

LGI Homes, Inc.
Form DEF 14A
March 21, 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

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 under §240.14a-12

LGI HOMES, INC.

(Name of Registrant as Specified In Its Charter)

N/A

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

1450 Lake Robbins Drive, Suite 430
The Woodlands, Texas 77380

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

to be held on:

May 2, 2019

4:00 p.m. Central Time

Dear Stockholder:

You are cordially invited to attend our 2019 Annual Meeting of Stockholders, which will be held at 4:00 p.m. (Central Time) on May 2, 2019, at the Company's headquarters at 1450 Lake Robbins Drive, The Woodlands, Texas 77380 in Suite 140.

We are holding the Annual Meeting for the following purposes, which are more fully described in the accompanying proxy statement:

1. To elect the nominees named in the accompanying proxy statement to the Company's Board of Directors;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019;
3. To conduct an advisory vote to approve the compensation paid to the Company's named executive officers for 2018, as disclosed in this proxy statement; and
4. To transact such other business as may properly come before the Annual Meeting, or any adjournment thereof.

Only stockholders of record as of the close of business on March 8, 2019 are entitled to notice and to vote at the Annual Meeting or any adjournment thereof. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at our headquarters during the 10-day period prior to the Annual Meeting. If you would like to view this stockholder list, please contact Investor Relations at (281) 362-8998.

Each share of Company common stock that you own represents one vote, and your vote as a stockholder of LGI Homes, Inc. is very important. If you are a registered stockholder and have questions regarding your stock ownership, you may contact our transfer agent, Computershare Investor Services, by email through their website at www.computershare.com or by phone at (800) 962-4284 (within the U.S. and Canada) or (781) 575-3120 (outside the U.S. and Canada).

The Company's Board of Directors has approved Proposals 1, 2, and 3 described in the accompanying proxy statement and recommends that you vote:

FOR the election of all nominees for director in Proposal 1;

FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accountants for the fiscal year ending December 31, 2019 in Proposal 2; and

FOR the approval of the compensation paid to the Company's named executive officers for 2018 ("Say-On-Pay") in Proposal 3.

BY ORDER OF THE BOARD OF
DIRECTORS

Scott Garber
General Counsel and Corporate Secretary

The Woodlands, Texas
March 21, 2019

YOUR VOTE IS IMPORTANT

Instructions for submitting your proxy are provided in the Notice of Internet Availability of Proxy Materials, the Proxy Statement and your proxy card. It is important that your shares of Company common stock be represented and voted at the Annual Meeting. Please submit your proxy through the Internet, by telephone, or by completing the proxy card. You may revoke your proxy at any time prior to its exercise at the Annual Meeting. Please do not return the proxy card if you are voting through the Internet or by telephone.

Important Notice Regarding the Availability of Proxy Materials for the Annual Stockholder Meeting to be Held on May 2, 2019:

The Company's Proxy Statement and 2018 Annual Report on Form 10-K are available for review online at www.proxydocs.com/LGIH, which can also be accessed using the link at <http://investor.lgihomes.com>.

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider and you should read the entire proxy statement carefully before voting. Voting Matters and Recommendations of the Board of Directors of LGI Homes, Inc. (the “Board”)

Voting Matters	Board Recommendations
Election of Director Nominees (page 6)	FOR Each Director Nominee
Ratification of Independent Public Accounting Firm (page 10)	FOR
Advisory Vote on Executive Compensation (page 12)	FOR

Business Highlights

Due to our culture, customer-centric sales and marketing system, and our systems and processes-oriented business model, LGI Homes, Inc. (“LGI”, the “Company” or “we”) is one of America’s fastest-growing homebuilders. LGI provides move-in-ready homes to primarily entry-level homebuyers and has expanded its footprint from 25 active communities in four states at the time of our initial public offering in November 2013, to 88 active communities in 16 states as of December 31, 2018. Our goal is to provide our stockholders with market leading returns and to leverage our proven business model as we continue to diversify our geographic footprint and our product offerings to additional price points.

During 2018, we realized a 19.6% increase in home sales revenues and 11.4% increase in home closings as compared to 2017, which we believe is a testament to the strength of our systems and process-oriented business model, as well as the commitment of our team to achieve record-breaking results. Our momentum and improved operating leverage over the five years since our initial public offering generated pre-tax income as a percentage of revenues of more than 13% in 2016-2018.

During 2018, we achieved the following results compared to 2017:

- Home sales revenues increased 19.6% to \$1.5 billion from \$1.3 billion.
- Homes closed increased 11.4% to 6,512 homes from 5,845 homes.
- Average sales price of our homes increased \$15,800 to \$231,020 from \$215,220.
- Gross margin as a percentage of home sales revenues decreased to 25.3% from 25.5%.
- Adjusted gross margin (non-GAAP) as a percentage of home sales revenues increased to 27.0% from 26.9%.
- Net income before income taxes increased 16.2% to \$199.1 million from \$171.4 million.
- Net income increased 37.1% to \$155.3 million from \$113.3 million.
- EBITDA (non-GAAP) as a percentage of home sales revenues decreased to 14.9% from 15.1%.
- Adjusted EBITDA (non-GAAP) as a percentage of home sales revenues increased to 15.1% from 15.0%.
- Active communities at the end of 2018 increased to 88 from 78.

Adjusted gross margin, EBITDA, and adjusted EBITDA are non-GAAP financial measures used by management as supplemental measures in evaluating operating performance. Please see “Non-GAAP Measures-Adjusted Gross Margin” and “Non-GAAP Measures - EBITDA and Adjusted EBITDA” included as ANNEX A to this proxy statement for a reconciliation of (a) adjusted gross margin to gross margin and (b) EBITDA and adjusted EBITDA to net income, which are the GAAP financial measures that our management believes to be most directly comparable.

To support our continued growth, we have diversified our lot position while maintaining our underwriting standards. We continually evaluate our lot position to ensure we can sustain our current operations, replace closed communities, expand our market share in current markets and support our geographic and price point expansion initiatives. As of December 31, 2018, our owned and controlled lots position and closings by division were as follows:

Governance Highlights (page 13)

Each of the seats on our Board is subject to annual re-nomination and election by plurality vote. We believe that we have an appropriate process in place to evaluate the performance of each of our directors and to ensure our directors have the necessary complement and diversity of experience and skills to fulfill the Board’s fiduciary responsibility to our stockholders.

The experience and skills of our incumbent directors are summarized below:

The Board's views on numerous topics are summarized in the Corporate Governance Guidelines available under the "Investor Relations" and "Corporate Governance" links on our website at www.lgihomes.com.

Executive Compensation (page 29)

Our executive compensation program is designed to closely link the pay of each of our named executive officers ("NEOs") to our overall annual and long-term performance, aligning their interests with those of our stockholders and encouraging high-performing NEOs to remain with LGI over the course of their careers. We believe that our executive compensation program is effectively retaining executive talent as well as rewarding performance.

The Compensation Committee of our Board of Directors (the "Compensation Committee"), in consultation with management and the Compensation Committee's independent compensation consultant, endeavors to align our executive compensation program with our pay for performance philosophy to enhance stockholder value. Both short-term and long-term incentive compensation opportunities are provided for our NEOs, with an emphasis on incentive compensation versus base salary given the high growth focus of the Company.

The compensation consultant assists the Compensation Committee with benchmarking elements of executive pay against both a peer group of general industry public companies with revenues between \$400 million and \$1.8 billion (median revenues of \$1 billion) compiled by Equilar, Inc. and a homebuilder public company peer group consisting of 13 companies with revenues between \$400 million and \$7.8 billion. As one of the fastest growing homebuilders in the nation based on home closing growth, the Company was at the low end of the peer group for most measures of size (e.g. revenues, total assets, market capitalization, and enterprise value); however, we were near or above the median for market capitalization and EBITDA and above the 75th percentile for all performance measures including return on equity, return on assets and total shareholder return.

As a result of its review of the market data and other factors, the Compensation Committee approved increases to each of our NEO's target compensation levels to bring them closer to the 50th percentile of the general industry market data and closer to the 25th percentile of the homebuilder peer group, considering our relative size.

Pay Mix (page 33)

Our executive compensation program directly links the majority of executive compensation opportunity to our financial performance through annual and long-term incentives. The charts below describe each of the compensation elements for the CEO and other NEOs for 2018 as a percentage of total target compensation.

The short-term cash bonus incentive opportunity for each participating NEO was based (i) 75% on the pretax income during 2018 as compared to target and (ii) 25% on the number of home closings during 2018 as compared to the target. The payouts could range from 0% to 200% of the target annual bonus amount.

The restricted stock unit grant agreements provide for three-year cliff vesting.

The 2018 performance-based restricted stock unit (“PSU”) awards cliff vest on the determination date and provide the opportunity for participants to receive shares of our common stock based on the attainment of pre-established financial performance targets based on our cumulative basic earnings per share amount over the three-year performance period from January 1, 2018 to December 31, 2020. The ultimate number of shares of our common stock to be earned with respect to a participant’s PSUs will be determined at the end of the performance period depending on actual results as compared to the target performance metrics and payouts could range from 0% to 200% of the target number of PSUs.

We believe that the amount of compensation for each NEO reflects the depth of their experience, quality of their performance and level of service to LGI and our stockholders. See “Compensation Discussion and Analysis” for a detailed explanation of these programs beginning on page 29.

LGI HOMES, INC.
2019 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT

INFORMATION CONCERNING VOTING AND SOLICITATION

The accompanying proxy is solicited on behalf of the Board of Directors (the “Board”) of LGI Homes, Inc. (“LGI”, the “Company” or “we”) for use at the Company’s 2019 Annual Meeting of Stockholders (the “Annual Meeting”) to be held at the Company’s headquarters located at 1450 Lake Robbins Drive, The Woodlands, Texas 77380, in Suite 140 on May 2, 2019, at 4:00 p.m. (Central Time), and any adjournment thereof.

On or about March 21, 2019, we will mail to our stockholders of record and beneficial owners a Notice of Internet Availability of Proxy Materials containing instructions on how to access this proxy statement (this “Proxy Statement”) and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (our “2018 Annual Report”), and how to vote online, via the Internet. The Notice of Internet Availability of Proxy Materials will also contain instructions on how you can receive a paper copy of the proxy materials. Our 2018 Annual Report, Notice of Internet Availability of Proxy Materials and the proxy card are first being made available online on or about March 21, 2019.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

What is the purpose of the Annual Meeting?

At the Annual Meeting, our stockholders will act upon the proposals described in this Proxy Statement.

What proposals are scheduled to be voted on at the Annual Meeting?

Stockholders will be asked to vote on the following proposals:

To elect Ryan Edone, Duncan Gage, Eric Lipar, Laura Miller, Bryan Sansbury, Steven Smith, and Robert Vahradian to the Board until our next annual meeting of stockholders, until such director’s successor is elected or appointed and qualified, or until such director’s earlier death, resignation or removal (see page 6);

Proposal 2: To ratify the appointment of Ernst & Young LLP (“Ernst & Young”) as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019 (see page 10);

Proposal 3: To conduct a non-binding advisory vote on the compensation paid to our named executive officers (“NEOs”) for 2018, as disclosed in this Proxy Statement (such vote, a “Say-on-Pay vote”) (see page 12); and

To transact such other business as may properly come before the Annual Meeting, or any adjournment thereof.

We are not aware of any other business to be brought before the Annual Meeting. If any additional business is properly brought before the Annual Meeting, proxies will be voted on those matters in accordance with the judgment of the person or persons acting under the proxies.

What is the recommendation of the Board on each of the proposals scheduled to be voted on at the Annual Meeting?

The Board recommends that you vote:

FOR the election of each of the nominees for director named in Proposal 1;

FOR the ratification of the appointment of Ernst & Young as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019 in Proposal 2; and

FOR the approval of the compensation paid to the NEOs for 2018 in Proposal 3.

Voting of Proxies

When you vote by proxy, you authorize our officers listed on the proxy card to vote your shares of our common stock on your behalf as you direct. In the absence of such direction, your shares will be voted:

FOR the election of each of the nominees for director named in Proposal 1;

FOR the ratification of the appointment of Ernst & Young as the Company's independent registered public accountants for the fiscal year ending December 31, 2019 in Proposal 2; and

FOR the approval of the compensation paid to the NEOs for 2018 in Proposal 3.

Voting and Ownership of Shares

At the close of business on the record date, March 8, 2019, the Company had 22,707,385 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter brought before the Annual Meeting. The following votes are required to approve each of the proposals at the meeting.

Election of Directors. Proposal 1 regarding the election of directors requires the approval of a plurality of the votes cast. This means that the seven nominees receiving the highest number of affirmative FOR votes will be elected as directors.

Ratification of Appointment of Independent Registered Public Accounting Firm. Proposal 2 regarding the ratification of the appointment of Ernst & Young as the Company's independent registered public accounting firm requires the approval of a majority of the shares of our common stock entitled to vote at the Annual Meeting which are present in person or by proxy at the Annual Meeting.

Non-binding, Advisory Vote on the Compensation Paid to the NEOs. Generally, the Company's Bylaws (our "Bylaws") provide that approval of any matter presented to our stockholders at a meeting of our stockholders be decided by the vote of the holders of our stock having a majority of the votes which could be cast by the holders of all stock entitled to vote on such question which are present in person or by proxy at the meeting. Thus, approval of the compensation of the NEOs, as described in Proposal 3, requires the approval of a majority of the votes cast at the Annual Meeting. This vote, however, is merely advisory and is not binding on the Company, the Board or its Compensation Committee. Despite the fact that the vote is non-binding, the Board and the Compensation Committee will take the results of the vote under advisement when making future decisions regarding the Company's executive compensation program.

Who can vote at the Annual Meeting?

Stockholders as of the close of business on the record date for the Annual Meeting (March 8, 2019) are entitled to vote at the Annual Meeting. At the close of business on the record date, there were outstanding and entitled to vote 22,707,385 shares of our common stock.

Stockholder of Record: Shares Registered in Your Name

If at the close of business on March 8, 2019, your shares of our common stock were registered directly in your name with our transfer agent, Computershare Investor Services, then you are considered the stockholder of record with respect to those shares.

As a stockholder of record, you may vote at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote over the Internet or by telephone, or if you request paper proxy materials, by filling out and returning the proxy card.

Beneficial Owner: Shares Registered in the Name of a Broker or Nominee

If at the close of business on March 8, 2019, your shares of our common stock were held in an account with a brokerage firm, bank or other nominee, then you are the beneficial owner of the shares of our common stock held in street name. As a beneficial owner, you have the right to direct your nominee on how to vote the shares of our common stock held in your account, and your nominee has enclosed or provided voting instructions for you to use in directing it on how to vote your shares of our common stock. However, the organization that holds your shares of our common stock is considered the stockholder of record for purposes of voting at the Annual Meeting. Because you are not the stockholder of record, you may not vote your shares of our common stock at the Annual Meeting unless you request and obtain a valid proxy from the organization that is the record stockholder of your shares of our common stock giving you the right to vote the shares of our common stock at the Annual Meeting.

How do I vote?

If you are a stockholder of record, you may:

- vote in person—we will provide a ballot to stockholders who attend the Annual Meeting and wish to vote in person;
- vote by mail—if you request a paper proxy card, simply complete, sign and date the proxy card, then follow the instructions on the proxy card; or
- vote via the Internet or via telephone—follow the instructions on the Notice of Internet Availability or proxy card and have the Notice of Internet Availability or proxy card available when you access the internet website or place your telephone call.

Votes submitted via the Internet or by telephone must be received by 5:00 p.m., Central Time, on May 1, 2019.

Submitting your proxy, whether via the Internet, by telephone or by mail if you requested a paper proxy card, will not affect your right to vote at the Annual Meeting if you were a stockholder of record as of the close of business on March 8, 2019, and should you decide to attend the Annual Meeting and vote your shares of our common stock at the Annual Meeting.

If you are not a stockholder of record, please refer to the voting instructions provided by your nominee to direct it how to vote your shares of our common stock.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure that your vote is counted. You may still attend the Annual Meeting if you have already voted by proxy.

How do I revoke my proxy?

A stockholder giving a proxy has the power to revoke it at any time before it is voted by providing written notice to the Secretary of the Company, by delivering a later-dated proxy, or by voting in person at the Annual Meeting.

What is the quorum requirement for the Annual Meeting?

A majority of our outstanding shares of common stock as of the record date must be present at the Annual Meeting in order to hold the meeting and conduct business. This presence is called a quorum. Your shares of our common stock are counted as present at the Annual Meeting if you are present and vote in person at the Annual Meeting or if you have properly submitted a proxy.

How are abstentions and broker non-votes treated?

Abstentions (shares of our common stock present at the Annual Meeting and voted “abstain”) are counted for purposes of determining whether a quorum is present at the Annual Meeting, and have no effect on the election of directors (Proposal 1). Abstentions will be counted toward the tabulation of the shares of our common stock

entitled to vote at the Annual Meeting and thus will have the same effect as a negative vote on the ratification of appointment of auditors (Proposal 2) and the compensation paid to the NEOs for 2018 (Proposal 3).

Broker non-votes occur when shares of our common stock held by a broker for a beneficial owner are not voted either because (i) the broker did not receive voting instructions from the beneficial owner, or (ii) the broker lacked discretionary authority to vote the shares. Broker non-votes are counted for purposes of determining whether a quorum is present, and have no effect on the matters voted upon. Note that if you are a beneficial holder and do not provide specific voting instructions to your broker, the broker that holds your shares of our common stock will not be authorized to vote on the election of directors (Proposal 1) or on the compensation paid to the NEOs for 2018 (Proposal 3). Ratification of the appointment of auditors (Proposal 2) is considered to be a routine matter and, accordingly, if you do not instruct your broker, bank or other nominee on how to vote the shares of our common stock in your account for Proposal 2, brokers will be permitted to exercise their discretionary authority to vote for the ratification of the appointment of auditors. Accordingly, we encourage you to provide voting instructions to your broker, whether or not you plan to attend the Annual Meeting.

What if I return a proxy card but do not make specific choices?

All proxies will be voted in accordance with the instructions specified on the proxy card. If you sign a physical proxy card and return it without instructions as to how your shares of our common stock should be voted on a particular proposal at the Annual Meeting, your shares of our common stock will be voted in accordance with the recommendations of our Board of Directors stated above.

If you do not vote and you hold your shares of our common stock in street name, and your broker does not have discretionary power to vote your shares of our common stock, your shares may constitute “broker non-votes” (as described above). Shares that constitute broker non-votes will be counted for the purpose of establishing a quorum for the Annual Meeting. Voting results will be tabulated and certified by the inspector of elections appointed for the Annual Meeting.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission (the “SEC”), the Company uses the Internet as the primary means of furnishing proxy materials to stockholders of record as of the record date for the Annual Meeting. Accordingly, on or about March 21, 2019, the Company will mail a Notice of Internet Availability of Proxy Materials (the “Notice of Internet Availability”) to the Company’s stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice of Internet Availability and www.proxydocs.com/LGIH. The Notice of Internet Availability of Proxy Materials also contains instructions on how to receive, free of charge, paper copies of the proxy materials. If you received the notice, then you will not receive a paper copy of the proxy materials unless you request one. The Company encourages stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce cost to the Company associated with the physical printing and mailing of proxy materials.

How can I get electronic access to the proxy materials?

The Notice of Internet Availability will provide you with instructions regarding how to use the Internet to:

- View the Company’s proxy materials for the Annual Meeting; and
- Instruct the Company to send future proxy materials to you by email.

The Company’s proxy materials are also available at <http://www.investor.lgihomes.com>. This website address is included for reference only. The information contained on the Company’s website is not incorporated by reference into this Proxy Statement.

Choosing to receive future proxy materials by email will save the Company the cost of printing and mailing documents to you. If you choose to receive future proxy materials by email, you will receive an email message

next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

Who is paying for this proxy solicitation?

The Company is paying the costs of the solicitation of proxies. Proxies may be solicited on behalf of the Company by our directors, officers, employees or agents in person or by telephone, facsimile or other electronic means. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries, upon request, for their reasonable expenses incurred in sending proxies and proxy materials to beneficial owners of our common stock. We have not retained an outside proxy solicitation firm to assist us with the solicitation of proxies.

PROPOSAL 1—ELECTION OF DIRECTORS

Our Board of Directors currently consists of seven members. Our Certificate of Incorporation provides that the authorized number of directors may be changed only by resolution of the Board.

Each nominee presented below, if elected, will serve as a director until the next annual meeting of stockholders and until such director's successor is duly elected or appointed and qualified or, if earlier, such director's death, resignation or removal. All of the nominees listed below have given their consent to be named as nominees for election and have indicated their intention to serve if they are elected. All of the nominees currently serve on the Board. The Board does not anticipate that any of the nominees will be unable to serve as a director, but in the event that any nominee is unable to serve as a director or should otherwise become unavailable, the Board may either propose an alternate nominee, in which case the proxies will be voted for the alternative nominee unless directed to withhold from voting, or the Board may elect to reduce the size of the Board.

Mr. Smith is the uncle of Mr. Eric Lipar, our Chief Executive Officer and Chairman of the Board. There are no other familial relationships among our directors and executive officers.

Director Nominees

Our Board of Directors believes that it is necessary for each of our directors to possess qualities, attributes and skills that contribute to a diversity of views and perspectives among the directors and enhance the overall effectiveness of the Board. As described on page 13 under "Corporate Governance Guidelines - Selection and Evaluation of Director Candidates," our Nominating and Corporate Governance Committee considers all factors it deems relevant when evaluating prospective candidates or current board members for nomination to our Board of Directors, as prescribed in the committee's charter. All of our directors bring to the Board leadership experience derived from past service. They also all bring a diversity of views and perspectives derived from their individual experiences working in a range of industries and occupations, which provide our Board of Directors, as a whole, with the skills and expertise that reflect the needs of the Company.

Certain individual experiences, qualifications, and skills of our directors that contribute to the Board's effectiveness as a whole are described in the table and biographies set forth below.

Directors' Experience and Skills

Directors' Biographies

Ryan Edone Director

Mr. Edone, age 45, has served as a director since November 2014. Mr. Edone is the Chief Financial Officer of Petroleum Wholesale L.P., a distributor of branded and wholesale motor fuel products and operator of retail convenience stores/travel centers across the southwestern United States. Prior to his joining Petroleum Wholesale L.P. in 1999, Mr. Edone was a manager at PricewaterhouseCoopers and a Certified Public Accountant. Mr. Edone is a member of the Board of Directors of Archway Insurance LTD (“Archway”), a captive insurance company. At Archway, Mr. Edone formerly served in roles as the President of the Board and Vice President and Risk Control Chairman of the Board. Mr. Edone is also a member of the ChevronTexaco Petroleum Marketers Association Board. Mr. Edone is chair of our Audit Committee and qualifies as an “audit committee financial expert,” as such term is defined in Item 407(d) of Regulation S-K.

Mr. Edone’s experience as an executive with a multi-state retail and wholesale distribution company enables him to provide both financial and operational expertise to the Company. In addition, Mr. Edone brings insurance and risk management expertise that is valuable to support the continued growth of our business.

Duncan Gage Director

Mr. Gage, age 69, has served as a director since June 2013. Mr. Gage currently manages his personal investments. Mr. Gage was President and CEO of Giant Cement Holdings, Inc. from 2009 to 2012, a producer of cement, concrete and aggregate for the construction industry. He previously served as President of the Eastern Construction Materials Division of Rinker Materials and President of Rinker’s Concrete Pipe Division. Mr. Gage also held a number of senior executive positions with Lafarge Group, including Regional President, Southeast Asia and President, US Cement Operations. He is a former director of Insteel Industries, Inc., where he chaired the Audit Committee and was a member of the Compensation Committee. Mr. Gage is a member of our Audit Committee and our Compensation Committee. Our Board of Directors has determined that Mr. Gage qualifies as an “audit committee financial expert,” as such term is defined in Item 407(d) of Regulation S-K.

Mr. Gage’s experience as an executive officer of public companies as well as his experience as a former director of Insteel Industries, Inc. (a public manufacturer of steel wire reinforcing products) and chair of its audit committee gives him a unique perspective on business and corporate governance issues as well as supply chain and manufacturing considerations important to a production homebuilder.

Eric Lipar