

Civitas Solutions, Inc.  
Form 8-K  
September 22, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)**

**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): September 16, 2014**

**CIVITAS SOLUTIONS, INC.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction**

**of incorporation)**

**001-36623**  
**(Commission**

**File Number)**  
**313 Congress Street, 6<sup>th</sup> Floor**

**65-1309110**  
**(IRS Employer**

**Identification No.)**

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**Boston, Massachusetts 02210**

**(Address of Principal executive offices, including Zip Code)**

**(617) 790-4800**

**(Registrant's telephone number, including area code)**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

### ***Registration Rights Agreement***

On September 22, 2014, in connection with the closing of the initial public offering (the *IPO*) of Civitas Solutions, Inc. (the *Company*), the Company entered into a registration rights agreement (the *Registration Rights Agreement*) with NMH Investment, LLC ( *NMH Investment* ), the Company's sole stockholder. Pursuant to the registration rights agreement, NMH Investment will be entitled to request the Company to register the shares of its common stock held by NMH Investment on a long-form or short-form registration statement on one or more occasions in the future, which registrations may be shelf registrations. NMH Investment will also be entitled to participate in certain registered offerings by the Company, subject to the terms and conditions in the registration rights agreement. The Company will pay NMH Investment's expenses in connection with NMH Investment's exercise of these rights. The registration rights described in this paragraph apply to (i) shares of the Company's common stock held by NMH Investment as of the closing of the IPO and (ii) any of the capital stock (or that of its subsidiaries) issued or issuable with respect to the common stock described in clause (i) with respect to any dividend, distribution, recapitalization, reorganization, or certain other corporate transactions ( *Registrable Securities* ). These registration rights are also for the benefit of any subsequent holder of Registrable Securities. However, any particular securities will cease to be Registrable Securities when they have been sold in a registered public offering, sold in compliance with Rule 144 of the Securities Act of 1933, as amended (the *Securities Act*) or repurchased by the Company or its subsidiaries. In addition, with the Company's consent and the consent of the holders of a majority of Registrable Securities, any Registrable Securities held by a person other than Vestar and its affiliates will cease to be Registrable Securities if they can be sold without limitation under Rule 144 of the Securities Act.

The foregoing is only a summary of the material terms of the Registration Rights Agreement, and is qualified in its entirety by reference to the Registration Rights Agreement, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.1 and incorporated by reference herein.

### ***Director Nominating Agreement***

On September 22, 2014, in connection with the closing of the IPO, the Company entered into a director nominating agreement (the *Director Nominating Agreement*) with NMH Investment. The Director Nominating Agreement provides that NMH Investment or affiliates of Vestar Capital Partners V, L.P. ( *Vestar* ) will have the right to nominate: (i) eight of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 40% of the total voting power of the Company; (ii) seven of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 35% of the total voting power of the Company; (iii) six of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 30% of the total voting power of the Company; (iv) five of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 25% of the total voting power of the Company; (v) four of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 20% of the total voting power of the Company; (vi) three of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 15% of the total voting power of the Company; (vii) two of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 10% of the total voting power of the Company; (viii) one of nine directors so long as NMH Investment and affiliates of Vestar collectively own at least 5% of the total voting power of the Company. In each case, the Company will agree to take certain actions to support those nominees for election and include the nominees in the proxy statements for the stockholders meetings at which directors are to be elected.

The foregoing is only a summary of the material terms of the Director Nominating Agreement, and is qualified in its entirety by reference to the Director Nominating Agreement, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.2 and is incorporated herein by reference.

**Item 2.04. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.**

On September 17, 2014, National Mentor Holdings, Inc. ( NMHI ), a wholly-owned subsidiary of the Company, issued a conditional notice of partial redemption to holders of NMHI 's 12.50% Senior Notes due 2018

(the Notes ) declaring that NMHI will redeem \$162 million in aggregate principal amount of the Notes on October 17, 2014 (the Partial Redemption Date ). The redemption price of the Notes is 106.250% of the principal amount redeemed, plus accrued and unpaid interest to, but not including, the Partial Redemption Date (the Partial Redemption Price ), in accordance with the provisions of the indenture governing the Notes. The notice of partial redemption was conditioned upon (A) the completion of the IPO and (B) the receipt of net proceeds from the IPO in an amount at least equal to the aggregate Partial Redemption Price of the Notes (collectively, the Financing Condition ). The IPO closed on September 22, 2014. The closing of the IPO satisfied the Financing Condition, and, as a result, \$162 million of the Notes became irrevocably due and payable on October 17, 2014.

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

(e)

### **Grants of Restricted Stock Units and Options**

On September 16, 2014, in connection with the pricing of the IPO, the Company granted time-vesting restricted stock units and stock options under the Civitas Solutions, Inc. 2014 Omnibus Incentive Plan (the 2014 Incentive Plan ) to each of its named executive officers in the following amounts:

<b>Name</b>	<b>Restricted Stock Units</b>	<b>Stock Options</b>
Edward M. Murphy	22,059	48,911
Bruce F. Nardella	63,419	140,619
Denis M. Holler	12,408	27,512
David M. Petersen	10,588	23,477
Linda De Renzo	9,430	20,909
Kathleen P. Federico	9,265	20,543

The restricted stock units vest in three equal annual installments, with the first vesting date on September 16, 2015. The stock options have an exercise price of \$17.00 per share and vest in three equal annual installments, with the first vesting date on September 16, 2015. If the named executive officer's employment terminates due to death or disability, the individual shall be entitled to pro rata vesting of his or her unvested restricted stock units and unvested stock options for the portion of the year for which the individual served. If a change in control of the Company occurs, and the named executive officer is terminated other than for cause and other than due to death or disability within six months before or 24 months following after such change in control, all of the individual's unvested restricted stock unit and stock option awards will become fully vested.

The foregoing is only a summary of the material terms of the restricted stock unit and stock option agreements, and is qualified in its entirety by reference to the forms of restricted stock unit and stock option agreements, which are incorporated by reference as Exhibits 10.3 and 10.4 to this Current Report on Form 8-K and are incorporated herein by reference.

### **Employment Agreements**

On September 22, 2014, in connection with the IPO, the Company entered into amended employment agreements with Messrs. Murphy and Nardella, effective September 17, 2014. The amended employment agreements retain the terms of their existing employment agreements, except that the amended employment agreements provide that (i) if Mr. Murphy or Mr. Nardella is terminated due to death or disability, he will be entitled to accelerated vesting of a pro

rata portion of his unvested time-based equity awards under the 2014 Incentive Plan and accelerated vesting of all of his unvested Class F Common Units and Class H Common Units, (ii) if Mr. Murphy

or Mr. Nardella is terminated (other than for cause and other than due to death or disability) within six months prior to or 24 months following a change in control, he will be entitled to accelerated vesting of all of his unvested time-based equity awards under the 2014 Incentive Plan and accelerated vesting of all of his unvested Class F Common Units and Class H Common Units. The payment of severance benefits will be conditioned upon the execution and non-revocation of a release. The amended employment agreements revise the definition of the scope of the business for purposes of the noncompetition and nonsolicitation provisions set forth therein. In addition, Mr. Nardella's base salary was increased from \$500,000 per year to \$575,000 per year.

On or about September 22, 2014, in connection with the IPO, the Company entered into new employment agreements with each of its executive officers who currently has a severance agreement (including Messrs. Holler and Petersen and Ms. De Renzo and Ms. Federico, who are named executive officers), effective September 17, 2014, which will supersede their existing severance agreements with us. The employment agreements address the terms not covered by the existing severance agreements, including (i) making explicit that the agreement has a term of one year with automatic renewals unless terminated in accordance with the agreement, (ii) specifying the individual's position, duties, annual base salary and target bonus and (iii) providing for customary business expense reimbursement. The employment agreements for these executive officers provide that if the executive officer is terminated without cause or resigns for good reason, he or she will be, subject to execution and non-revocation of a release, entitled to (i) continued payment of his or her base salary for one year, (ii) payment of an amount equal to his or her target bonus, (iii) payment of a pro rata bonus for the year in which such termination occurs if termination occurs within the second half of the year and (iv) a monthly payment of \$2,000 for 24 months. If the executive officer is terminated due to death or disability, he or she will be entitled to (i) payment of a pro rata bonus for the year in which such termination occurs and (ii) accelerated vesting of a pro rata portion of his or her unvested time-based equity awards and accelerated vesting of his or her unvested Class F Common Units and Class H Common Units. If the executive officer is terminated (other than for cause and other than due to death or disability) within six months prior to or 24 months following a change in control, he or she will be entitled to (i) the same severance payments as provided for in the event of a termination without cause or for good reason, except that the payment of his or her base salary will continue for 18 months instead of 12 months following such termination and (ii) accelerated vesting of all of his or her unvested time-based equity awards under the 2014 Incentive Plan and accelerated vesting of all of his or her unvested Class F Common Units and Class H Common Units. The new employment agreements update the description of the scope of the business for purposes of the noncompetition and nonsolicitation provisions set forth therein. In addition, Mr. Holler's base salary was increased from \$335,000 per year to \$375,000 per year.

The foregoing is only a summary of the material terms of the employment agreements, and is qualified in its entirety by reference to the amended and restated employment agreement with Mr. Nardella and the third amended and restated employment agreement with Mr. Murphy, which are attached to this Current Report on Form 8-K as Exhibits 10.5 and 10.6 and are incorporated herein by reference, and to the form of employment agreement with each of the other executive officers, which is incorporated by reference as Exhibit 10.7 to this Current Report on Form 8-K and is incorporated herein by reference.

#### **Amendment to Class H Common Units Management Unit Subscription Agreement**

On September 22, 2014, in connection with the closing of the IPO, NMH Investment entered into amendments to the Management Unit Subscription Agreements governing the Class H Common Units (the "MUSA Amendment") with each of the holders of Class H Common Units, including the Company's named executive officers. Pursuant to the MUSA Amendment, the Class H Common Units will vest upon the earlier to occur of a sale of the Company and the achievement of a multiple of investment return threshold by Vestar and its affiliates. Once vested, the holders of Class H Common Units are entitled to receive between 0.0% and 5.0% of the common equity value distributed by NMH Investments to its unitholders depending upon the multiple of investment achieved by Vestar and its affiliates.

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The foregoing is only a summary of the material terms of the MUSA Amendment, and is qualified in its entirety by reference to the form of MUSA Amendment, which is incorporated by reference as Exhibit 10.8 to this Current Report on Form 8-K and is incorporated herein by reference.



## Indemnification Agreements

On or about September 17, 2014, the Company entered into amended indemnification agreements with its directors and executive officers in connection with the closing of the IPO. Under the indemnification agreement, directors and executive officers are indemnified against certain expenses, judgments and other losses resulting from involvement in legal proceedings arising from service as a director or executive officer. The Company will advance expenses incurred by directors or executive officers in defending against such proceedings, and indemnification is generally not available for proceedings brought by an indemnified person (other than to enforce his or her rights under the indemnification agreement). If an indemnified person elects or is required to pay all or any portion of any judgment or settlement for which the Company is jointly liable, the Company will contribute to the expenses, judgments, fines and amounts paid in settlement incurred by the indemnified person in proportion to the relative benefits received by the Company (and its officers, directors and employees other than the indemnified person) and the indemnified person, as may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of NMHI (and its officers, directors and employees other than the indemnified person) and the indemnified person in connection with the events that resulted in such losses, as well as any other equitable considerations which the law may require to be considered. NMHI is a guarantor of Civitas' obligations under this agreement.

The foregoing is only a summary of the material terms of the amended indemnification agreements, and is qualified in its entirety by reference to the form of indemnification agreement, which is incorporated by reference as Exhibit 10.9 to this Current Report on Form 8-K and is incorporated herein by reference.

### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Exhibit
10.1	Registration Rights Agreement, dated as of September 22, 2014, by and between Civitas Solutions, Inc. and NMH Investment, LLC.
10.2	Director Nominating Agreement, dated as of September 22, 2014, by and between Civitas Solutions, Inc. and NMH Investment, LLC.
10.3	Form of Restricted Stock Unit Agreement under the Civitas Solutions, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.33 to Civitas Solutions, Inc.'s Amendment No. 4 to the Registration Statement filed with the SEC on September 3, 2014).
10.4	Form of Nonqualified Stock Option Agreement under the Civitas Solutions, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.34 to Civitas Solutions, Inc.'s Amendment No. 4 to the Registration Statement filed with the SEC on September 3, 2014).
10.5	Amended and Restated Employment Agreement by and between Bruce F. Nardella and Civitas Solutions, Inc.
10.6	Third Amended and Restated Employment Agreement by and between Edward M. Murphy and Civitas Solutions, Inc.
10.7	Form of Employment Agreement (other executive officers)
10.8	Amendment to Management Unit Subscription Agreement (Class H Common Units) (incorporated by reference to Exhibit 10.29 to Civitas Solutions, Inc.'s Amendment No. 4 to the Registration Statement

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filed with the SEC on September 3, 2014).

10.9

Form of Amended and Restated Indemnification Agreement (for directors and executive officers) (incorporated by reference to Exhibit 10.19 of Civitas Solutions, Inc. s Amendment No. 3 to the Registration Statement filed with the SEC on August 27, 2014)

**SIGNATURES**

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

CIVITAS SOLUTIONS, INC.

*/s/ Denis M. Holler*

Name: Denis M. Holler

Title: Chief Financial Officer and Treasurer

Date: September 22, 2014

**EXHIBIT INDEX**

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