves on the audit committee. Mr. Nish's qualifications to serve on the Company's Board reflect his experiences centered on helping global industrial manufacturing companies accelerate their growth through mergers, acquisitions, and capital market transactions. A Certified Public Accountant, he has extensive experience in accounting, finance, personnel assessments, and currently serves as an adjunct professor at Baruch College and Pace University where he teaches both undergraduate business and MBA courses.

Directors Not Standing for Election

Jane L. Corwin

JANE CORWIN has served as a Director of the Company since 2014. She served as an elected member of the New York State Assembly, representing the 144th Assembly District, from 2009 to 2016. Prior to serving in elected office, Ms. Corwin held various positions, including Director, Secretary, Treasurer, and Vice President at White Directory Publishers, Inc. from 1990 until its sale in 2004. Ms. Corwin also serves as an officer of a not-for-profit organization. Ms. Corwin's qualifications to serve on the Company's Board include her ability to provide a valuable and different perspective on employment and corporate governance due to her extensive background in government and politics - including eight years serving on the Corporations, Authorities, and Commissions Committee of the New York State Assembly - along with her experience gained serving as a director and executive in the private sector.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE NOMINEES IN PROPOSAL 1

CORPORATE GOVERNANCE

The Board of Directors has adopted Corporate Governance Documents which set forth the practices the Board of Directors will follow with respect to various matters, such as director responsibilities, compensation, and access to management. The Corporate Governance Documents are posted on the corporate governance page of the Company's website at www.gibraltar1.com.

Board Leadership

The Board of Directors is responsible for oversight of management of the business and affairs of the Company with the objective of enhancing stockholder value. To carry out these responsibilities and the activities of its committees, the Board of Directors was comprised of between seven and eight directors during the year ended December 31, 2016. As noted above, one director retired from the Board during 2016.

Under the Company's Bylaws, the Company's Chairman of the Board, William Montague, presides over meetings of the Board of Directors and meetings of the stockholders, while Gibraltar's Chief Executive Officer ("CEO"), Frank Heard, has general authority for strategic initiatives involving the business and operational affairs of the Company, subject to the supervision and oversight of the Board. Gibraltar separated the Chairman and CEO role in 2015 and believes this leadership structure better aligns with corporate governance best practices. The separated Chairman and CEO roles help to enhance the independent oversight of management which we believe more closely aligns the Company's leadership with the expectations of our stockholders.

In addition to the leadership structure described above, the independent directors of our Board meet in executive session at each quarterly board meeting, and all of the Board's key committees - the Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee - are comprised solely of and led by independent directors.

Board Tenure

Our corporate governance guidelines require our non-employee directors to submit their resignation from the Board upon reaching the age of 72. We do not have any other tenure limitations, as we believe our retirement policy and natural turnover achieve the appropriate balance between maintaining long-term directors with deep institutional knowledge and refreshing the Board with new directors who bring new perspectives and diversity to the Board. Whenever possible, we structure director retirements and new director appointments to overlap so institutional knowledge can be transferred to new directors. We also conduct an on-boarding process for our new directors so they can obtain an understanding of Gibraltar's business, the opportunities and challenges the Company manages, and provide an opportunity to meet the management team. As of April 4, 2017, the average tenure for each of the Company's board members is equal to five years of service.

Risk Oversight

The Board of Directors is actively engaged in the oversight of strategies adopted by management for mitigating risks faced by the Company. A fundamental part of risk oversight is not only understanding the material risks a company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for Gibraltar. The involvement of the Board of Directors in reviewing the Company's enterprise risk management process and business strategy is an integral aspect of the Board's assessment of management's tolerance for risk and also the Board's determination of what constitutes an appropriate level of risk for the Company.

Risks may arise in many different areas, including, among many others, business strategy; financial condition; competition for talent; operational efficiency; electronic data security; quality assurance; environmental, health, and safety; supply chain management; reputation; customer spending patterns; and intellectual property. The Board of Directors believes that, in light of the interrelated nature of the Company's risks, oversight of risk management is ultimately the responsibility of the full Board and has not divided the responsibility for oversight of risk management among its committees. In carrying out this critical responsibility, the Board has implemented a enterprise risk management program designed to:

- understand the critical risks in the Company's business and strategy;
- evaluate the Company's risk management process and whether it functions adequately;
- facilitate open communication between management and the Directors; and
- foster an appropriate culture of integrity and risk awareness.

The Board discusses risk throughout the year at meetings in general terms and in relation to specific proposed actions. While the Board oversees the enterprise risk management process, management is responsible for managing risk. The Company has internal processes and an effective internal control environment which facilitate the identification and management of risks and regular communication with the Board. These include an enterprise risk management program under the leadership of our Chief Financial Officer and our Treasurer, regular reports from management on business strategy, a Code of Business Conduct, and product quality standards. Management communicates routinely with the Board on the significant risks identified and how they are being managed.

Independence of Directors

The Board of Directors has determined that each of Sharon Brady, Jane Corwin, Craig Hindman, Vinod Khilnani, William Montague, and James Nish is an “independent director” as defined under NASDAQ rules, which the Board has adopted as the standards by which it will determine independence.

Board Committees and Related Matters

Our Board of Directors has three standing committees - the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Copies of the charters of these committees are available on the Company’s website at www.gibraltar1.com.

The current composition of each board committee is set forth below:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Board of Directors
Sharon Brady		Chair		a
Jane Corwin	a		a	