

COMFORT SYSTEMS USA INC  
Form DEF 14A  
April 14, 2009  
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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  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 Pursuant to §240.14a-12

Comfort Systems USA, 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):

- 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) 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:



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**COMFORT SYSTEMS USA, INC.**

**777 Post Oak Boulevard, Suite 500**

**Houston, Texas 77056**

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April 15, 2009

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of the Stockholders of Comfort Systems USA, Inc., which will be held on Friday, May 15, 2009 at the Marriott Houston West Loop, 1750 West Loop South, Houston, TX 77027 at 10:00 a.m.

Information about the meeting is presented on the following pages. At this meeting you are being asked to elect directors to serve until the next annual meeting and to ratify the appointment of Ernst & Young LLP, independent auditors, as the Company's auditors for 2009.

Please read the proxy statement, which presents important information about the Company and each of the items being presented for stockholder vote. Whether or not you intend to be present in person, when you have finished reading the statement, please vote promptly by telephone or internet, which saves the Company money, or by marking, signing, and returning your proxy card in the enclosed envelope so that your shares will be represented.

We hope that many of you will be able to attend the meeting in person. I look forward to seeing you there.

Sincerely yours,

WILLIAM F. MURDY

*Chairman of the Board and Chief Executive Officer*

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**COMFORT SYSTEMS USA, INC.**

**777 Post Oak Boulevard, Suite 500**

**Houston, Texas 77056**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD MAY 15, 2009**

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Notice is hereby given that the 2009 Annual Meeting of Stockholders (the Annual Meeting) of Comfort Systems USA, Inc., a Delaware corporation (the Company), will be held at the Marriott Houston West Loop, 1750 West Loop South, Houston, TX 77027 at 10:00 a.m., on Friday, May 15, 2009 for the following purposes:

1. To elect eight (8) directors to serve until the 2010 Annual Meeting of Stockholders;
2. To ratify the appointment of Ernst & Young LLP, independent auditors, as the Company's auditors for 2009; and
3. To transact any other business that may properly come before the Annual Meeting.

We are not aware of any other business to come before the Annual Meeting. Any action may be taken on any one of the foregoing proposals at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned or postponed. Stockholders of record at the close of business on March 31, 2009 are entitled to notice of and to vote at the Annual Meeting. In the event there are not enough votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned or postponed in order to permit our further solicitation of proxies.

By Order of the Board of Directors,

TRENT T. MCKENNA  
*Corporate Secretary*

Houston, Texas

April 15, 2009

**TO ASSURE YOUR REPRESENTATION AT THE MEETING, PLEASE EITHER FOLLOW THE DIRECTIONS FOR PHONE OR INTERNET VOTING ON YOUR PROXY CARD OR SIGN, DATE AND RETURN YOUR PROXY AS PROMPTLY AS POSSIBLE. AN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES, IS ENCLOSED FOR THIS PURPOSE.**

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**COMFORT SYSTEMS USA, INC.**

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**Annual Meeting of Stockholders**

**May 15, 2009**

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**PROXY STATEMENT**

**GENERAL MEETING INFORMATION**

***Why am I receiving this proxy statement?***

The enclosed proxy is solicited by the Board of Directors of Comfort Systems USA, Inc. (the Company) for the 2009 Annual Meeting of Stockholders (the Annual Meeting), to be voted at the Annual Meeting. This proxy statement and the enclosed proxy are first being provided to stockholders on or about April 15, 2009.

***When and where is the 2009 Annual Meeting of Stockholders?***

The Annual Meeting will be held at the Marriott Houston West Loop, 1750 West Loop South, Houston, TX 77027 at 10:00 a.m. on Friday, May 15, 2009, and at any reconvened meetings after any adjournments thereof.

***Who can vote?***

The holders of record of shares of the Company's common stock, \$.01 par value per share (the Common Stock) at the close of business on March 31, 2009 (the Record Date) are entitled to notice of and to vote at the Annual Meeting.

***How do I vote?***

If you are a registered stockholder, you may vote in person at the Annual Meeting or by proxy. You may vote by proxy by providing your voting instructions by internet or telephone or by signing, dating and returning a proxy card. The instructions for each method of voting are on the proxy card.

If you are a registered stockholder and wish to vote in person at the meeting, be sure to bring a form of personal picture identification with you. If your stock is held by a broker, bank or other nominee (in street name) and you wish to vote in person at the meeting, in addition to picture identification, you should bring both (i) an account statement or a letter from the record holder indicating that you owned the shares as of the record date, **and** (ii) obtain from the record holder and bring with you a proxy from the record holder issued in your name.

*What are the voting rights of holders of Common Stock?*

Each share of Common Stock is entitled to one vote on each matter before the Annual Meeting.

*What are my voting choices and what is the required vote?*

By giving us your proxy, you authorize the persons named on the proxy card to vote your shares at the Annual Meeting or at any adjournments or postponements thereof in the manner you indicate.

*Proposal 1: Election of Directors*

In the vote on the election of director nominees to serve until the 2010 Annual Meeting, stockholders may:

- (a) vote for all nominees;
- (b) withhold authority from the proxy holders to vote for all nominees; or

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- (c) vote for all nominees except those specified.

The Board recommends a vote FOR all nominees. If a quorum is present, the eight nominees for election as directors receiving the greatest number of votes properly cast at the Annual Meeting or at any adjournments or postponements thereof will be elected. As a result, a vote to withhold authority will have no effect on the outcome.

*Proposal 2: Ratification of Auditors*

In the vote on whether to ratify the selection of Ernst & Young LLP as independent auditors for the Company for the year ending December 31, 2009, stockholders may:

- (a) vote for ratification;
- (b) vote against the ratification; or
- (c) abstain from voting on the ratification.

The Board recommends a vote FOR ratification. If the stockholders do not ratify the selection, the Audit Committee will reconsider whether to retain Ernst & Young LLP, but still may retain them. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders. The affirmative vote of a majority of the shares represented at the Annual Meeting and entitled to vote on this proposal will be required to ratify the appointment of the independent auditors. Abstaining from voting on this matter will have the effect of a vote against ratification of the appointment of the independent auditors.

*What constitutes a quorum?*

A quorum is the minimum number of shares required to hold a meeting. Consistent with Delaware law and the Company's Bylaws, a majority of the shares entitled to cast votes on a particular matter, present in person or represented by proxy, constitutes a quorum as to that matter. As of the Record Date, 38,718,499 shares of Common Stock representing the same number of votes, were outstanding. Therefore, the presence of holders of Common Stock representing at least 19,359,250 votes will be required to establish a quorum.

***What is a broker non-vote?***

If you do not hold your shares directly in your own name, but instead hold them in the name of a bank, broker or other holder of record, and you do not give instructions to the record holder how you want your shares voted, and if the record holder either exercises its discretionary authority under the rules of the New York Stock Exchange ( NYSE ) to vote on less than all of the proposals or has no discretion under these rules to vote on a given proposal a broker non-vote occurs. Therefore, if you do not give your record holder specific voting instructions, your shares may not be voted on such proposals and will not be counted in determining the number of shares necessary for approval of these matters. Shares represented by broker non-votes will, however, be counted in determining if a quorum is present.

***What does discretionary authority mean?***

If you are a registered stockholder and sign and return your proxy card without making any specific selections, the persons named on the proxy will vote your shares FOR the nominees listed in Proposal 1 and FOR the ratification of the appointment of Ernst & Young LLP as the Company s auditors for 2009 in Proposal 2.

***Can I change my vote after I return my proxy card?***

Yes. A proxy may be revoked by a registered stockholder at any time before it is voted by (i) returning to the Company another properly signed proxy bearing a later date, (ii) delivering a written revocation to the Secretary of the Company or (iii) attending the Annual Meeting or any adjourned session thereof and voting the shares covered by the proxy in person. If your stock is held in street name, you must follow the instructions of the broker, bank or nominee as to how to change your vote.

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***Who pays to prepare, mail and solicit the proxies?***

The Company will pay the expense of soliciting proxies. In addition to the solicitation of proxies by use of the mails, the Company may use the services of its officers and regular employees as well as brokerage houses and other stockholders to solicit proxies personally and by mail and telephone. The Company will reimburse brokers and other persons for their reasonable charges and expenses in forwarding soliciting materials to their principals. Officers and employees of the Company will receive no compensation in addition to their regular salaries to solicit proxies.

***Who tabulates the votes?***

Votes cast by proxy or in person at the Annual Meeting will be counted by two people appointed by the Company to act as election inspectors for the Annual Meeting.

***Could other matters be decided at the Annual Meeting?***

We do not know of any matters that may be properly presented for action at the Annual Meeting other than Proposals 1 and 2. If other business does properly come before the Annual Meeting, the persons named in the proxy intend to act on those matters as they deem advisable. With respect to shares held in street name, the nominee may vote on those matters, subject to the NYSE's rules on the exercise of discretionary authority.

***What happens if the Annual Meeting is postponed or adjourned?***

Your proxy may be voted at the postponed or adjourned Annual Meeting. You will still be able to change your proxy until it is voted.

***How can I find the Company's governance documents, such as its corporate Governance Standards; director Independence Guidelines; Corporate Compliance Policy; and Board committee charters?***

All these documents can be found in the Governance section of our website <http://www.comfortsystemsusa.com>. Please note that documents and information on our website are not incorporated into this proxy statement by reference. These documents are also available in print by writing to the Office of the General Counsel, 777 Post Oak Boulevard, Suite 500, Houston, TX 77056.

***How can I receive a copy of the Annual Report?***

The Annual Report to Stockholders, which includes the Company's Annual Report on Form 10-K for the Company's year ended December 31, 2008, accompanies this proxy statement and may also be accessed through our website <http://www.comfortsystemsusa.com>.

*Where can I find the voting results of the Annual Meeting?*

We plan to announce the preliminary voting results at the Annual Meeting and to publish the final results in our quarterly report on Form 10-Q for the second quarter of 2009, which we file with the United States Securities and Exchange Commission (the SEC) and make available on our website <http://www.comfortsystemsusa.com>.

*When and where will a list of stockholders be available?*

A list of stockholders of record will be available for examination at the Company's headquarters during ordinary business hours for the ten days prior to the Annual Meeting.

#### **PROPOSAL NUMBER 1**

#### **ELECTION OF DIRECTORS**

#### **Board of Directors**

Eight directors will be elected at the Annual Meeting to serve for a one-year term expiring at the Annual Meeting of Stockholders expected to be held in May of 2010.

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**Information with Respect to Nominees for Director**

The nominees for election at the Annual Meeting are William F. Murdy, Darcy G. Anderson, Herman E. Bulls, Alfred J. Giardinelli, Jr., Alan P. Krusi, Franklin Myers, James H. Schultz, and Robert D. Wagner, Jr. (collectively the Nominees ).

If elected, each Nominee has agreed to serve for a term of one year expiring at the 2010 Annual Meeting of Stockholders. It is expected that all of the Nominees will be able to serve, but if any Nominee is unable to serve, the proxies reserve discretion to vote, or refrain from voting, for a substitute nominee.

***Nominees***

Set forth below are the names, ages as of March 31, 2009, and principal occupations for at least the past five years of each of the Nominees and the names of any other public companies of which each is currently serving as a director:

WILLIAM F. MURDY, 67

Director, Chairman of the Board and Chief Executive Officer

William F. Murdy, has served as our Chairman of the Board and Chief Executive Officer since June 2000. Prior to this he was President and Chief Executive Officer of Club Quarters, a privately owned chain of membership hotels. From January 1998 through July 1999, Mr. Murdy served as President, Chief Executive Officer and Chairman of the Board of LandCare USA, a publicly traded commercial landscape and tree services company. LandCare USA was acquired in July 1999 by another publicly traded company specializing in services to commercial facilities and homeowners. From 1989 through December 1997, Mr. Murdy was President and Chief Executive Officer of General Investment and Development Company, a privately held real estate operating company. From 1981 to 1989, Mr. Murdy served as the Managing General Partner of the Morgan Stanley Venture Capital Fund. From 1974 to 1981, Mr. Murdy served as the Senior Vice President, among other positions, of Pacific Resources, Inc., a publicly traded company involved primarily in petroleum refining and marketing. Mr. Murdy also serves on the Board of Directors of UIL Holdings Corporation and Kaiser Aluminum Corporation. Mr. Murdy is a graduate of the United States Military Academy at West Point and of the Harvard Business School.

DARCY G. ANDERSON, 52

Director

Darcy G. Anderson has served as a Director of the Company since March 2008. Mr. Anderson has served as Chief People Officer and Vice President for Perot Systems Corporation, an information technology services and consulting firm, since November 2000. Prior to joining Perot Systems, Mr. Anderson held various positions at Hillwood Development Corporation beginning in 1987, including Senior Vice President for

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Corporate Affairs and Chief Operating Officer. Mr. Anderson also served as president of Hillwood Urban, overseeing all of the operations and development for the company's Victory project and the new American Airlines Center in downtown Dallas. He also served in various leadership roles for the Perot '92 Presidential Campaign. Mr. Anderson joined Electronic Data Systems (EDS) in 1983 working in recruiting management. Prior to his employment with EDS, Mr. Anderson completed five years of active duty in the United States Army Corp of Engineers. He is a member of the Board of Managers for the Texas Heart Hospital Baylor Plano and a Director for the West Point Association of Graduates. Mr. Anderson is a graduate of the United States Military Academy at West Point.

HERMAN E. BULLS, 53

Director

Herman E. Bulls has served as a Director of the Company since February 2001. Since September 2001, Mr. Bulls has served as Chief Executive Officer and President of Bulls Advisory Group, a real estate consulting and advisory firm, and serves as Chairman of Public Institutions of Jones Lang LaSalle, an international full-service real estate firm. Mr. Bulls is also President and CEO of Bulls Capital Partners, a joint venture between Bulls Multifamily, LLC and Goldman Sachs, which provides multifamily finance under the Fannie Mae Delegated Underwriting and Servicing (DUS®) program. From September 2000 until August 2001, Mr. Bulls served as Executive Vice President and Chief Operating Officer of one of the nation's largest Fannie Mae multi-family lenders. From March 1998 to September 2000, Mr. Bulls was a Managing Director for Jones Lang LaSalle, an international full service real estate firm. From 1989 until 1998, he held several positions with the predecessor organization, LaSalle Partners. Prior to his employment with Jones Lang LaSalle, he served over eleven years of



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active duty service with the United States Army. Mr. Bulls is a retired Colonel in the Army reserve. Mr. Bulls is a graduate of the United States Military Academy at West Point and of the Harvard Business School.

ALFRED J. GIARDINELLI, JR., 61

Director

Alfred J. Giardinelli, Jr., one of the original founders of the Company, has served as a Director of the Company since June 1997. Since 1982, Mr. Giardinelli has been the President of Eastern Heating & Cooling, Inc., a New York corporation that is a wholly owned subsidiary of the Company. Mr. Giardinelli is a graduate of Florida State University.

ALAN P. KRUSI, 54

Director

Alan P. Krusi has served as a Director of the Company since March 2008. Since 2003 Mr. Krusi has served as President of Earth Tech, Inc., an engineering, consulting and construction services firm owned by Tyco International. Mr. Krusi is also Executive Vice President of AECOM Technology Corporation. From 2002 to 2003, Mr. Krusi served as CEO of RealEnergy, Inc., a company providing on-site cogeneration to commercial and industrial customers. From 1999 to 2002, Mr. Krusi served as President of the Construction Services division of URS Corporation, where he oversaw an international construction services business specializing in construction management and program management of large public infrastructure projects. Prior to his employment with URS, and over a period of 22 years, Mr. Krusi held a number of technical and management positions within the engineering and construction industries. Mr. Krusi is a graduate of the University of California at Santa Barbara and is a Registered Geologist, Certified Engineering Geologist and Licensed General Contractor in the State of California.

FRANKLIN MYERS, 56

Director

Franklin Myers has served as a Director of the Company since May 2005. Since April 2008 Mr. Myers has served as Senior Advisor for financial and merger and acquisition matters for Cameron International Corporation, a global provider to the oil & gas and process industries. Mr. Myers served as the Senior Vice President of Finance and Chief Financial Officer of Cameron International Corporation from 2003 to 2008. From 1995 to 2003, Mr. Myers served at various times as Senior Vice President and President of a division within Cooper Cameron Corporation as well as General Counsel and Secretary. Prior to joining Cooper Cameron Corporation in 1995, Mr. Myers served as Senior Vice President and General Counsel of Baker Hughes Incorporated, and an attorney and partner at the law firm of Fulbright & Jaworski. Mr. Myers currently serves on the Board of Directors of Input/Output, Inc. and Ion Geophysical Corporation. Mr. Myers holds a Bachelor of Science, Industrial Engineering, from Mississippi State University and a J.D. degree, with honors, from the University of Mississippi.

JAMES H. SCHULTZ, 60

Director

James H. Schultz served as a Director of the Company since November 2002. He retired from the American Standard Companies in 2001, where he had worked for 31 years. Mr. Schultz served as President of the Trane Commercial Air Conditioning Group, a division of the American Standard Companies, from 1998 to 2001. Prior to that time he served in various other capacities, including Executive Vice President. Mr. Schultz served on the Board of Directors for Goodman Global, Inc. from 2006 to 2008. Mr. Schultz has been Chair and a Board member of the Air Conditioning and Refrigeration Institute, and serves on The Engineering College Industry Advisory Board. Mr. Schultz is also a Board Member of Twin City Fan and currently serves on the Iowa State University Engineering College and Industry Advisory Board. Mr. Schultz is a graduate of Iowa State University.

ROBERT D. WAGNER, JR., 67

Director

Robert D. Wagner, Jr. has served as a Director of the Company since April 2001. He is currently a Principal and Advisory Director of Rivington Capital Advisors LLC, which provides advisory services and private equity and debt placement for independent oil and gas producers. Mr. Wagner previously served as a Managing Director of Bankers Trust/BT Alex Brown in their Energy Corporate Finance Group. He also was Executive Vice President of First City National Bank of Houston's energy division, and later, the special loans division. Mr. Wagner is a graduate of Holy Cross College and the Graduate School of Business at New York University.

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**The Board of Directors recommends that stockholders vote *FOR*  
the Directors listed above in Proposal Number 1.**

**Meetings of the Board of Directors and Committees**

During the year ended December 31, 2008, the Board of Directors of the Company held five regular meetings and five special meetings. At each regularly scheduled meeting of the Board, the non-management directors, each of whom is independent, met separately from management in executive session under the direction of Mr. Myers, the Chair of the Audit Committee and Lead Director. All members of the Board of Directors are encouraged to attend the Annual Meeting; all members of the Board of Directors attended last year's meeting. The Board of Directors has determined that the Chair of the Audit Committee will preside at all executive sessions. Additional information regarding the determination of director independence is set forth below under Corporate Governance Independence. Each director attended at least 75% of the meetings of the Board and the Board committees of which he was a member that took place during his term of office.

The Board of Directors has several committees. Each of these committees and their members are described below. The Board has adopted a written charter for each of these committees which, together with the Board's Governance Standards and Independence Guidelines, are available on the Company's website at: <http://www.comfortsystemsusa.com>, or by writing to Comfort Systems USA, Inc., Office of the General Counsel, 777 Post Oak Blvd., Suite 500, Houston, TX 77056.

**Audit Committee.** The Audit Committee, which held eight regular meetings during 2008, reviews with management and the independent auditors the Company's annual financial statements, the scope of the audit, any comments made by the independent auditors and such other matters as the committee deems appropriate. In addition, the Audit Committee reviews the performance and retention of the Company's independent auditors and reviews with management those matters relating to compliance with corporate policies, as the committee deems appropriate. The Audit Committee reviews and reassesses the adequacy of its charter every year and has done so for 2009.

The members of the Audit Committee are Messrs. Myers, Krusi, Schultz and Wagner, none of whom is an executive officer or employee of the Company, nor has any been at any time while serving on the committee. The Board of Directors has determined that the committee consists entirely of directors who meet the independence requirements of the NYSE's listing standards, the Board's Independence Guidelines (discussed below at Corporate Governance Independence) and the rules and regulations under the Securities Exchange Act of 1934, as amended (the Exchange Act). In addition, the Board has determined that each member of the Audit Committee is financially literate, and based on accounting or related financial management expertise, that each of Messrs. Myers, Krusi, Schultz, and Wagner are audit committee financial experts.

**Compensation Committee.** The Compensation Committee, which held three regular meetings and two special meetings during 2008, establishes and administers the Company's executive compensation program and reviews and advises the Board of Directors with respect to major organizational changes, leadership development and leadership succession, excepting succession of the Chief Executive Officer, which is overseen by the Governance and Nominating Committee. The Compensation Committee establishes and regularly reviews the compensation levels of executive officers and other key managers, and reviews incentive awards. The members of the committee are Messrs. Anderson,

Bulls, Krusi, and Myers, none of whom is an executive officer or employee of the Company, nor has any been such at any time while serving on the Compensation Committee. The committee has the authority to hire a professional consultant to review and analyze the Company's compensation programs. Since 2007, the committee has retained Towers, Perrin, Forster & Crosby, Inc. to analyze the Company's compensation programs; further, as discussed below in the section titled "Compensation Discussion and Analysis" the Compensation Committee also consults with executive management in developing compensation plans for the Company. The Board of Directors has determined that the Compensation Committee consists entirely of directors who meet the independence requirements of the NYSE listing standards, the Board's Independence Guidelines and the rules and regulations under the Exchange Act.

*Governance and Nominating Committee.* The Governance and Nominating Committee, which held one regular meeting during 2008, evaluates the structure and membership of the Board of Directors, evaluates candidates for nomination to the Board of Directors as appropriate with an emphasis on diversity of viewpoint and professional experience, reviews the compensation structure for the non-employee directors and the frequency and content of meetings, establishes and reviews the Company's succession plan for its Chief Executive Officer, and makes recommendations to the Board of Directors on all such matters. Directors are nominated or elected by the Board, and stockholders may nominate directors as described further in "Corporate Governance" Director Nomination by Stockholders. The committee identifies Board candidates through a variety of formal and informal channels. The committee has the authority to hire a professional search firm to help identify candidates with specific qualifications, although it has no current engagement with any such firm. The members of the

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committee are Messrs. Wagner, Anderson, Bulls, and Schultz, each of whom the Board has determined to meet the independence requirements of the NYSE listing standards, the Board's Independence Guidelines and the rules and regulations under the Exchange Act.

**Finance Committee.** The Finance Committee, which held no meeting in 2008, is authorized by the Board of Directors to consult with management and advise the Board on all matters pertaining to the Company's capital structure and certain acquisitions. The members of the committee are Messrs. Murdy, Giardinelli, Krusi, Myers and Wagner. Mr. Nichter and Ms. Teitel serve as advisory members of the Finance Committee.

**Corporate Governance**

The Board of Directors believes the purpose of corporate governance is to maximize stockholder value in a manner consistent with legal requirements and the highest standards of integrity. The Board has adopted and adheres to corporate governance practices that the Board believes promote this purpose, are sound and represent best practices. The Board continually reviews these governance practices, Delaware law (the state in which the Company is incorporated), the rules and listing standards of the NYSE and SEC regulations, and best practices suggested by recognized governance authorities. The corporate Governance Standards are posted under the Governance tab of the Company's website at <http://www.comfortsystemsusa.com> and are also available upon request to the Office of the General Counsel, 777 Post Oak Boulevard, Suite 500, Houston, TX 77056.

**Code of Ethics**

In 1997, the year the Company was formed, it adopted the Compliance Policy. That policy, with subsequent amendments, continues and applies to the Company's directors, officers and employees who are subject to disciplinary action, including termination, for violations of the policy. The policy forms the basis of the Company's ethics and compliance program and covers a wide range of areas. Many Company policies are summarized in the Compliance Policy including conflict of interest, insider trading, confidentiality, and compliance with all laws and regulations applicable to the conduct of the Company's business. Any amendments to the Compliance Policy or the grant of a waiver from a provision of the policy requiring disclosure under applicable SEC rules will be disclosed to the public. The Compliance Policy is posted under the Governance tab of the Company's website at <http://www.comfortsystemsusa.com> and is also available upon request to the Office of the General Counsel, 777 Post Oak Boulevard, Suite 500, Houston, TX 77056.

**Independence**

The Board of Directors has adopted Independence Guidelines to assist it in making independence determinations relating to members of the Board. The criteria are consistent with the NYSE listing standards regarding director independence. For a director to be considered independent, the Board must determine that the director does not have a material relationship, directly or indirectly with the Company. The Independence Guidelines are published on our website at <http://www.comfortsystemsusa.com>, and a paper copy may be obtained by writing to Comfort Systems USA, Inc., Office of the General Counsel, 777 Post Oak Boulevard, Suite 500, Houston, TX 77056.

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The Company's Board of Directors has considered the independence of its members in light of the Independence Guidelines and the rules and regulations under the Exchange Act, including each director's affiliations and relationships, and has determined that Messrs. Anderson, Bulls, Krusi, Myers, Schultz, and Wagner, who together constitute a majority of the Board, qualify as independent directors of the Company.

### *Operators as Advisory Directors*

Beginning in 2007, the Board of Directors invited two of the Company's most accomplished subsidiary presidents, Katherine Teitel and Joseph Nichter, Jr., to attend meetings of the Board. Ms. Teitel is the President of Hess Mechanical Corporation, and Mr. Nichter is the President of Tri-City Mechanical, Inc. By attending the Board's meetings, Ms. Teitel and Mr. Nichter provide the directors insight into the Company's daily operations and current industry trends. As advisors to the Board, Ms. Teitel and Mr. Nichter do not vote on proposals before the Board and do not have a significant policy-making function. The Board intends to rotate these positions regularly so that other operators of the Company will be provided the opportunity to serve as advisors to the Board.

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*Director Nomination by Stockholders*

The Board of Directors will consider director candidates recommended by stockholders for inclusion on the slate of directors nominated by the Board. Any stockholder may submit one candidate for consideration in conformity with the Bylaws and as set forth hereafter under the caption Stockholder Proposals. Stockholders desiring to recommend a candidate must submit the recommendation to the Governance and Nominating Committee c/o the Corporate Secretary, Comfort Systems USA, Inc., 777 Post Oak Boulevard, Suite 500, Houston, Texas 77056. If a nominating stockholder is not a record holder, the stockholder must provide the same evidence of eligibility as set forth in Exchange Act Rule 14a-8(b)(2).

At the time the nominating stockholder submits the recommendation, the candidate must submit all personal information that the Company would be required to disclose in a proxy statement in accordance with Exchange Act rules. In addition, at that time the candidate must:

- Certify that he or she meets the requirements to be: (a) independent under the NYSE's listing standards and the Board's Independence Guidelines, (b) a non-management director under Rule 16b-3 of the Exchange Act, and (c) an outside director under Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time, and pertinent regulations promulgated thereunder by the Internal Revenue Service;
  
- Consent to serve on the Board of Directors, if nominated and elected; and
  
- Agree to complete, upon request, a customary director's questionnaire.

The Governance and Nominating Committee will evaluate any candidate recommended by a stockholder to determine whether he or she is highly qualified. Particular consideration will be given to those individuals who have substantial achievement in their personal and professional pursuits and whose talents, experience and integrity would be expected to contribute to the best interests of the Company and to long-term stockholder value. Without limitation, the committee recommends individuals who have a general management focus, have specialization in the Company's principal business activities or finance, have significant experience in issues encountered by public companies and who could contribute to the diversity of the Board. The committee evaluates candidates recommended by stockholders in the same way it evaluates candidates proposed from other sources.

*Communications with the Board of Directors*

Stockholders and other interested parties may communicate directly with the Board of Directors by writing to the Board of Directors, Comfort Systems USA, Inc., 777 Post Oak Boulevard, Suite 500, Houston, Texas 77056. The Chairman of the Board will review these communications and will determine appropriate steps to handle them. A stockholder wishing to communicate directly with the non-management members of the Board may address the communication to Non-Management Directors, c/o Board of Directors at the same address above. These communications will be handled by the Chair of the Audit Committee, who is currently designated to preside at meetings of non-management directors. Finally,

communications can be sent directly to individual directors by addressing letters to their individual name, c/o the Board of Directors, at the address listed above.

#### **Director Compensation for 2008**

Each director who is not an employee of the Company or one of its subsidiaries receives a quarterly retainer of \$7,500 (\$8,500 if the director chairs a committee or \$10,000 if the director chairs the Audit Committee). Directors receive \$3,000 for attendance at each Board meeting, \$2,000 for each committee meeting (unless held on the same day as a Board meeting or other committee meeting, in which case the director is only paid for one of the meetings occurring on that date), and \$1,000 for each telephonic meeting or telephonic attendance at a meeting. Directors are also reimbursed for reasonable out-of-pocket expenses incurred in connection with Board and committee meetings.

The Company's Amended and Restated 2006 Equity Compensation Plan for Non-Employee Directors, which was adopted by the Board of Directors and approved by stockholders in May 2008, provides that each non-employee director who continues in office or is first elected at an annual stockholder meeting receives a grant of 5,000 shares of Common Stock, vesting immediately upon grant. The Board has adopted stock ownership guidelines that require directors to own not less than (i) 1,000 shares of stock within ninety days of their initial election as a director; (ii) 10,000 shares by the second anniversary of the director's election; and (iii) 20,000 shares by the later of November 16, 2010 or the fourth anniversary of the director's initial election. All directors currently comply with these ownership requirements.



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Directors who are employees of the Company or one of its subsidiaries receive no additional compensation for serving as directors. The following table discloses the cash, equity awards and other compensation earned, paid or awarded, as the case may be, to each of the Company's non-employee directors during 2008.

Name(1)	Director Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(2)	Director Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation \$(3)	Total (\$)
Darcy G. Anderson	\$ 55,000	\$ 69,850	\$ 0	\$ 0	\$ 0	\$ 124,850
Herman E Bulls	\$ 59,000	\$ 69,850	\$ 0	\$ 0	\$ 0	\$ 128,850
Alan P. Krusi	\$ 54,000	\$ 69,850	\$ 0	\$ 0	\$ 0	\$ 123,850
Franklin Myers	\$ 70,000	\$ 69,850	\$ 0	\$ 0	\$ 0	\$ 139,850
James H. Schultz	\$ 60,000	\$ 69,850	\$ 0	\$ 0	\$ 0	\$ 129,850
Robert D. Wagner, Jr.	\$ 60,000	\$ 69,850	\$ 0	\$ 0	\$ 0	\$ 129,850

(1) Messrs. Murdy and Giardinelli also serve as members of the Board, but as employees of the Company or one of its subsidiaries, receive no additional compensation for their service. Ms. Teitel and Mr. Nichter, as advisors to the Board, receive no compensation for their service.

(2) Represents grants of 5,000 shares of Common Stock subject to immediate vesting. The dollar amount represents the full grant date fair value of the awards computed in accordance with Statement of Financial Accounting Standards No. 123(R) Share-based Payment. For a discussion of valuation assumptions, see Note 14 to our consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2008.

(3) The Company maintains a visiting director's office for all members of the Board at its headquarters in Houston, Texas. The office is available on a first-come-first-served basis for all directors. In accordance with SEC regulations, perquisites that in the aggregate total less than \$10,000 are not required to be disclosed.

**PROPOSAL NUMBER 2**  
**RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS**

The Audit Committee has re-appointed Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2009, subject to ratification by the Company's stockholders. Ernst & Young LLP was the Company's independent auditor for the year ended December 31, 2008.

We expect that representatives of Ernst & Young LLP will be present at the Annual Meeting to respond to appropriate questions, and they will have the opportunity to make a statement if they desire.

The affirmative vote of holders of a majority of the shares of Common Stock voted at the Annual Meeting is required to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for 2009. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider its selection, but it still may decide to retain Ernst & Young LLP. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent accounting firm at any time during the year if the committee determines that such a change would be in the best interests of the Company and its stockholders.

**Relationship with Independent Auditors**

The Audit Committee has selected Ernst & Young LLP as independent auditors for the Company for the year ending December 31, 2009. Ernst & Young LLP acted as independent auditors for the Company for the year ended December 31, 2008. Fees to the Company and its subsidiaries for professional services rendered by Ernst & Young LLP during 2008 and 2007 were as follows:

Description	2008	2007
Audit Fees	\$ 1,605,081	\$ 1,602,529
Audit-Related Fees	\$ 0	\$ 0
Tax Fees	\$ 33,490	\$ 69,237
All Other Fees	\$ 1,624	\$ 1,624

In 2007 and 2008, services under the caption "Tax Fees" consisted principally of fees related to tax advice; services under the caption "All Other Fees" consisted principally of a subscription to accounting research software.

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The Audit Committee has established pre-approval policies and procedures applicable to all services provided by the Company's independent auditors to the Company, pursuant to which the committee reviews for approval each service expected to be provided by the independent auditors, and is provided with sufficient detailed information so that it can make well-reasoned assessments of the impact of the services on the independence of the auditors. In 2008, one hundred percent of the fees paid to the Company's auditors were approved by the Audit Committee. Pre-approvals include pre-approved cost levels or budgeted amounts (or a range of cost levels or budgeted amounts). Any proposed service that would exceed pre-approved cost levels or budgeted amounts also requires pre-approval. Substantive changes in terms, conditions, or fees resulting from changes in the scope, structure or other items regarding pre-approved services will also be pre-approved if necessary. The pre-approvals may include services in categories of audit services (including consultation to support such audits), audit-related services (items reasonably related to the performance of the audit or review of the financial statements), tax services (tax compliance, tax planning, and tax advice), and other services (services permissible under the SEC's auditor independence rules, typically routine and recurring type services that would not impair the independence of the auditor).

**The Board of Directors recommends that  
stockholders vote *FOR* Proposal Number 2.**

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The following table sets forth information about the beneficial ownership of shares of Common Stock as of March 1, 2009 (i) individually by the Chief Executive Officer, each of the other executive officers of the Company in 2008 as named in the Summary Compensation Table (the Named Executive Officers ) and current directors and nominees of the Company, (ii) by all executive officers and directors of the Company as a group, and (iii) each person known to the Company as reported on schedules filed with the SEC to be the beneficial owner of more than 5% of the outstanding Common Stock of the Company. Except as noted below, each of the persons listed has sole investment and voting power with respect to the shares indicated.

Name and Address of Beneficial Owner(s)(1)	Common Stock Beneficially Owned				% of Class(2)
	Shares Owned as of March 1, 2009	Shares Subject to Options Which Are Exercisable Prior to April 30, 2009	Total Beneficial Ownership		
William F. Murdy	323,877(3)	253,074(4)	576,951		1.5%
Alfred J. Giardinelli, Jr.	170,616(5)	7,500(6)	178,116		*
Thomas N. Tanner	69,079(7)	68,908(8)	137,987		*
William George	62,845(9)	41,408(10)	104,253		*
James H. Schultz	25,000	60,000 (11)	85,000		*
Herman E. Bulls	12,500	65,000 (12)	77,500		*
Franklin Myers	45,000	20,000 (13)	65,000		*
Brian E. Lane	40,029(14)	20,566(15)	60,595		*
Julie S. Shaeff	31,618(16)	23,754(17)	55,372		*
Trent T. McKenna	18,195(18)	26,743(19)	44,938		*
Robert D. Wagner, Jr.	23,500	20,000(20)	43,500		*
Alan P. Krusi	12,000	0	12,000		*
Darcy G. Anderson	5,000	0	5,000		*
<b>All executive officers and directors as a group (13 persons)</b>	<b>839,259</b>	<b>606,953</b>	<b>1,446,212</b>		<b>3.7%</b>
Barclays Global Investors, NA. Barclays Global Fund Advisors 400 Howard Street			2,594,835(21)		6.7%