

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**HCI Group, Inc.**

**Form: 8-K**

**Date Filed: 2019-01-22**

Corporate Issuer CIK: 1400810

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

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities and Exchange Act of 1934**

**Date of Report (or Date of Earliest Event Reported): December 17, 2018**

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**HCI Group, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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**Florida**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**001-34126**  
(Commission  
File Number)

**20-5961396**  
(I.R.S. Employer  
Identification Number)

**5300 West Cypress Street, Suite 100**  
**Tampa, Florida 33607**  
(Address of Principal Executive Offices)

**813-849-9500**  
(Telephone Number, Including Area Code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 1.01 Entry into a Material Definitive Agreement**

On January 15, 2019, the compensation committee of our board of directors awarded our chief executive officer, Paresh Patel, 40,000 restricted common shares and options to purchase 110,000 of our common shares at an exercise price of \$53 per share. Both the restricted shares and the options vest in equal annual installments over four years, so long as Mr. Patel remains employed by the company. The options will expire on January 15, 2029. The awards were made pursuant to the HCI Group, Inc. 2012 Omnibus Incentive Plan, as amended.

In the opinion of the compensation committee, a combination of restricted shares and stock purchase options vesting over four years best aligned Mr. Patel's equity compensation with the long-term success of the company and shareholder returns.

The foregoing summary of the equity awards does not purport to be complete and is subject to, and qualified in its entirety by, the full text of restricted stock award contract and the nonqualified stock option agreement appearing respectively as exhibit 99.1 and 99.2 to this Form 8-K.

**Item 5.02 Compensatory Arrangements of Certain Officers**

The matters discussed in Item 1.01 are hereby incorporated into this Item 5.02.

On December 17, 2018, our compensation committee awarded cash bonuses to certain of our executives, including "named executive officers," as set forth below.

| <u>Name and office</u>                            | <u>Cash<br/>Bonus</u> |
|---|-----------------------|
| Mark Harmsworth, chief financial officer          | \$100,000             |
| Anthony Saravanos, president—real estate division | \$100,000             |
| Karin Coleman, executive vice president           | \$100,000             |
| Andrew L. Graham, general counsel                 | \$100,000             |

**Item 9.01 Exhibits**

Exhibit 99.1 [Restricted Stock Award Contract](#)

Exhibit 99.2 [Nonqualified Stock Option Agreement](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: January 21, 2019.

HCI GROUP, INC.

BY: /s/ James Mark Harmsworth

Name: James Mark Harmsworth

Title: Chief Financial Officer

A signed original of this Form 8-K has been provided to HCI Group, Inc. and will be retained by HCI Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**HCI GROUP, INC.**  
**2012 OMNIBUS INCENTIVE PLAN**  
**RESTRICTED STOCK AWARD CONTRACT**

Paresh Patel  
1520 Gulf Blvd, Apt. 1706  
Clearwater, FL 33767

Dear Mr. Patel:

You have been granted a Restricted Stock award for shares of common stock of HCI Group, Inc. (the "Company") under the HCI Group, Inc. 2012 Omnibus Incentive Plan, as amended (the "Plan") with the following terms and conditions. For the purposes of this contract "Restricted Shares" means Restricted Stock awarded pursuant to the Plan and this contract.

Grant Date: January 15, 2019

Number of Shares: 40,000 Shares

Vesting Schedule: Your Restricted Shares will initially be subject to a Restriction Period. The Restriction Period will lapse and the Restricted Shares will vest as follows:

One-fourth of your Restricted Shares on January 15, 2020, one-fourth on January 15, 2021, one-fourth on January 15, 2022, and the remaining shares on January 15, 2023. Fractional shares will be rounded down to the nearest whole number until the last vesting date.

The lapse of your Restriction Period and vesting may be suspended or delayed as a result of a leave of absence.

Escrow: Your Restricted Stock will be held in escrow by the Company, as escrow agent. The Company will give you a receipt for the Restricted Shares held in escrow that will state that the Company holds such Restricted Shares in escrow for your account, subject to the terms of this Award, and you will give the Company a stock power for such Shares duly endorsed in blank which will be used in the event such Shares are forfeited in whole or in part. As soon as practicable after the lapse of the Restriction Period, the Restricted Stock will cease to be held in escrow, and the vested Shares will be issued in certificated or book entry form to you or, in the case of your death, to your estate.

Notwithstanding the foregoing, the Company may instruct its transfer agent to evidence the Restricted Shares by electronic entry on the transfer agent's books. In that event the Company will further instruct its transfer agent to indicate the Restriction Period (and any other restrictions it may require to ensure compliance with the Securities Act and state and other securities laws) within those book entries and, upon the lapse of the Restriction Period and provided you have has paid applicable withholding taxes the Company will instruct the transfer agent to remove those indications with respect to shares of Restricted Stock or other securities for which the Restriction Period has lapsed or been waived.

Transferability of  
Restricted Shares:

You may not assign, sell, transfer, pledge, encumber or otherwise alienate or hypothecate any of your Restricted Shares until they are vested. In addition, by accepting this Award, you agree not to sell any Restricted Shares acquired under this Award at a time when applicable laws, Company policies or any agreement between the Company and its underwriters prohibits a sale. You will not sell your shares except during an open trading window as described in the Company's Insider Trading Policy.

Forfeiture

Unvested Restricted Shares will be forfeited when your service to the Company ends. For this purpose, service to an Affiliate is deemed to be service to the Company. Forfeiture may also occur under other circumstances described in the Plan.

Voting and Dividends:

You may exercise full voting rights and will receive all dividends and other distributions paid with respect to the Restricted Shares, in each case so long as the applicable record date occurs before you forfeit such Shares. If, however, any such dividends or distributions are paid in Shares, such Shares will be subject to the same risk of forfeiture, restrictions on transferability and other terms of this Award as are the Restricted Stock with respect to which they were paid.

Tax Withholding:

You understand that you (and not the Company or any Affiliate) will be responsible for your own federal, state, local or foreign tax liability and any of your other tax consequences that may arise as a result of the transactions contemplated by this Award. You shall rely solely on the determinations of your tax advisors or your own determinations, and not on any statements or representations by the Company or any Affiliate or agents, with regard to all such tax matters. You may be able to alter the tax consequences of the acquisition of the Shares by filing an election under Section 83(b)

of the Internal Revenue Code of 1986, as amended (the "Code"). Such election may be filed only within thirty (30) days after the date of this Award. You should consult with your tax advisor to determine the tax consequences of acquiring the Shares and the advantages and disadvantages of filing the Code Section 83(b) election. You acknowledge that it is your sole responsibility, and not the Company's or any Affiliate, to file a timely election under Code Section 83(b), even if you request the Company or its representatives make this filing on your behalf.

To the extent that the receipt of the Restricted Stock or the vesting of the Restricted Stock results in income to you for Federal, state or local income tax purposes, you will surrender to the Company at the time the Company or any Affiliate is obligated to withhold taxes in connection with such receipt or vesting, as the case may be, such number of Restricted Shares as the Company or any Affiliate requires to meet its withholding obligation under applicable tax laws or regulations, and if you fail to do so, the Company and any Affiliate has the right and authority to deduct or withhold from other compensation payable to you an amount sufficient to satisfy its withholding obligations. The number of Restricted Shares to be surrendered will be based of the aggregate Fair Market Value on the date the withholding is to be determined. In the Company's discretion, you may surrender additional shares to increase your payroll tax deductions using an alternate method prescribed by the Internal Revenue Service. A request for withholding of shares to satisfy payroll taxes exceeding the minimum requirements must be delivered to the Company's general counsel at least five business days before any vesting date.

Miscellaneous:

- This Restricted Stock Award may be amended only by written consent signed by you and the Company, except if the amendment is not to your detriment or as otherwise permitted by the terms of the Plan.
- As a condition of the granting of this Award, you agree, for yourself and your legal representatives or guardians, that this contract and the Plan shall be interpreted by the Committee and that any interpretation by the Committee of the terms of this contract or the Plan and any determination made by the Committee pursuant to this contract or the Plan shall be final, binding and conclusive.
- This contract may be executed in counterparts.

This Restricted Stock Award is granted under and governed by the terms and conditions of the Plan. Additional provisions regarding your Award and definitions of capitalized terms used and not defined in this Award can be found in the Plan.

BY SIGNING BELOW AND ACCEPTING THIS RESTRICTED STOCK AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED HEREIN AND IN THE PLAN. YOU ALSO ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, THE PLAN AND THE PROSPECTUS DESCRIBING THE PLAN.

\_\_\_\_\_  
Jim Macchiarola  
Chairman of the Compensation Committee

\_\_\_\_\_  
Paresh Patel

**HCI GROUP, INC.**  
**NONQUALIFIED STOCK OPTION AGREEMENT**

HCI Group, Inc. hereby grants to the Optionee an option to purchase the Number of Option Shares set forth below, in the manner and subject to the provisions of this Option Agreement. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan.

1. Definitions:

- (a) **"Code"** shall mean the Internal Revenue Code of 1986, as amended. (All references to Sections of the Code are to such Sections as they may from time to time be amended or renumbered.)
- (b) **"Company"** shall mean HCI Group, Inc., a Florida corporation, and any successor corporation thereto.
- (c) **"Date of Option Grant"** shall mean **January 15, 2019**.
- (d) **"Disability"** shall mean disability within the meaning of Section 22(e)(3) of the Code, as determined by the Board in its sole discretion under procedures established by the Board of Directors of the Company.
- (e) **"Exercise Price"** shall mean **\$53.00** per share, as adjusted from time to time pursuant to the Plan.
- (f) **"Number of Option Shares"** shall mean **110,000** shares of Common Stock of the Company as adjusted from time to time pursuant to the Plan.
- (g) **"Option Term Date"** shall mean **January 15, 2029**.
- (h) **"Optionee"** shall mean **Paresh Patel**.
- (i) **"Participating Company"** shall mean (i) the Company and (ii) any present or future parent and/or subsidiary corporation of the Company while such corporation is a parent or subsidiary of the Company. For purposes of this Option Agreement, a parent corporation and a subsidiary corporation shall be as defined in Sections 424(e) and 424(f) of the Code.
- (j) **"Participating Company Group"** shall mean at any point in time all corporations collectively which are then a Participating Company.
- (k) **"Plan"** shall mean the HCI Group, Inc. 2012 Omnibus Incentive Plan, as amended from time to time.

2. Nonqualified Stock Option. This Option is intended to be a nonqualified stock option. The Optionee should consult with the Optionee's own tax advisors regarding the tax effects of this Option.

3. Administration. All questions of interpretation concerning this Option Agreement shall be determined by the Board of Directors of the Company (the "**Board**") and/or by a duly appointed committee of the Board having such powers as shall be specified by the Board. Any subsequent references herein to the Board shall also mean the committee if such committee has been appointed and, unless the powers of the committee have been specifically limited, the committee shall have all of the powers of the Board granted in the Plan, subject to the terms of the Plan and any applicable limitations imposed by law. All determinations by the Board shall be final and binding upon all persons having an interest in the Option. Any officer of a Participating Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation or election.
4. Exercise and Vesting of the Option.
- (a) Right to Exercise. The Option shall vest and become exercisable from time to time, subject to the schedule set forth below, in whole or in part, and subject to the termination provisions of Paragraph 6 hereof:
- On January 15, 2020, and each anniversary thereafter the Option shall vest and become exercisable to purchase up to one-fourth of the Number of Option Shares. This provision shall be interpreted such that on January 15, 2023, the Option shall be fully vested and may be exercised with respect to 100% of the Number of Option Shares (assuming that none of the Options have been previously exercised).
- The schedule set forth above is cumulative, so that shares as to which the Option has become exercisable on and after a date indicated by the schedule may be purchased pursuant to exercise of the Option at any subsequent date prior to termination of the Option. The Option may be exercised at any time and from time to time to purchase up to the number of shares as to which it is then exercisable.
- (b) Method of Exercise. The Option shall be exercised by written notice to the Company in the form of Exhibit A hereto stating the election to exercise the Option, the Number of Option Shares for which the Option is being exercised and such other representations and agreements as to the Optionee's investment intent with respect to such shares as may be required by the Company. The written notice must be signed by the Optionee and must be delivered in person or by certified or registered mail, return receipt requested, to the Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group, prior to the termination of the Option as set forth in Paragraph 6 below, accompanied by (i) full payment of the exercise price for the number of shares being purchased and (ii) an executed copy, if required herein, of the then current form of joint escrow instructions referenced below.
- (c) Form of Payment of Option Price. Such payment shall be made in cash, check or cash equivalent, by delivery of shares of Common Stock owned by the Optionee valued at fair market value (as determined by the Board), or in any other form as may be permitted by the Board in its sole discretion.

- (d) Withholding. At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes payroll withholding and otherwise agrees to make adequate provision for foreign, federal and state tax withholding obligations of the Company, if any, which arise in connection with the Option, including, without limitation, obligations arising upon (i) the exercise, in whole or in part, of the Option, (ii) the transfer, in whole or in part, of any shares acquired on exercise of the Option, (iii) the operation of any law or regulation providing for the imputation of interest, or (iv) the lapsing of any restriction with respect to any shares acquired on exercise of the Option.
- (e) Certificate Registration. The certificate or certificates for the shares as to which the Option shall be exercised shall be registered in the name of the Optionee, or, if applicable, the heirs of the Optionee.
- (f) Restrictions on Grant of the Option and Issuance of Shares. The grant of the Option and the issuance of the shares upon exercise of the Option shall be subject to compliance with all applicable requirements of federal or state law with respect to such securities. The Option may not be exercised if the issuance of shares upon such exercise would constitute a violation of any applicable federal or state securities laws or other law or regulations. In addition, no Option may be exercised unless (i) a registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act.

**THE OPTIONEE IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISABLE UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE OPTIONEE MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED.**

As a condition to the exercise of the Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

- (g) Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of the Option.
5. Non-Transferability of the Option. The Option may be exercised during the lifetime of the Optionee solely by the Optionee and may not be assigned or transferred in any manner except by will or by the laws of descent and distribution.
  6. Duration of the Option. The Option shall terminate and may no longer be exercised on the Option Term Date as defined above.

7. Rights as a Stockholder or Employee. The Optionee shall have no rights as a stockholder with respect to any shares covered by the Option until the date of the issuance of a certificate or certificates for the shares for which the Option has been exercised. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such certificate or certificates are issued, except as provided in the Plan. Nothing in the Option shall confer upon the Optionee any right to be employed by, or to continue in the employment of, a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Optionee's employment at any time.
8. Legends. The Company may at any time place legends referencing any applicable federal or state securities law restriction on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Optionee shall, at the request of the Company, promptly present to the Company any and all certificates representing shares of stock acquired pursuant to the Option in the possession of the Optionee in order to effectuate the provisions of this Paragraph. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SHARES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE CORPORATION RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SHARES REASONABLY SATISFACTORY TO THE CORPORATION, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.
9. Binding Effect. This Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.
10. Termination or Amendment. The Board may terminate or amend this Option Agreement at any time; provided, however, that no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Optionee, unless such amendment is required to comply with any change in law or tax and accounting rules, including the provisions of Code Section 409A.
11. Integrated Agreement. This Option Agreement and the Plan constitutes the entire understanding and agreement of the Optionee and the Participating Company Group with respect to the subject matter contained herein, and there are no other agreements, understandings, restrictions, representations, or warranties among the Optionee and the Company with respect to the subject matter contained herein other than those as set forth or provided for herein. To the extent contemplated herein, the provisions of this Option Agreement shall survive any exercise of the Option and shall remain in full force and effect.

12. Terms and Conditions of Plan. The terms and conditions included in the Plan are incorporated by reference herein, and to the extent that any conflict may exist between any term or provision of this Option Agreement and any term or provision of the Plan, the term or provision of the Plan shall control.
13. Applicable Law. This Option Agreement shall be governed by the laws of the State of Florida as such laws are applied to agreements entered into and performed entirely within the State of Florida and without regard to the rules of such State regarding choice of laws.

**SEPARATE SIGNATURE PAGE TO HCI GROUP, INC.  
NONQUALIFIED STOCK OPTION AGREEMENT**

**HCI GROUP, INC.**

By: \_\_\_\_\_  
Jim Macchiarola  
Chairman of the Compensation Committee

The Optionee represents that the Optionee is familiar with the terms and provisions of this Option Agreement and hereby accepts the Option Agreement subject to all of the terms and provisions thereof. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of the Company made in good faith upon any questions arising under this Option Agreement.

The undersigned hereby acknowledges receipt of a copy of the Plan.

Date: January 15, 2019

\_\_\_\_\_  
Paresh Patel

EXHIBIT A

[Date]

HCI Group, Inc.  
5300 West Cypress Street  
Tampa, Florida 33607  
Attn: Chief Financial Officer

Re: Exercise of Non-Qualified Stock Option

Dear Sirs:

Pursuant to the terms and conditions of the Non-Qualified Stock Option Agreement dated as of January 15, 2019, (the "**Agreement**"), between Paresh Patel ("**Optionee**") and HCI Group, Inc., Inc. (the "**Company**"), the Optionee hereby agrees to purchase shares (the "**Shares**") of the Common Stock of the Company and tender payment in full for such shares in accordance with the terms of the Agreement.

In connection with such purchase, Optionee represents, warrants and agrees as follows:

1. The Optionee is not acquiring the Shares based upon any representation, oral or written, by any person with respect to the future value of, or income from, the Shares, but rather upon independent examination and judgment as to the prospects of the Company.
2. The Optionee has had complete access to and the opportunity to review all material documents related to the business of the Company, has examined all such documents as the Optionee desired, is familiar with the business and affairs of the Company and realizes that any purchase of the Shares is a speculative investment and that any possible profit therefrom is uncertain.
3. The Optionee has had the opportunity to ask questions of and receive answers from the Company and its executive officers and to obtain all information necessary for the Optionee to make an informed decision with respect to the investment in the Company represented by the Shares.
4. The Optionee is able to bear the economic risk of any investment in the Shares, including the risk of a complete loss of the investment, and the Optionee acknowledges that he or she may need to continue to bear the economic risk of the investment in the Shares for an indefinite period.
5. The Optionee has not relied upon the Company or an employee or agent of the Company with respect to any tax consequences related to exercise of this Option or the disposition of the Shares. The Optionee assumes full responsibility for all such tax consequences and the filing of all tax returns and elections the Optionee may be required to or find desirable to file in connection therewith.

Very truly yours,

Paresh Patel  
1520 Gulf Blvd, Apt. 1706,  
Clearwater, FL 33767