

GULF ISLAND FABRICATION INC  
Form DEF 14A  
March 13, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

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 Under Rule 14a-12

GULF ISLAND FABRICATION, INC.

(Name of Registrant as Specified In Its Charter)

(Name(s) 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

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No:

(3) Filing Party:

(4) Date Filed:

GULF ISLAND FABRICATION, INC.  
16225 PARK TEN PLACE  
SUITE 280  
HOUSTON, TEXAS 77084

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 26, 2017

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TO THE SHAREHOLDERS OF GULF ISLAND FABRICATION, INC.:

The 2017 Annual Meeting of Shareholders of Gulf Island Fabrication, Inc. (the “Company”) will be held at 10:00 a.m., central time, on Wednesday, April 26, 2017, at the corporate office of Gulf Island Fabrication, Inc. located at 16225 Park Ten Place, Suite 280, Houston, Texas, 77084 for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect three Class II director nominees;
2. To approve, on an advisory basis, the compensation of our named executive officers;
3. To approve, on an advisory basis, the frequency of future advisory votes on the compensation of the Company’s named executive officers; and
4. To ratify the appointment of the Company’s independent registered public accounting firm.

The Board of Directors has fixed the close of business on March 10, 2017 as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting and all adjournments thereof.

Your vote is important regardless of the number of shares of the Company’s common stock you own. Whether or not you plan to attend the annual meeting, please complete, date and sign the enclosed proxy card and return it promptly in the enclosed stamped envelope. Furnishing the enclosed proxy will not prevent you from voting in person at the annual meeting should you wish to do so. To obtain directions to attend the annual meeting and vote in person, please contact David S. Schorlemer at (713) 714-6100.

By Order of the Board of Directors  
Allen E. Frederic, III  
Secretary  
Houston, Texas  
March 13, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY  
OF THE PROXY MATERIALS FOR THE SHAREHOLDER  
MEETING TO BE HELD ON APRIL 26, 2017.

This proxy statement and the 2016 annual report are available at [www.gulfisland.com/eproxy](http://www.gulfisland.com/eproxy)

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GULF ISLAND FABRICATION, INC.  
16225 PARK TEN PLACE  
SUITE 280  
HOUSTON, TEXAS 77084

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 26, 2017

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why am I receiving this proxy statement?

A: Our Board of Directors (our "Board") is soliciting your proxy to vote at the 2017 Annual Meeting of Shareholders and at any adjournment thereof because you owned shares of our common stock at the close of business on March 10, 2017, the record date for determining shareholders entitled to vote at the annual meeting. The proxy statement, along with a proxy card or a voting instruction card, and our 2016 Annual Report are being mailed to shareholders on or about March 21, 2017. We have also made these materials available to you on the Internet. This proxy statement summarizes the information you need to know to vote at the annual meeting. You do not need to attend the annual meeting to vote your shares of our common stock.

Q: When and where will the annual meeting be held?

A: The annual meeting will be held at 10:00 a.m., central time, on Wednesday, April 26, 2017, at the corporate office of Gulf Island Fabrication, Inc. located at 16225 Park Ten Place, Suite 280, Houston, Texas, 77084.

Q: Who is soliciting my proxy?

A: Our Board, on behalf of Gulf Island Fabrication, Inc. (the "Company"), is soliciting your proxy to vote your shares of our common stock on all matters scheduled to come before the 2017 Annual Meeting of Shareholders, whether or not you attend in person. By completing and returning the proxy card or voting instruction card, you are authorizing the proxy holder to vote your shares of our common stock at our annual meeting as you have instructed.

Q: On what matters will I be voting? How does the Board of Directors recommend that I cast my vote?

A: At the annual meeting, our shareholders will be asked to elect the three Class II director nominees named in this proxy statement, approve, on an advisory basis, the compensation of our named executive officers (the "say-on-pay proposal"), approve, on an advisory basis, the frequency of future advisory votes on the compensation of our named executive officers, ratify the appointment of our independent registered public accounting firm, and consider any other matter that properly comes before the annual meeting.

Our Board unanimously recommends that you vote:

**FOR** the election of the three Class II director nominees;  
**FOR** the approval, on an advisory basis, of the compensation of our named executive officers;  
**In** favor of holding an advisory vote on the compensation of our named executive officers **EVERY ONE YEAR**; and  
**FOR** the ratification of the appointment of our independent registered public accounting firm.

1

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Q: How many votes may I cast?

A: You may cast one vote for every share of our common stock that you owned on March 10, 2017, the record date for the annual meeting.

Q: How many shares are eligible to be voted?

A: As of the record date, we had 14,850,154 shares of our common stock outstanding, each of which is entitled to one vote.

Q: How many shares must be present to hold the annual meeting?

A: Under Louisiana law and our By-laws, the presence, in person or by proxy, of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the annual meeting. As of the record date, 7,425,078 shares constitute a majority of our outstanding stock entitled to vote at the annual meeting. The inspector of elections will determine whether a quorum is present at the annual meeting. If you are a beneficial owner (as defined below) of shares of our common stock and you do not instruct your broker, bank, or other nominee how to vote your shares on any of the proposals, and your broker, bank or other nominee submits a proxy with respect to your shares on a matter with respect to which discretionary voting is permitted, your shares of our common stock will be counted as present at the annual meeting for purposes of determining whether a quorum exists. In addition, if you are a shareholder of record present at the annual meeting in person or by proxy, your shares of our common stock will be counted as present at the annual meeting for purposes of determining whether a quorum exists, whether or not you abstain from voting on any or all of the proposals.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: If your shares of our common stock are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are considered, with respect to those shares, the “shareholder of record.” The proxy materials have been mailed to such shareholders of record by us.

If your shares of our common stock are held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial owner” of shares held in “street name.” The proxy materials have been forwarded to such beneficial owners by the organization that holds your shares of our common stock, which is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to instruct your broker, bank or other nominee how to vote your shares by completing and returning the voting instruction card included in their mailing or by following the voting instructions you received from your broker, bank or other nominee.

Q: What happens if I don't vote for a proposal? What is discretionary voting? What is a broker non-vote?

A: If you properly complete, sign, date and return a proxy or voting instruction card, your shares will be voted as you specify.

#### Shareholders of Record

If you are a shareholder of record and you sign and return your proxy card without giving specific voting instructions on some or all of the proposals, then the proxy holders will vote your shares of our common stock in the manner recommended by our Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any unanticipated matter not included in this proxy statement that is properly

presented for a vote at the annual meeting, subject to applicable SEC rules.

Beneficial Owners of the Shares Held in Street Name

If you are a beneficial owner of shares held in street name and do not provide specific voting instructions to the broker, bank or other nominee that holds your shares of our common stock, the organization that holds your shares of our common stock has discretion to vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, such organization will inform the inspector of elections that it does not have the authority to vote on this matter with respect to your shares of our common stock. This is generally referred to as a “broker non-vote.”

Q: Which proposals are considered “routine” and which are considered “non-routine”?

A: The proposal relating to the ratification of the appointment of our independent registered public accounting firm is the only routine matter being considered at the annual meeting. The proposal relating to the election of three Class II director nominees, the say-on-pay proposal and the proposal relating to the frequency of future advisory votes on the compensation of our named

executive officers are non-routine matters. A broker, bank or other nominee cannot vote without instruction on non-routine matters, in which case there would be broker non-votes on such proposals. Shares subject to broker non-votes will not be counted as votes for or against and will not be included in calculating the number of votes necessary for approval of such non-routine matters to be presented at the annual meeting; however, such shares will be considered present at the annual meeting for purposes of determining the existence of a quorum.

Q: What vote is required to approve each item?

A: The election of three Class II director nominees will be decided by plurality vote, that is, the three nominees receiving the highest number of affirmative votes will be elected. Although the vote is non-binding, our Board will consider the frequency of an advisory vote on the compensation of our named executive officers receiving the highest number of affirmative votes. The say-on-pay proposal and the ratification of the appointment of our independent registered public accounting firm will be decided by a majority of votes actually cast. Similar to the frequency vote, the say-on-pay proposal vote is non-binding; however, our Board will consider the outcome of the advisory vote when establishing our compensation philosophy and in making future compensation decisions. All other matters properly brought before the annual meeting for a vote of shareholders will be decided by a majority of the votes actually cast.

Abstentions and broker non-votes will have no effect on the voting calculations for any of the proposals.

Q: How do I vote?

A: You may submit your proxy and/or voting instructions for your shares of our common stock by using any of the following methods:

• Proxy card or voting instruction card: Be sure to complete, sign and date your proxy card or voting instruction card and return it in the prepaid envelope provided.

• By telephone or Internet: Shareholders of record cannot vote by telephone or Internet. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other nominee.

In person at the annual meeting: All shareholders may vote in person at the annual meeting. You may also be represented by another person at the annual meeting by executing a proper proxy designating that person as your representative. If you are a beneficial owner of shares of our common stock, you must obtain a legal proxy from your broker, bank or other nominee and present it to the inspectors of election with your ballot when you vote at the annual meeting.

Q: Can I revoke or change my voting instructions after I deliver my proxy?

A: Yes. Your proxy may be revoked or changed at any time before it is exercised by filing with our Secretary an instrument revoking it or a duly executed proxy bearing a later date, or by attending the annual meeting and voting in person. Your attendance alone at the annual meeting will not be enough to revoke your proxy.

Q: Who pays for soliciting proxies?

A: We pay all expenses incurred in connection with the solicitation of proxies for the annual meeting. We will also request banks, brokers and other nominees holding shares of our common stock beneficially owned by others to send these proxy materials and our 2016 Annual Report to, and obtain voting instructions from, the beneficial owners and will reimburse such shareholders of record for related reasonable expenses. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by our directors, officers and employees. No additional compensation will be paid to directors, officers or employees for such solicitation efforts.

Q: Could other matters be decided at the annual meeting?

A: Our Board does not expect to bring any other matter before the annual meeting, and it is not aware of any other matter that may be considered at the annual meeting. In addition, the time has passed for any shareholder to properly bring a matter before the annual meeting. The enclosed proxy will, however, confer discretionary authority with respect to any anticipated matter not included in this proxy statement that may properly come before the annual meeting or any adjournment thereof, subject to applicable SEC rules. It is the intention of the person(s) named in the enclosed proxy to vote any shares of our common stock for which he has a proxy to vote at the annual meeting in accordance with his best judgment on any such matter.

3

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Q: What happens if the annual meeting is postponed or adjourned?

A: Unless a new record date is fixed, your proxy will be valid and may be voted at the annual meeting, whether postponed or adjourned. You will still be able to change or revoke your proxy until the annual meeting is held.

Q: I share an address with another shareholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

A: Some banks, brokers and other nominees are "householding" our proxy materials for their customers. This means that only one copy of our proxy materials may have been sent to multiple shareholders in your household. Currently, we do not deliver our proxy materials through householding for shareholders of record. However, we will promptly deliver a separate copy of any of our proxy materials and the 2016 Annual Report to you if you call us at (713) 714-6100 or write to us at: Gulf Island Fabrication, Inc., 16225 Park Ten Place, Suite 280, Houston, Texas, 77084.

If you would like to receive separate copies of our annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you may either contact your bank, broker, or other nominee or the Company at the above address and telephone number.

#### Our Board of Directors and Its Committees

Our Board currently consists of nine members. Our Board met seven times during 2016. Our Board has established three standing committees: the Corporate Governance and Nominating Committee, the Audit Committee and the Compensation Committee. Each committee operates under a written charter adopted by our Board, and such charters, together with our Corporate Governance Guidelines, are available on our corporate governance page at [www.gulfisland.com](http://www.gulfisland.com) under "Investors." Printed versions of these materials are available, free of charge, to any shareholder who requests them from the Corporate Secretary. The composition of each committee is reviewed annually by our Board of Directors. During 2016, each of our incumbent directors attended at least 75% of the aggregate of the total number of meetings of our Board and the total number of meetings held by all committees of our Board on which he served during the periods of his Board membership and committee service.

#### Board Leadership Structure

John P. (Jack) Laborde serves as Chairman of our Board and Kirk J. Meche serves as President and Chief Executive Officer. Our Board determined that separation of these roles would maximize management's efficiency by allowing the Chief Executive Officer to focus on our day-to-day business and the Chairman of our Board to lead the Board of Directors in its fundamental role of providing guidance to and oversight of management. Our By-laws and corporate governance guidelines require the Chairman of the Board and Chief Executive Officer positions to be separate. Our Board periodically reviews the leadership structure and may make such changes in the future as it deems appropriate.

Our Board believes that the independent directors provided effective oversight of management. Moreover, in addition to feedback provided during the course of meetings of our Board, the independent directors are given the opportunity to meet in executive session after each regular meeting of our Board or more frequently, as needed. During 2016, Mr. Laborde served as Chairman for all of the executive sessions of independent directors and acted as the liaison between the independent directors and the Chief Executive Officer. Our three standing committees are composed entirely of independent directors and have the power and authority to engage legal, financial and other advisors as they may deem necessary, without consulting or obtaining the approval of the full Board or management.



## Board Composition

The following table notes our committee structure and membership (X - Member; C - Chairperson; FE - Financial Expert):

Director	Corporate Governance and Nominating Committee	Audit Committee	Compensation Committee
John P. (Jack) Laborde	X	X	X
Kirk J. Meche			
Murray W. Burns	X		X
William E. Chiles			C
Michael A. Flick	C	X	X
Gregory J. Cotter		C	
Christopher M. Harding		X	
Jerry D. Dumas, Sr.			X
Michael J. Keeffe		FE	

## Board's Role in Risk Oversight

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including economic, environmental and regulatory risks, as well as risks associated with the impact of competition and weather conditions. Management is responsible for the day-to-day management of risks we face, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as intended.

The Board conducts certain risk oversight activities through its committees, which oversee specific areas and provide reports to the full Board regarding such committee's considerations and actions. The Audit Committee reviews and considers financial, accounting, internal controls and regulatory compliance risks, including those that could arise from our accounting and financial reporting processes. The Audit Committee also reviews and monitors risks through various reports presented by our internal auditors and our independent registered public accounting firm (external auditors). The Compensation Committee reviews and considers risks related to our compensation policies, including incentive plans, to determine whether those plans subject the Company to material risks. Senior management attends the quarterly meetings of our Board and is available to address any questions or concerns raised by our Board on risk management topics and any other matters.

## Board Independence

Our Board determined that all of our directors who served during 2016 are "independent" as such term is defined in The NASDAQ Stock Market LLC ("NASDAQ") listing standards, except for Mr. Meche. In making this determination, our Board evaluated responses to a questionnaire completed by each director regarding relationships and possible conflicts of interest between each director, the Company and management. In its review of director independence, our Board considered all commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships any director may have with the Company or management.

## Board Tenure Guidelines

Our Corporate Governance Guidelines contain the following guidelines governing a director's tenure:

- Employee directors will resign from the Board when they retire, resign or otherwise cease to be employed by the Company.

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A non-employee director who retires or changes his or her principal job responsibilities will offer to resign from the Board. The Corporate Governance and Nominating Committee will assess the situation and recommend to the full Board whether to accept the resignation.

A non-employee director who joins or resigns from the board of another public company, or otherwise changes roles or committees on such board of directors, is not required to offer to resign from our Board, but any such director must notify and consult with our Chairman of the Board prior to joining another public company's board of directors or audit committee thereof.

## Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee currently consists of the following three directors: Michael A. Flick (Chairman), Murray W. Burns and John P. (Jack) Laborde. Each of these directors is “independent” as such term is defined in the NASDAQ listing standards. The Corporate Governance and Nominating Committee met four times during 2016. In 2016, the Corporate Governance and Nominating Committee recommended, and our Board of Directors approved, Corporate Governance Guidelines that, among other things, (i) provide guidance on the role of the Board of Directors and responsibilities of the Board and committee members, (ii) outline director independence standards, our conflict of interest policy and criteria for selection of Board nominees and (iii) establish an anti-hedging policy as well as director and executive officer stock ownership guidelines.

Under our anti-hedging policy, directors and executive officers are prohibited from (i) holding any Company stock in a margin account or engaging in any transaction that would have the effect of hedging the economic risk of ownership of their Company stock, or (ii) pledging Company stock as collateral for a loan or for any other purpose without the prior express written consent of the Chairman of the Board.

Our Corporate Governance Guidelines also contain director and executive officer stock ownership guidelines that generally require (i) directors to hold at least 5,000 shares of the Company’s stock, including unvested restricted stock or restricted stock units, within five years of election to our Board for the duration of their remaining tenure as a director of the Company, and (ii) executive officers to hold stock, including fifty percent of any unvested restricted stock or restricted stock units granted to them, in an amount equal to 2.0 times base salary in the case of the chief executive officer and 1.25 times base salary in the case of all other executive officers by the later of April 30, 2021 or five years from joining the Company.

The Corporate Governance and Nominating Committee will regularly assess the appropriate size of our Board, and whether any vacancies on our Board are expected due to retirement or otherwise and whether such vacancies should be filled. In the event that any vacancies are anticipated, or otherwise arise, the Corporate Governance and Nominating Committee will consider various potential candidates for director who may come to the attention of our Board through current members of our Board, professional search firms, shareholders or other persons. Each candidate brought to the attention of the Corporate Governance and Nominating Committee is considered on the basis of the criteria set forth below.

In evaluating the suitability of nominees for membership on our Board, the Corporate Governance and Nominating Committee considers many factors, including accounting and financial expertise, capital markets and banking experience, energy and energy service industry experience and expertise, senior corporate executive experience, industrial construction and fabrication management experience, legal and regulatory compliance expertise, marine industry experience, other public company board experience and diversity. The Corporate Governance and Nominating Committee evaluates each individual in the context of our Board as a whole, with the objective of nominating persons for election to our Board who can best perpetuate the success of our business, be an effective director in conjunction with our full Board and represent shareholder interests through the exercise of sound judgment. Each candidate brought to the attention of the Corporate Governance and Nominating Committee, regardless of who recommended such candidate will be considered on the basis of the criteria set forth above.

The Corporate Governance and Nominating Committee and the Board of Directors believe the above mentioned attributes, along with the leadership skills and other experience of its Board of Directors described below, provide the Company with the perspectives and judgment necessary to guide the Company’s strategies and monitor their execution.



The following table notes the breadth and variety of business experience that each of our directors brings to the Company.

Director	CEO or other Senior Exec. Experience	Energy or Energy Service Experience	Marine Experience	Industrial Construction Fabrication Experience	Accounting Financial Experience	Other Public Co. Board Experience	Capital Markets Banking Experience	Legal & Regulatory Compliance Experience
John P. (Jack) Laborde	X	X	X	X	X	X		X
Kirk J. Meche	X	X	X	X	X			
Murray W. Burns	X	X	X	X				
William E. Chiles	X	X	X	X	X	X	X	X
Michael A. Flick	X	X	X		X	X	X	X
Gregory J. Cotter	X				X	X	X	X
Christopher M. Harding	X	X	X	X	X			X
Jerry D. Dumas, Sr.	X	X			X	X	X	
Michael J. Keefe		X	X	X	X	X	X	X

Our Board has decided that nominations of directors and related matters will be voted upon by all of the independent directors while meeting in executive session. In this manner, should the proposed slate of directors be elected, all but one of the current directors will have been involved in the nominations process.

#### Audit Committee

The Audit Committee currently consists of the following five directors: Gregory J. Cotter (Chairman), Michael J. Keefe (Financial Expert), Michael A. Flick, Christopher M. Harding and John P. (Jack) Laborde. Each of these directors is “independent” as such term is defined in the NASDAQ listing standards, including standards specifically governing audit committee members, and also satisfies the additional requirements applicable to an audit committee member under Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 (the “Exchange Act”). Our Board has determined that Mr. Keefe is an “audit committee financial expert” as such term is defined within the applicable rules of the Securities and Exchange Commission (“SEC”).

The Audit Committee met six times during 2016. The Audit Committee’s primary function is to assist our Board in fulfilling its oversight responsibilities by monitoring (i) the quality and integrity of the accounting, auditing, disclosure controls and procedures, internal control over financial reporting and financial reporting practices of the Company, (ii) the independent auditor’s qualifications and independence, (iii) the performance of the Company’s independent auditors and (iv) the compliance by the Company with legal and regulatory requirements.

#### Compensation Committee

The Compensation Committee currently consists of the following five directors: William E. Chiles (Chairman), Murray W. Burns, Jerry D. Dumas, Sr., Michael A. Flick and John P. (Jack) Laborde. Each of these directors is “independent” as such term is defined in the NASDAQ listing standards, including standards specifically governing compensation committee members, is a “non-employee director” as defined under Rule 16b-3 under the Exchange Act, and is an “outside director” as defined under Section 162(m) of the Internal Revenue Code and related regulations. The Compensation Committee met five times during 2016. The Compensation Committee is appointed by the Board to discharge the Board’s responsibilities relating to compensation of the Company’s officers and administer the Company’s cash-based and equity-based incentive compensation plans. The Compensation Committee has overall responsibility for approving, evaluating and recommending to the Board all compensation plans of the Company and to administer and interpret such plans.

The Compensation Committee also annually reviews and approves corporate goals and objectives relevant to the compensation of the Company’s Chief Executive Officer and other executive officers and evaluates these employees’ performance in light of these goals and objectives and recommends to the Board the overall compensation of such individuals based on this evaluation. In making this evaluation, the Compensation Committee considers, among other things, the Company’s performance and relative shareholder returns, the value of similar incentive awards to key employees of similar companies and the awards given to such individuals in past years.

The Compensation Committee seeks the input of our Chief Executive Officer in connection with performance evaluations and compensation decisions for our other executive officers; however, our Chief Executive Officer is not present when the Compensation Committee meets to evaluate his performance nor when our Board determines his compensation.

The terms of our stock incentive plans permit the Compensation Committee to delegate to appropriate personnel its authority to make awards to employees other than those subject to Section 16 of the Exchange Act. However, the Compensation Committee has not delegated this authority to date.

#### Consideration of Shareholder Recommended Director Nominees

As set forth in our Corporate Governance Guidelines, our Board will consider director candidates recommended by our shareholders for nomination for election to our Board. Any shareholder may suggest a nominee by sending the following information to our Board: (i) the proposing shareholder's name, address and telephone number, (ii) the number of shares of our common stock beneficially owned by the proposing shareholder and the suggested nominee, (iii) the suggested nominee's name, age, business and residential addresses and telephone number, (iv) a statement whether the suggested nominee knows that his or her name is being suggested by the proposing shareholder, and whether he or she has consented to being suggested and is willing to serve, (v) the suggested nominee's resume or other description of his or her background and experience and (vi) the proposing shareholder's reasons for suggesting that the individual be considered. The information should be sent to the Corporate Governance and Nominating Committee of our Board addressed as follows: Chairman - Corporate Governance and Nominating Committee of Gulf Island Fabrication, Inc., 16225 Park Ten Place, Suite 280, Houston, Texas, 77084.

Our Amended and Restated Articles of Incorporation also permit shareholders to directly nominate directors for election at an annual shareholder meeting. In general, to be timely, a shareholder's notice must be received by our Secretary at our principal executive office no less than 45 days or more than 90 days prior to the shareholder meeting. The notice must be in writing and must include certain specified information about the nominee and the shareholder making the nomination.

#### Communications with our Board

Any shareholder may communicate with our Board (or with any individual director) by sending a letter by mail addressed to the Chairman of the Board of Directors of Gulf Island Fabrication, Inc., 16225 Park Ten Place, Suite 280, Houston, Texas, 77084. The Chairman of our Board will forward the shareholder's communication directly to the appropriate director or directors.

Our Board has adopted a policy that recommends that all directors personally attend each annual and special meeting of our shareholders. At the last annual meeting of shareholders held on May 18, 2016, all nine of the members of our Board were in attendance.

#### Ethics and Business Conduct Policies

We have adopted a Code of Ethics for our Chief Executive Officer and senior financial officers and a Code of Business Conduct and Ethics, which applies to all employees and directors, including our Chief Executive Officer and senior financial officers. These codes are posted on our corporate governance page at [www.gulfisland.com](http://www.gulfisland.com) under "Investors." Any substantive amendments to the Code of Ethics or any waivers granted under the Code of Ethics will be disclosed within four business days of such event on our website.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% shareholders are required by the regulations of the SEC to furnish the Company with copies of all Section 16(a) reports they file. Based solely on our review of copies of such reports and written representations from our officers and directors that no other reports were required for those persons, we believe that all of our officers, directors and greater than 10% shareholders timely complied with the filing requirements applicable to such persons for the fiscal year ended December 31, 2016 except that Kirk J. Meche and Jeffrey M. Favret each inadvertently failed to file on a timely basis in Form 4 for one transaction.

#### Compensation Committee Interlocks and Insider Participation

During 2016, none of Messrs. William E. Chiles, John P. (Jack) Laborde, Jerry D. Dumas, Sr., Michael A. Flick and Murray W. Burns, who comprised the Compensation Committee, were officers or employees of the Company or any of its subsidiaries or had any relationships requiring disclosure in this proxy statement under "Certain Transactions," and none of our executive officers served as a member of the compensation committee of another entity or as a director of another entity, one of whose executive

officers served on the Compensation Committee or our Board. No member of the Compensation Committee is a former officer of the Company.

#### Certain Transactions

In accordance with the provisions of our Audit Committee Charter, any transaction which would require disclosure under Item 404(a) of Regulation S-K of the rules and regulations of the SEC, with respect to a director or executive officer, must be reviewed and approved, or ratified, annually by the Audit Committee of our Board. Any such related party transaction will only be approved or ratified if the Audit Committee determines that such transaction will not impair the involved person's service to, and exercise of judgment on behalf of, the Company, or otherwise create a conflict of interest that would be detrimental to the Company.

No reportable related-party transactions have taken place since January 1, 2016, and none are currently proposed.

#### PROPOSAL 1: ELECTION OF DIRECTORS

Our Amended and Restated Articles of Incorporation provide for a Board of Directors consisting of three classes, with the number of directors to be set forth in our By-laws. Our By-laws allow for the number of directors constituting the entire Board of Directors to be a range of not less than three nor more than twelve, with the exact number of directors to be fixed by a duly adopted resolution of the Board of Directors. The size of our Board is currently set at nine directors. The term of office of the Class II directors will expire at the 2017 annual meeting, and, in accordance with the recommendations of the independent directors, our Board has nominated the three persons listed as the Class II director nominees in the table below for election to our Board for a term expiring in 2020.

Proxies cannot be voted more than one time for each of the three director nominees named in this proxy statement. In the unanticipated event that any nominee is unable to serve or for good cause will not serve as a candidate for director, the persons named in the accompanying proxy will vote your shares of our common stock for a substitute candidate nominated by our Board, unless otherwise directed.

Under our By-Laws, directors are elected by a plurality vote, with the three Class II director nominees who receive the most votes being elected. See "Questions and Answers about the Annual Meeting and Voting."

Our Board unanimously recommends that you vote FOR the election of the three Class II director nominees named in this proxy statement.

Information about the Directors, Director Nominees and Executive Officers

The following table sets forth, as of March 13, 2017, for each director nominee, each other director of the Company whose term will continue after the annual meeting, and each of our executive officers, the age, any positions with the Company, principal occupations and employment during the past five years, any family relationships among such persons, and, if a director nominee or a director, each such person's directorships in other public corporations during the past five years and the year that such person was first elected a director of the Company. We have also included information about each director and director nominee's specific experience, qualifications, attributes, or skills that led the independent directors of our Board to conclude that such person should serve as one of our directors at the time we file this proxy statement, in light of our business and structure. All executive officers serve at the pleasure of our Board. Each Class II director nominee has consented to being named as a nominee in this proxy statement and to serve as a director if elected.

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
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Nominees for Election as Continuing Class II Directors (term expires in 2020)

Gregory J. Cotter, 68	Wealth Management Consultant since 2009. Employed by Huey Wilson Interest, Inc., a business management service company, and its affiliates in various executive capacities, including Director, President, Chief Operating Officer and Chief Financial Officer from 1989 through 2008. Director, President, and Chief Operating Officer of a publicly traded multi-bank holding company from 1986 to 1988. Senior Vice-President and Chief Financial Officer of H.J. Wilson Co. Inc., a publicly traded retailer, from 1977 to May 1985.	1985
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Mr. Cotter's extensive career in the banking and financial industries as well as his executive experience with various publicly traded companies provided him with a knowledge of financial reporting, accounting and controls as well as a knowledge of operations and make him highly qualified to lead the Audit Committee as Chairman and serve as a member of our Board.

John P. (Jack) Laborde, 67	Chairman of our Board since 2013. President of Overboard Holdings, L.L.C. (Overboard), a management company engaged in oil and gas exploration and development since January 2002. President since 1997 of All Aboard Development Corporation (All Aboard), an independent oil and gas exploration and production company. All Aboard is currently being managed by Overboard. President of AVOCA, LLC since 2014. AVOCA holds land and mineral rights in South Louisiana. Employed by the Company from 1992 until 1996 in various capacities, including International Marketing Manager. Prior to 1992, he worked as an engineer for Exxon Co. USA and in various capacities for Ocean Drilling & Exploration Company and Murphy Oil Corporation. Son of Alden J. (Doc) Laborde, co-founder of the Company and former director.	1997
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Mr. Laborde's knowledge of engineering, construction and oil and gas operations as well as his experience managing and overseeing the expansion of businesses makes him a valued member as Chairman of our Board, and as a member of the Compensation Committee, Audit Committee and Corporate Governance and Nominating Committee.

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
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Christopher M. Harding, 65	<p>Private investor. From 2012 to 2014, Vice President of Horton Wison Deepwater, a technology development company specializing in deepwater applications. From 2009 to 2012, Executive Vice President of GL Noble Denton, an offshore consultancy &amp; marine warranty surveyor. President of the engineering division of Technip USA from 1999 to 2004. Founder and President of Genesis Oil &amp; Gas Consultants, a privately-owned consulting and engineering firm serving both independent and international oil and gas companies from 1988 until acquisition by 2007 Technip in 1998.</p>	
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Mr. Harding's experience in the engineering and construction industries, as well as international operations makes him highly qualified to serve on our Board and as a member of the Audit Committee.

Continuing Class III Directors (term expires in 2018)

Jerry D. Dumas, Sr., 81	<p>Private investor. Chairman of the Board, President and Chief Executive Officer from 1998 to 2009 and non-executive Chairman of the Board from 2009 to 2010 of Flotek Industries, a publicly traded global developer of chemicals and drilling equipment. Vice President of Corporate and Executive Services of Merrill Lynch from 1988 to 1998. Served in various capacities, including Group Division President of Hughes Tool Company (now Baker Hughes Incorporated), a position responsible for the offshore division and the drilling fluids and chemical group, from 1968 to 1985. Mr. Dumas served on the board of directors of Flotek Industries from 1998 to 2010.</p>	2011
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Mr. Dumas' extensive career in the financial and oil and gas industries as well as his experience managing a publicly traded company provides him with knowledge of risk management, finance and operations and makes him a valued member of our Board and the Compensation Committee.

Kirk J. Meche, 54	<p>Chief Executive Officer of the Company since 2013. President of the Company since 2009 and Chief Operating Officer from 2009 to 2012. Executive Vice President—Operations of the Company from 2001 to 2009. President and Chief Executive Officer of Gulf Marine Fabricators, L.P., a wholly-owned fabrication subsidiary of the Company, from February 2006 to October 2006. President and Chief Executive Officer of Gulf Island, L.L.C., a wholly-owned fabrication subsidiary of the Company, from 2001 until 2006. President and Chief Executive Officer of Southport, Inc., a wholly-owned fabrication subsidiary of the Company, from 1999 to 2001. Project Manager of the Company from 1996 to 1999. Held various engineering positions for J. Ray McDermott and McDermott, Inc. from 1985 to 1996.</p>	2012
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Mr. Meche's experience in the energy and marine construction industries, in particular his over 20 years of experience in various leadership roles with the Company and over 30 years in the industry, provides him with knowledge of managing operations and overseeing the expansion of business and makes him highly qualified to serve as a member of our Board.



	Name Positions with the Company, Principal Occupations, and Age Directorships in Other Public Companies, and Family Relationships	Director Since
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Michael J. Keeffe, 65	<p>Prior to his retirement in 2011, Mr. Keeffe was a Senior Audit Partner with Deloitte &amp; Touche LLP. He has 35 years of public accounting experience at Deloitte &amp; Touche directing financial statement audits of public companies, principally in the oil field service and engineering and construction industries, most with significant international operations. He also served as a risk management and quality assurance partner in the firm's consultation network. He is a Certified Public Accountant and holds a Bachelor of Arts and a Masters of Business Administration from Tulane University. Mr. Keeffe currently serves on the Board of Ultra Petroleum Corp.</p>	2014
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Mr. Keeffe's extensive accounting and financial expertise, particularly in our industry and related industries makes him highly qualified to serve as a member and financial expert of the Audit Committee and a member of our Board.

Continuing Class I Directors (term expires in 2019)

Murray W. Burns, 71	<p>Project management, engineering and business development consultant through MBurns Consulting since 2013. From 1980 to 2013, employed by Technip USA, Inc. and its affiliates in various executive capacities, including Vice President—Offshore Business Unit, Vice President—Topsides and Fixed Platforms, Vice President—Engineering Operations, Vice President—Engineering, President and COO (Technip Upstream Houston Inc.). From 1976 to 1980, Project Manager, Group Manager, Manager of Facilities and Supervising Engineer with Petro-Marine Engineering, Inc. Prior to 1976, he worked in various engineering capacities at Shell Oil Company.</p>	2014
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Mr. Burns's experience in the engineering and offshore fabrication industries provides valuable insight and makes him highly qualified to serve as a member of our Board, Compensation Committee and Corporate Governance and Nominating Committee.

William E. Chiles, 68	<p>Serves as Managing Partner of Pelican Energy Partners since 2014. From July 2004 to July 2014, Mr. Chiles served as President, CEO and a director of the Bristow Group, Inc., a publicly-traded global provider of offshore aviation services to the energy industry, and search &amp; rescue services to the UK Maritime Coast Guard Agency. Mr. Chiles retired as President and CEO of Bristow in July 2014, but continued to serve as a Senior Advisor and was CEO Emeritus through July 2016. From 2003 to 2004, he served as Executive Vice President and COO of Grey Wolf Inc., a publicly traded onshore oil and gas drilling company. From 2002 to 2003, he served as Vice President of Business Development of ENSCO International. In 1997, Mr. Chiles founded Chiles Offshore, Inc. (Chiles II) and served as President and CEO until its merger with ENSCO International Incorporated (ENSCO) in 2002. In 1992, he founded Southwestern Offshore Corporation and served as CEO and President until its acquisition by Cliffs Drilling Company (Cliffs) in 1996. From 1996 to 1997, he served as Senior Vice President-Drilling Operations for Cliffs. In 1977, he co-founded Chiles Offshore Inc. (Chiles I) and served as President and CEO until 1992. The Company was acquired by Noble Drilling in 1994. Prior to 1977, he began his career working offshore in the North Sea for Western Oceanic, Inc. and served as VP - Domestic Operations in Lafayette, Louisiana. Mr. Chiles served on the board of directors of Basic Energy Services, a publicly-traded provider of wellsite services to oil and natural gas drilling and producing companies, until December 2016.</p>	2014
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We believe Mr. Chiles is a valuable member of the Board and qualified to serve as the Chairman of the Compensation Committee because of his broad international experience and knowledge of the oil and gas industry and our customer base, as well as his executive experience with various publicly traded companies.

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
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Michael A. Flick, 68	Retired Banking Executive. Member of the Board of Directors, Audit Committee and Corporate Governance and Nominating Committee and former Chairman of the Compensation Committee of the Bristow Group, Inc., a publicly-traded provider of industrial aviation services. From 1970 to 1998 employed by First Commerce Corporation and First National Bank of Commerce, its wholly-owned subsidiary, in various executive capacities including Chief Credit Policy Officer, Chief Financial Officer and Chief Administrative Officer.	2007
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Mr. Flick's experience in the banking and financial services industries and his role as Chief Financial Officer provided him with the extensive knowledge of financial reporting, legal and audit compliance and risk management making him highly qualified to serve as a member of the Audit Committee, the Compensation Committee, the Chairman of the Corporate Governance and Nominating Committee and a member of our Board.

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships
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Current Executive Officers not Serving as Directors

David S. Schorlemer, 50	Mr. Schorlemer joined the Company on January 3, 2017 as Executive Vice President - Finance, Chief Financial Officer and Treasurer. Mr Schorlemer has over 20 years experience as a financial or other senior officer in the energy services industry. Prior to joining the Company, Mr. Schorlemer served as Chief Financial Officer of GR Energy Services Management, L.P., an energy service company delivering completion and production solutions to the United States and Latin American markets. From 2004 to 2015, Mr. Schorlemer served as Executive Vice President and Chief Financial Officer of Stallion Oilfield Holdings, Inc., an energy service company providing upstream, midstream and industrial services to its customers. Mr. Schorlemer served as Vice President - Finance and Chief Financial Officer of Q Services, Inc. from 1997 until Q Services merged with Key Energy Services, Inc. in 2002. Following the merger, Mr. Schorlemer served as Vice President - Marketing & Strategic Planning of Key Energy Services, Inc. until 2004. Mr. Schorlemer also served as Consulting Project Manager with Accenture PLC from 1991 to 1997.
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Todd F. Ladd, 50	Chief Operating Officer since February 2014; Executive Vice President since February 2015. Mr. Ladd previously served as Vice President and General Manager of the Company since July 2013. Mr. Ladd has over 28 years industry experience in the offshore fabrication sector. From 2001 to 2013, Mr. Ladd served as Senior Project Manager with Paloma Energy Consultants, an offshore construction project management firm. From 1996 to 2001, Mr. Ladd served as Project Manager for Gulf Island LLC. Mr. Ladd also served as Production Engineer and Facility Engineer at McDermott Marine Construction from 1988 to 1996.
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## Director Compensation

We use a combination of cash and equity-based incentive compensation to attract and retain qualified candidates to serve on our Board. In setting director compensation, we consider the significant amount of time directors dedicate in fulfilling their duties as directors, as well as the skill-level required by the Company to be an effective member of our Board. For 2016, the form and amount of director compensation was reviewed by our full Board, which includes Mr. Meche, our President and Chief Executive Officer.

### Cash Compensation

For services as a director during 2016, each non-employee director, other than our Chairman, received an annual board service fee of \$54,000 for his services as a director. Mr. Cotter, as Chairman of the Audit Committee, received an additional chair fee of \$12,000 and Mr. Keeffe, the Audit Committee Financial Expert, received an additional financial expert fee of \$12,000. Mr. Flick, as Chairman of the Corporate Governance and Nominating Committee and as Chairman of the Compensation Committee for the first four months of the year, received additional chair fees of \$16,000. Mr. Chiles, Chairman of the Compensation Committee for the eight remaining months of the year, received an additional chair fee of \$8,000. Mr. Laborde received an annual fee of \$120,000 for serving as a director and Chairman of the Board. See also the table below detailing total compensation paid to our directors. All directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of our Board and its committees.

### Equity-Based Compensation

Each non-employee director also received equity-based compensation under our stock incentive plans, which were approved by our shareholders. On May 18, 2016, each of our non-employee directors was granted restricted stock units ("RSUs"), which vested on November 18, 2016, six months after the date of grant. Upon vesting, each RSU entitled the non-employee director, at his sole option, to receive either (i) one share of our common stock or (ii) in lieu of a share of our common stock, up to 50% of the fair market value of the share of our common stock in cash. We expect to continue to make an annual grant of RSUs to our non-employee directors. Under our stock ownership guidelines, directors are required to own at least 5,000 shares of our common stock as of the end of fiscal 2018.

The table below summarizes compensation paid in 2016 to each person serving as a director during 2016, with the exception of Mr. Meche. Mr. Meche did not receive any compensation as a director, and his compensation as an executive of the Company is fully reflected in the 2016 Summary Compensation Table on page 27.

Name	Fees Earned or Paid in Cash <sup>(1)</sup>	Value of Stock Awards <sup>(2)</sup>	Total
Murray W. Burns	\$ 54,000	\$ 40,000	\$94,000
William E. Chiles	62,000	40,000	102,000
Gregory J. Cotter	66,000	40,000	106,000
Jerry D. Dumas, Sr.	54,000	40,000	94,000
Michael A. Flick	70,000	40,000	110,000
Christopher M. Harding	54,000	40,000	94,000
Michael J. Keeffe	66,000	40,000	106,000
John P. Laborde	120,000	40,000	160,000

(1) Reflects fees earned by the directors during 2016 for their service on our Board and its committees, as applicable.

(2) Reflects the aggregate grant date fair value of RSUs. RSUs are valued on the date of grant at the closing sale price per share of our common stock. On May 18, 2016, each of our non-employee directors was granted 6,173 RSUs,

with a grant date fair value of \$6.48 per RSU.

In February 2017, the Board of Directors, following the recommendation of the Compensation Committee, unanimously approved increases in (i) the annual director fee from \$54,000 to \$66,000, (ii) the annual fee paid to our Chairman of the Board from \$120,000 to \$140,000 and (iii) an increase in the value of annual director equity compensation from \$40,000 to \$75,000. In making this decision, the Compensation Committee did not benchmark the compensation paid by our peers and competitors, but did use data prepared by Aon Hewitt, the Committee's independent compensation consultant for 2017, in evaluating whether director compensation levels, including cash and equity-based compensation are in line with median levels of director compensation paid by our energy and marine industry peers.

## Stock Ownership

The following table sets forth, as of March 10, 2017, certain information regarding beneficial ownership of shares of our common stock by (i) each of our current directors and director nominees, (ii) each of our named executive officers, (iii) all of our director nominees and current directors and executive officers as a group, and (iv) each other shareholder known by us to be the beneficial owner of more than 5% of our outstanding common stock. Unless otherwise indicated, we believe that the shareholders listed below have sole investment and voting power with respect to their shares of our common stock based on filings with the SEC and/or information furnished to us by such shareholders.

Name of Beneficial Owner	Number of Shares Beneficially Owned <sup>(1)</sup>	Percentage of Outstanding Common Stock <sup>(2)</sup>
Directors, Director Nominees and Named Executive Officers:		
Murray W. Burns	10,473	*
William E. Chiles	10,173	*
Gregory J. Cotter	15,173	*
Jerry D. Dumas, Sr.	7,191	*
Michael A. Flick	8,217	*
Christopher M. Harding	12,173	*
Michael J. Keeffe	7,321	*
John P. Laborde <sup>(3)</sup>	20,840	*
Todd F. Ladd	123,509	*
Kirk J. Meche	260,041	1.8%
David S. Schorlemer <sup>(4)</sup>	29,963	*
All director nominees and current directors and executive officers of the Company as a group (11 persons) <sup>(5)</sup>	505,074	3.4%