

GRANITE CONSTRUCTION INC  
Form DEF 14A  
April 13, 2018

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 §240.14a-12

GRANITE CONSTRUCTION INCORPORATED

(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)

Edgar Filing: GRANITE CONSTRUCTION INC - Form DEF 14A

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:

Notice of 2018 Annual Meeting of Shareholders  
and Proxy Statement

GRANITE CONSTRUCTION INCORPORATED

585 West Beach Street

Watsonville, California 95076

Notice of Annual Meeting of Shareholders

April 13, 2018

Date: Thursday, June 7, 2018

Time: 10:30 a.m., Pacific Time

Place: Monterey Plaza Hotel  
400 Cannery Row  
Monterey, CA 93940

Purposes of the Meeting:

- To elect three (3) directors for the ensuing three-year term;
- To hold an advisory vote on executive compensation for the Named Executive Officers;
- To ratify the appointment by the Audit/Compliance Committee of PricewaterhouseCoopers LLP as Granite's independent registered public accounting firm for the fiscal year ending December 31, 2018; and
- To consider any other matters properly brought before the meeting.

Who May Attend the Meeting:

Only shareholders, persons holding proxies from shareholders and invited representatives of the media and financial community may attend the meeting.

What to Bring:

If you received a Notice of Internet Availability of Proxy Materials, please bring that Notice with you. If your shares are held in the name of a broker, trust, bank, or other nominee, you will need to bring a proxy or letter from that broker, trust, bank, or other nominee that confirms you are the beneficial owner of those shares. If you hold shares through the Granite Construction Profit Sharing and 401(k) Plan, you will need to bring proof of ownership of the shares.

Record Date:

The record date for the 2018 Annual Meeting of Shareholders is April 12, 2018. This means that if you own Granite stock at the close of business on that date, you are entitled to receive notice of the meeting and vote at the meeting and any adjournments or postponements of the meeting.

Annual Report:

We have included a copy of the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 with the proxy materials on Granite's website.

Shareholder List:

For 10 days prior to the meeting, a complete list of shareholders entitled to vote at the meeting will be available for examination by any shareholder for any purpose related to the meeting during regular business hours at Granite's headquarters located at 585 West Beach Street, Watsonville, CA 95076. The shareholder list will also be available at the annual meeting.

---

Information about the Notice of Internet Availability of Proxy Materials:

Instead of mailing a printed copy of our proxy materials, including our Annual Report, to each shareholder of record, we will provide access to these materials online. This reduces the amount of paper necessary to produce these materials, as well as the costs associated with mailing these materials to all shareholders. Accordingly, on or about April 23, 2018, we will begin mailing a Notice of Internet Availability of Proxy Materials to all shareholders of record as of April 12, 2018, other than persons who hold shares in the Granite Construction Profit Sharing and 401(k) Plan (such persons, the "401(k) Participants" and such plan, the "401(k) Plan"). We will also post our proxy materials on the website referenced in the notice (<https://www.proxyvote.com>). All 401(k) Participants will receive a package in the mail that includes all proxy materials. The proxy materials will be mailed to all 401(k) Participants on or about April 23, 2018.

All shareholders may choose to access our proxy materials online or may request to receive a printed set of our proxy materials. In addition, the notice and website provide information regarding how you may request to receive proxy materials in printed form by mail on an ongoing basis.

Proxy Voting:

Your vote is important. Please vote your proxy promptly so your shares can be represented at the annual meeting even if you plan to attend the meeting. Shareholders, including 401(k) Participants, can vote by Internet, telephone or mail. Shareholders, other than 401(k) Participants, may revoke a proxy and vote in person if attending the meeting.

To get directions to the 2018 Annual Meeting of Shareholders, call our Investor Relations Department at 831.724.1011 or visit our website at [www.graniteconstruction.com](http://www.graniteconstruction.com) at the "Investors" site.

By Order of the Board of Directors,

Richard A. Watts

Senior Vice President, General Counsel and Secretary



Table of Contents

	Page
PROXY STATEMENT	1
VOTING INFORMATION	1
Who Pays for This Solicitation?	1
Who Can Vote?	1
How Do I Vote and What Is the Deadline for Voting My Shares?	1
What Is the Voting Requirement To Approve the Proposals?	2
How Are Votes Counted?	2
After I Vote by Proxy Can I Change or Revoke My Proxy?	3
Can I Vote at the Annual Meeting Instead of Voting by Proxy?	3
What Constitutes a Quorum?	3
Who Supervises the Voting at the Meeting?	3
How Can I Find Out the Voting Results?	3
PROPOSAL 1: ELECTION AND RATIFICATION OF DIRECTORS	4
Director Qualifications	4
Nominees for Director with Terms Expiring at the 2021 Annual Meeting	5
Continuing Directors with Terms Expiring at the 2019 Annual Meeting	6
Continuing Directors with Terms Expiring at the 2020 Annual Meeting	7
INFORMATION ABOUT THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE	9
Committees of the Board	9
Audit/Compliance Committee	9
Compensation Committee	10
Nominating and Corporate Governance Committee	10
Executive Committee	10
Role of the Compensation Consultant	10
The Lead Director and Executive Sessions	12
Board Leadership Structure and Its Role in Risk Oversight	12
Board of Directors' Nomination Policy	13
Evaluation Criteria and Procedures	13
Shareholder Recommendation and Direct Nomination of Board Candidates	14
Director Independence	14
Board and Annual Shareholder Meeting Attendance	15
Communications with the Board	15
Corporate Governance Guidelines and Policies	15
Code of Conduct	15
Granite Website	15
EXECUTIVE AND DIRECTOR COMPENSATION AND OTHER MATTERS	16
COMPENSATION DISCUSSION AND ANALYSIS	16
Objective of the Compensation Program	16
Executive Officer Compensation Program	16



Role of the Compensation Committee and Chief Executive Officer in Determining Executive Compensation	17
Role of the Compensation Consultant	17
Annual Risk Assessment	17
Market Data Considered in Determining Executive Compensation	17
Peer Group of Public Companies	18
Compensation Elements	18
Base Salaries	18
Annual Incentive Compensation	19
2017 Annual Incentive Plan	19
2017 Annual Incentive Plan Performance Measure Definitions	19
2017 Annual Incentive Plan Performance Objectives	20

Table of Contents

	Page
2017 Annual Incentive Plan Company and Group Funding Ratios	21
Safety Multiplier	21
2017 Annual Incentive Plan Company and Group Performance Results and Bonus Payouts	22
Long Term Incentive Compensation	23
Performance Awards	24
Total Shareholder Return Performance Calculation	25
2017 Performance Award Payouts	25
Total Shareholder Return Awards Earned in 2014 – 2016 and Paid in 2017	26
Service Awards	26
Policy Regarding Recovery of Award if Basis Changes Because of Restatement	28
Stock Ownership Guidelines	28
Anti-Hedging Policy	29
Anti-Pledging Policy	29
Non-Qualified Deferred Compensation	29
Flexible Bonus Policy	29
Other Compensation	30
Impact of Accounting and Tax Treatments of a Particular Form of Compensation	30
Change-in-Control Arrangements	30
Compensation Committee Report	32
Executive Compensation Tables	33
Potential Payments Upon Change-in-Control	37
Director Compensation	39
Director Stock Ownership	39
Cash and Equity Compensation Policy	39
CEO Pay Ratio Disclosure	41
STOCK OWNERSHIP OF BENEFICIAL OWNERS AND CERTAIN MANAGEMENT	42
SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	43
EQUITY COMPENSATION PLAN INFORMATION	44
TRANSACTIONS WITH RELATED PERSONS	44
REPORT OF THE AUDIT/COMPLIANCE COMMITTEE	45
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS	46
Principal Accountant Fees and Services	46
Audit/Compliance Committee Pre-Approval Policies and Procedures	46
PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION	47
PROPOSAL 3: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	48
	48

SHAREHOLDER PROPOSALS TO BE PRESENTED AT THE 2019 ANNUAL MEETING OF  
SHAREHOLDERS

HOUSEHOLDING	49
FORM 10-K	49
OTHER MATTERS	49

GRANITE CONSTRUCTION INCORPORATED

585 West Beach Street

Watsonville, California 95076

PROXY STATEMENT

As more fully described in the Notice of Internet Availability of Proxy Materials, Granite Construction Incorporated, a Delaware corporation (referred to herein as "we," "us," "our," "Granite" or the "Company"), on behalf of its Board of Directors, has made its proxy materials available to you on the Internet in connection with Granite's 2018 Annual Meeting of Shareholders, which will take place on June 7, 2018 at 10:30 a.m., Pacific Time, at the Monterey Plaza Hotel, 400 Cannery Row, Monterey, California. The Notice of Internet Availability of Proxy Materials was mailed to all Granite shareholders of record, except 401(k) Participants, on or about April 23, 2018, and our proxy materials were posted on the website referenced in the Notice of Internet Availability of Proxy Materials and made available to shareholders on April 23, 2018. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. The proxy materials were mailed to all 401(k) Participants on or about April 23, 2018.

Granite, on behalf of its Board of Directors, is soliciting your proxy to vote your shares at the 2018 Annual Meeting of Shareholders or any subsequent adjournment or postponement. We solicit proxies to give all shareholders of record an opportunity to vote on the matters listed in the accompanying notice and/or any other matters that may be presented at the annual meeting. In this proxy statement you will find information on these matters, which is provided to assist you in voting your shares.

Granite was incorporated in Delaware in January 1990 as the holding company for Granite Construction Company, which was incorporated in California in 1922. All dates in this proxy statement referring to service with Granite also include periods of service with Granite Construction Company, if applicable.

VOTING INFORMATION

Who Pays for This Solicitation?

Granite pays for the cost of this proxy solicitation. We will request brokers, trusts, banks and other nominees to solicit their customers who own our stock. We will reimburse their reasonable, out-of-pocket expenses for doing this. Our directors, officers and employees may also solicit proxies by mail, telephone, personal contact, or through online methods without additional compensation.

#### Who Can Vote?

You will have received notice of the annual meeting and can vote if you were a shareholder of record of Granite's common stock as of the close of business on April 12, 2018. You are entitled to one vote for each share of Granite common stock that you own. You may vote all shares owned by you as of the record date, including shares held directly in your name as the shareholder of record and shares held for you as the beneficial owner through a broker, trust, bank or other nominee. As of the close of business on April 12, 2018, there were 40,047,483 shares of common stock issued and outstanding.

#### How Do I Vote and What Is the Deadline for Voting My Shares?

Shareholders, other than 401(k) Participants, have the option to vote by proxy in the following three ways:

**By Internet:** You can vote by Internet by following the instructions in the Notice of Internet Availability of Proxy Materials or by accessing the Internet at <https://www.proxyvote.com> and following the instructions at that website at any time prior to 11:59 p.m., Eastern Time, on June 6, 2018;

**By telephone:** In the United States and Canada you can vote by telephone using a touch-tone phone by following the instructions in the Notice of Internet Availability of Proxy Materials or by calling 1.800.690.6903 (toll free) and following the instructions at any time prior to 11:59 p.m., Eastern Time, on June 6, 2018; or

**By mail:** If you have received a paper copy of the proxy card by mail you may submit your proxy by completing, signing and dating your proxy card and mailing it in the accompanying pre-addressed envelope. Instructions are also on the proxy card. Your proxy card must be received prior to 11:59 p.m., Eastern Time, on June 6, 2018.

Please refer to the Notice of Internet Availability of Proxy Materials or the information your broker, trust, bank or other nominee provides you for more information on the above options. If you vote your shares over the Internet or by telephone, you should not return a proxy card by mail (unless you are revoking your previous proxy).

All 401(k) Participants have the option to vote by proxy in the following three ways:

**By Internet:** You can vote by Internet by following the instructions on your proxy card or by accessing the Internet at <https://www.proxyvote.com> and following the instructions at that website at any time prior to 12:00 p.m. (noon), Eastern Time, on June 5, 2018;

**By telephone:** In the United States and Canada you can vote by telephone using a touch-tone phone by following the instructions on your proxy card or by calling 1.800.690.6903 (toll free) and following the instructions at any time prior to 12:00 p.m. (noon), Eastern Time, on June 5, 2018; or

**By mail:** You can submit your proxy by completing, signing and dating your proxy card and mailing it in the accompanying pre-addressed envelope. Instructions are also on the proxy card. Your proxy card must be received prior to 12:00 p.m. (noon), Eastern Time, on June 5, 2018.

If you vote your shares over the Internet or telephone, you should not return a proxy card by mail (unless you are revoking your previous proxy).

#### What Is the Voting Requirement To Approve the Proposals?

If there is a quorum, nominees for election to the Board who receive the affirmative vote of a majority of the votes cast will be elected as members of our Board of Directors for the upcoming three-year term and until his/her successor is elected and qualified or he/she resigns or until his/her death, retirement or removal, or other cause identified in Granite's bylaws. This means that a majority of votes cast "for" the election of a nominee must exceed the number of votes cast "against" the nominee's election. Each of the other matters identified in the Notice of Meeting will be approved if it receives the affirmative vote of a majority of the votes cast affirmatively or negatively on such matter. Any other matters properly proposed at the meeting, including a motion to adjourn the annual meeting to another time or place (including for the purpose of soliciting additional proxies), will also be determined by a majority of the votes cast affirmatively or negatively, except as otherwise required by law or by Granite's Certificate of Incorporation, as amended, or bylaws.