

PERMA FIX ENVIRONMENTAL SERVICES INC
Form 8-K
January 23, 2018

UNITED STATE

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) January 18, 2018

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware 1-11596 58-1954497
(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

8302 Dunwoody Place, Suite 250, Atlanta, Georgia 30350
(Address of principal executive offices) (Zip
Code)

Registrant's telephone number, including area code: (770) 587-9898

Not applicable

(Former name or former address, if changed since last report)

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:

☐ Written communications pursuant to Rule 425 under the Securities Act

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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 ☐

Section 5 – Corporate Governance and Management

Item 5.02 – Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Management Incentive Plans (“MIPs”)

On January 18, 2018, the Company’s Compensation and Stock Option Committee (the “Compensation Committee”) and the Board of Directors (the “Board”) approved individual MIPs for Mark Duff, our Chief Executive Officer (the “CEO”); Ben Naccarato, our Chief Financial Officer (the “CFO”); and Dr. Louis Centofanti, our Executive Vice President of Strategic Initiatives (the “EVP of Strategic Initiatives”). The MIPs are effective January 1, 2018 and applicable for year 2018. Each MIP provides guidelines for the calculation of annual cash incentive based compensation, subject to Compensation Committee oversight and modification. Each MIP awards cash compensation based on achievement of performance thresholds, with the amount of such compensation established as a percentage of base salary. The potential target performance compensation ranges from 5% to 100% of the 2018 base salary for the CEO (\$13,350 to \$267,000), 5% to 100% of the 2018 base salary for the CFO (\$11,475 to \$229,494), and 5% to 100% of the 2018 base salary for the EVP of Strategic Initiatives (\$11,170 to \$223,400).

The performance compensation payable under each MIP is based upon meeting corporate revenue, earnings before interest, taxes, depreciation and amortization (“EBITDA”), health and safety, and environmental compliance (permit and license violations) targets and objectives during fiscal year 2018 from our continuing operations (excluding the financial results of the Company’s majority-owned Polish subsidiary, Perma-Fix Medical (“PF Medical”)), with such targets and objectives approved by the Company’s Board. The Compensation Committee believe performance compensation payable under each of the MIPs should be based on achievement of EBITDA, a non-GAAP (Generally Accepted Accounting Principles) financial measurement, as this target provides a better indicator of operating performance as it excludes certain non-cash items. EBITDA has certain limitations as it does not reflect all items of income or cash flows that affect the Company’s financial performance under GAAP.

Performance compensation is paid on or about 90 days after year-end, or sooner, based on finalization of our audited financial statements for 2018.

The Compensation Committee retains the right to modify, change or terminate each MIP and may adjust the various target amounts described below, at any time and for any reason.

The total paid to the CEO, CFO, and EVP of Strategic Initiatives will not exceed 50% of the Company's pre-tax net income prior to the calculation of performance compensation.

Each MIP is briefly described below, and the descriptions contained herein are qualified by reference to the respective MIPs attached as exhibits 99.1 to 99.3 to this Report.

CEO MIP:

2018 CEO performance compensation is based upon meeting corporate revenue, EBITDA, health and safety, and environmental compliance (permit and license violations) objectives during fiscal year 2018 from our continuing operations (excluding PF Medical). At achievement of 60% to 110% of each of the revenue and EBITDA targets, the potential performance compensation is payable at 5% to 50% of the 2018 base salary. For this compensation, 60% is based on the EBITDA goal, 10% on the revenue goal, 15% on the number of health and safety claim incidents that occur during fiscal year 2018, and the remaining 15% on the number of notices alleging environmental, health, or safety violations under our permits or licenses that occur during the fiscal year 2018. At achievement of 111% to 150%+ of each of the revenue and EBITDA targets, the potential performance compensation is payable at 65% to 100% of the CEO's 2018 base salary. For this compensation, the amount payable is based on the four objectives noted above, with the payment of such performance compensation being weighted more heavily toward the EBITDA objective. No performance incentive compensation will be payable to the CEO for achieving the health and safety, permit and license violation, and revenue targets unless a minimum of 60% of the EBITDA target is achieved. Each of the revenue and EBITDA components is based on our Board-approved revenue target and EBITDA target. The 2018 target performance incentive compensation for our CEO is as follows:

Annualized Base Pay:	\$267,000
Performance Incentive Compensation Target (at 100% of MIP):	\$133,500
Total Annual Target Compensation (at 100% of MIP):	\$400,500

CFO MIP:

2018 CFO performance compensation is based upon meeting corporate revenue, EBITDA, health and safety, and environmental compliance (permit and license violations) objectives during fiscal year 2018 from our continuing operations (excluding PF Medical). At achievement of 60% to 110% of each of the revenue and EBITDA targets, the potential performance compensation is payable at 5% to 50% of the 2018 base salary. For this compensation, 60% is based on EBITDA goal, 10% on revenue goal, 15% on the number of health and safety claim incidents that occur during fiscal year 2018, and the remaining 15% on the number of notices alleging environmental, health or safety violations under our permits or licenses that occur during the fiscal year 2018. Upon achievement of 111% to 150%+ of each of the revenue and EBITDA targets, the potential performance compensation is payable at 65% to 100% of the CFO's 2018 base salary. For this compensation, the amount payable is based on the four objectives noted above, with the payment of such performance compensation being weighted more heavily toward the EBITDA objective. No performance incentive compensation will be payable to the CFO for achieving the health and safety, permit and license violation, and revenue targets unless a minimum of 60% of the EBITDA target is achieved. Each of the revenue and EBITDA components is based on our board approved revenue target and EBITDA target. The 2018 target performance incentive compensation for our CFO is as follows:

Annualized Base Pay:	\$229,494
Performance Incentive Compensation Target (at 100% of Plan):	\$114,747
Total Annual Target Compensation (at 100% of Plan):	\$344,241

EVP of Strategic Initiatives MIP:

2018 EVP of Strategic Initiatives performance compensation is based upon meeting corporate revenue, EBITDA, health and safety, and environmental compliance (permit and license violations) objectives during fiscal year 2018 from our continuing operations (excluding PF Medical). At achievement of 60% to 110% of each of the revenue and EBITDA targets, the potential performance compensation is payable at 5% to 50% of the 2018 base salary. For this compensation, 60% is based on EBITDA goal, 10% on revenue goal, 15% on the number of health and safety claim incidents that occur during fiscal year 2018, and the remaining 15% on the number of notices alleging environmental, health or safety violations under our permits or licenses that occur during the fiscal year 2018. Upon achievement of 111% to 150%+ of each of the revenue and EBITDA targets, the EVP of Strategic Initiatives' potential performance compensation is payable at 65% to 100% of the EVP of Strategic Initiatives' 2018 base salary. For this compensation, the amount payable is based on the four objectives noted above, with the payment of such performance compensation being weighted more heavily toward the EBITDA objective. No performance incentive compensation will be payable to the EVP of Strategic Initiatives for achieving the health and safety, permit and license violation, and revenue targets unless a minimum of 60% of the EBITDA target is achieved. Each of the revenue and EBITDA components is based on our board approved revenue target and EBITDA target. The 2018 target performance incentive compensation for our EVP of Strategic Initiatives is as follows:

Annualized Base Pay:	\$223,400
Performance Incentive Compensation Target (at 100% of Plan):	\$111,700
Total Annual Target Compensation (at 100% of Plan):	\$335,100

Section 9 – Financial Statements and Exhibits

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>2018 Management Incentive Plan for Chief Executive Officer, approved January 18, 2018, but effective January 1, 2018.</u>
99.2	<u>2018 Management Incentive Plan for Chief Financial Officer, approved January 18, 2018, but effective January 1, 2018.</u>
99.3	<u>2018 Management Incentive Plan for EVP of Strategic Initiatives, approved January 18, 2018, but effective January 1, 2018.</u>

Signatures

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 hereunto duly authorized.

Dated: January 23, 2018

PERMA-FIX
ENVIRONMENTAL
SERVICES, INC.

By: */s/ Ben Naccarato*
Ben Naccarato
Vice President and
Chief Financial Officer

