

UNION BANKSHARES INC
Form DEF 14A
April 09, 2018

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

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 Pursuant to Section 240.14a-12

Union Bankshares, 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:

Union Bankshares, Inc.

20 Lower Main Street
PO Box 667
Morrisville, VT 05661
(802) 888-6600

April 9, 2018

Dear Shareholder,

The 127th annual meeting of Union Bankshares, Inc. (the "Company", "we", or "our") will be held Wednesday, May 16th at 3 p.m. at the Charlmont Restaurant meeting room located at 116 Vermont Route 15 West, Morrisville, Vermont. You are cordially invited to attend. Enclosed are a notice of annual meeting, a proxy statement and a proxy card for voting your shares.

Also enclosed with this mailing is a copy of our Annual Report on Form 10-K for Union Bankshares, Inc. for the year ended December 31, 2017, along with a brochure containing other information of interest about your Company. Our proxy materials, Annual Report on Form 10-K and informational brochure are also posted on www.ublocal.com and on a special internet website, as indicated in the Notice of Internet Availability section of the attached Notice of Annual Meeting.

If your shares are held through a broker, please note that your broker will not have the authority to vote your shares on the election of directors without your specific instructions. Therefore, it is especially important that you submit your proxy promptly so your votes can be counted.

All shareholders of record will have three options for voting. In addition to returning the enclosed proxy card by mail, you may alternatively vote by phone or via the internet. For further details, refer to the proxy card or the Information About the Meeting section of the Proxy Statement.

We hope you will join us immediately following the meeting for an informal gathering of shareholders, directors and bank officers at the Charlmont Restaurant, Route 15 West, Morrisville, Vermont.

Sincerely,
Kenneth D. Gibbons David S. Silverman
Chairman President & Chief Executive Officer

Union Bankshares, Inc.

NOTICE OF
2018 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON WEDNESDAY, May 16, 2018

To the Shareholders of Union Bankshares, Inc.:

The Annual Meeting of Shareholders of Union Bankshares, Inc. will be held at 3:00 p.m., local time, on Wednesday, May 16, 2018, at the Charlmont Restaurant meeting room located at 116 Vermont Route 15 West, Morrisville, Vermont for the following purposes:

1. To fix the number of directors at ten for the ensuing year and to elect ten directors (or such lesser number as circumstances may warrant), to serve a one year term and until their successors are elected and qualified;
 2. To ratify the appointment of the independent registered public accounting firm of Berry Dunn McNeil & Parker, LLC as the Company's external auditors for 2018; and
 3. To consider and act upon any other business that may properly come before the meeting or any adjournment thereof.
- The Board of Directors has fixed the close of business on March 23, 2018 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting or any adjournment of the meeting.

IMPORTANT NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS FOR 2018 ANNUAL MEETING OF SHAREHOLDERS

This notice of meeting and proxy statement, the accompanying proxy card, our Annual Report on Form 10-K for the year ended December 31, 2017 and a brochure containing certain additional information about the Company are available on the internet in a downloadable, printable and searchable format and may be accessed at <http://www.materials.proxyvote.com/905400>.

By Order of the Board of Directors,

John H. Steel
Secretary

Morrisville, Vermont
April 9, 2018

YOUR VOTE IS IMPORTANT

PLEASE VOTE YOUR SHARES BY COMPLETING AND RETURNING THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED, OR BY FOLLOWING THE INSTRUCTIONS ON THE PROXY TO VOTE BY TELEPHONE OR THE INTERNET, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING IN PERSON. SHOULD YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON IF YOU SO DESIRE.

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UNION BANKSHARES, INC.

20 Lower Main Street
Morrisville, VT 05661
(802) 888-6600

PROXY STATEMENT

Annual Meeting of Shareholders
May 16, 2018

INFORMATION ABOUT THE MEETING

Why have I received these materials?

We are sending this proxy statement and proxy card on behalf of the Board of Directors to solicit your vote on matters to be voted on at the annual meeting of the shareholders of Union Bankshares, Inc. to be held at 3:00 p.m. local time on Wednesday, May 16, 2018, at the Charlmont Restaurant meeting room located at 116 Vermont Route 15 West, Morrisville, Vermont. This proxy statement and proxy card are accompanied by the Company's Annual Report on Form 10-K for the year ended December 31, 2017 containing the Company's audited consolidated financial statements and footnotes, and a brochure containing certain additional information about the Company. These materials were first sent to our shareholders on or about April 9, 2018. You are cordially invited to attend the annual meeting and are asked to vote on the following proposals:

1. To elect ten directors to the Company's Board of Directors (the "Board") for the ensuing year; and
2. To ratify the selection of our independent auditors for 2018.

Who is entitled to vote at the annual meeting?

Only holders of record of the Company's \$2.00 par value common stock as of the close of business on March 23, 2018 (the record date for the meeting) will be entitled to vote at the annual meeting. On that date there were 4,465,657 shares of the Company's common stock outstanding, and each such share is entitled to one vote on each matter presented for vote at the annual meeting.

How do I vote my shares at the annual meeting?

If you are a shareholder of record of the Company's common stock, you may vote your shares by completing and signing the accompanying proxy card and returning it in the enclosed postage paid envelope. Alternatively, you may vote your shares by telephone (toll free in the United States) at 1-800-690-6903 or over the internet at <http://www.proxyvote.com>. Be sure to have your proxy card in hand if you vote by telephone or the internet and follow the instructions on the card. You are a shareholder of record if you hold your stock in your own name on the Company's shareholder records maintained by our transfer agent, Broadridge Corporate Issuer Solutions, Inc., of Brentwood, New York.

"Street name" shareholders of common stock, who wish to vote at the annual meeting will need to obtain a proxy card from the institution that holds their shares and follow the instructions on that form. Street name shareholders are shareholders who hold their common stock indirectly, through a bank, broker or other nominee.

Can I change my vote after I submit my proxy?

Yes, after you have mailed your proxy card or submitted your proxy by telephone or the internet, you may change your vote at any time before the proxy is exercised at the annual meeting. A timely-submitted later dated proxy supersedes all earlier proxies. Shareholders of record may change their vote by:

mailing a proxy card bearing a later date. You may request a new proxy by contacting our transfer agent, Broadridge Corporate Issuer Solutions, Inc., at the following address or toll free telephone number: Broadridge

Corporate Issuer Solutions, Inc. , Attn: Investor Relations Dept., P. O. Box 1342, Brentwood, NY 11717, 1-866-321-8022. You may also contact our Assistant Corporate Secretary, Kristy Adams Alfieri, for assistance at the address and telephone number shown on page one of this proxy statement; or
submitting a later dated proxy by telephone or the internet; or
withdrawing your previously given proxy in person at the annual meeting and voting your shares by ballot.
“Street name” shareholders who wish to change their vote must contact the institution that holds their shares and follow the applicable procedures prescribed by the institution.

Can I vote in person at the meeting instead of voting by proxy?

Yes, a ballot will be available at the annual meeting for shareholders of record who wish to vote in person. However, we encourage you to complete and return the enclosed proxy card, or to vote your shares by telephone or the internet, to be certain that your shares are represented and voted, even if you should be unable to attend the meeting in person. If you wish, you may revoke your previously given proxy at the annual meeting and vote by ballot instead. If you hold your shares through a bank, broker or other nominee, you must obtain a legal proxy from the bank, broker or nominee in order to vote your shares in person at the meeting.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered differently in more than one account (for example, “John Doe” and “J. Doe”). To ensure that all your shares are voted, you should complete, sign and return all proxy cards. We encourage you to register all your accounts in the same name and address. You may do so by contacting our transfer agent, Broadridge Corporate Issuer Solutions, Inc., at the following address or toll free telephone number: Broadridge Corporate Issuer Solutions, Inc. , Attn: Investor Relations Dept., P. O. Box 1342, Brentwood, NY 11717, 1-866-321-8022. You may also contact our Assistant Corporate Secretary, Kristy Adams Alfieri, for assistance at the address and telephone number shown on page one of this proxy statement.

What is a broker nonvote?

Under stock exchange rules and brokerage industry practices, a broker may generally vote the shares it holds for customers on routine matters, but requires voting instructions from the customer on other, nonroutine matters. A broker nonvote occurs when a broker votes less than all of the shares it holds of record for any reason, including with respect to nonroutine matters where customer instructions have not been received. The “missing” votes in such a case are broker nonvotes.

Please note that under applicable brokerage industry rules for broker voting of shares, all director elections, whether or not contested, are considered nonroutine. Therefore, a broker may not vote a customer's shares in the election of directors (Proposal 1) without specific instructions from the beneficial owner. If you hold your shares through a broker, please be sure to follow your broker's instructions on how to direct the voting of your shares at the annual meeting.

The ratification of the appointment of the Company's independent auditors is considered to be a routine matter for purposes of a broker's discretionary voting authority under current stock exchange rules. Therefore, a broker may vote uninstructed shares on Proposal 2 under its discretionary authority.

What constitutes a quorum for purposes of the annual meeting?

The presence at the annual meeting in person or by proxy of the holders of a majority of the outstanding shares of common stock entitled to vote will constitute a quorum for the transaction of business. Shares voted by proxy or ballot on either of the proposals, including those marked as “ABSTAIN” on the election of directors (Proposal 1) or on the ratification of the appointment of the independent auditors (Proposal 2), will be treated as present at the meeting for purposes of determining a quorum.

Broker nonvotes are counted for determining a quorum to convene the meeting and for voting on routine matters (such as ratification of the appointment of the independent auditors) since the broker is entitled to vote those shares under its discretionary authority. On any matter considered to be nonroutine (such as the election of directors) broker nonvotes

are

2

not considered shares entitled to be voted by the broker, and therefore would not be counted for determining whether a quorum is present to vote on such matters.

What vote is required to approve matters at the annual meeting?

The election of directors (Proposal 1) will require the affirmative vote of a plurality of the votes cast. That means that the nominees who receive the highest number of vote totals for the number of vacancies to be filled will be elected as directors. Therefore, a vote to ABSTAIN from voting on any nominee or the entire slate will not affect the outcome of the election unless there are more nominees than there are vacancies to be filled.

Ratification of the appointment of the Company's independent auditors (Proposal 2) will require that more votes be cast FOR the proposal than AGAINST. Therefore, abstentions will not affect the outcome of the vote on Proposal 2. If any other matter should be presented at the meeting, approval of such matter would generally require that more votes be cast in favor than opposed; abstentions and broker nonvotes would not affect the outcome. Management of the Company is not aware at this time of any matter that may be submitted to vote of the shareholders at the annual meeting other than the election of directors and ratification of the appointment of the independent auditors.

Do broker nonvotes affect the outcome of the shareholder votes on Proposals 1 and 2?

Because the election of directors (Proposal 1) is not the subject of an election contest and is by plurality vote, broker nonvotes at the annual meeting will not affect the outcome of the election of directors.

Broker nonvotes are not considered to be "votes cast" and therefore will not affect the outcome of the votes on approval of the appointment of independent auditors (Proposal 2).

How does the Board recommend that I vote my shares?

The Board of Directors recommends that you vote FOR Proposal 1 to set the number of directors for the ensuing year at ten, or such lesser number as circumstances require, and to elect the ten nominees listed in this proxy statement; and FOR Proposal 2 to ratify the appointment of the independent registered public accounting firm of Berry Dunn McNeil & Parker, LLC as the Company's external auditors for 2018.

If you vote by proxy card, your shares will be voted in the manner you indicate on the proxy card. If you sign and return your proxy card but do not specify how you want your shares to be voted, the persons named as proxy holders on the proxy card will vote your shares FOR Proposals 1 and 2, and in accordance with the recommendations of the Board of Directors on any other matters that may be presented for vote of shareholders at the meeting.

How are proxies solicited?

Proxies are being solicited by mail and by internet posting of our proxy materials. Proxies may also be solicited by directors, officers or employees of the Company or our wholly-owned subsidiary, Union Bank ("Union" or the "Bank"), in person or by telephone, facsimile, or electronic transmission. Those individuals will not receive any additional compensation for such solicitation.

Who pays the expenses for soliciting proxies?

The Company pays the expenses for soliciting proxies for the annual meeting. These expenses include costs relating to preparation, mailing and returning of proxies. In addition, we may reimburse banks, brokers or other nominee holders for their expenses in sending proxy materials to the beneficial owners of our common stock.

SHARE OWNERSHIP INFORMATION

Share Ownership of Management and Principal Holders

The following table shows the number and percentage of outstanding shares of the Company's common stock owned beneficially as of March 23, 2018 by:

• each incumbent director of the Company;

• each non-incumbent director nominee;

• each executive officer named in the 2017 Summary Compensation Table included elsewhere in this proxy statement;

• all of the Company's directors and executive officers as a group; and

• each person (including any "group," as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934), known to the management of the Company to own beneficially more than 5% of the Company's outstanding common stock.

Except as otherwise indicated in the footnotes to the table, the named individuals possess sole voting and investment power over the shares listed.

Shareholder or Group	Shares Beneficially Owned	Percent of Class
Directors, Nominees and Executive Officers		
Steven J. Bourgeois	2,000 (1)	*
Dawn D. Bugbee	234	*
Jeffery G. Coslett	6,382 (2)	*
Kenneth D. Gibbons	56,157 (3)	1.26
John M. Goodrich	1,100	*
Karyn J. Hale	2,524 (4)	*
Nancy C. Putnam	1,000 (5)	*
Timothy W. Sargent	1,688	*
David S. Silverman	18,546 (6)	*
John H. Steel	8,000 (7)	*
Schuyler W. Sweet	4,500 (8)	*
Cornelius J. Van Dyke	2,172 (9)	*
All Directors and Executive Officers as a Group (12 in number)	104,303	2.34
5% or more Shareholders		
Richard C. Sargent	502,866(10)	11.26
Susan Hovey Mercia	392,259(11)	8.78
Walter M. Sargent Revocable Trust	277,358(12)	6.21

*Denotes less than one percent (1%) of class.

(1) Mr. Bourgeois has shared voting and investment power over all shares listed. All of such shares are held in the Bourgeois Family Trust.

(2) Mr. Coslett has shared voting and investment power over 6,382 of the shares listed.

(3) Mr. Gibbons has shared voting and investment power over all of the shares listed.

(4) Ms. Hale has shared voting and investment power over 1,024 of the shares listed. Includes 1,500 shares Ms. Hale has the right to acquire under presently exercisable incentive stock options.

(5) Nominee Putnam has shared voting and investment power over all of the shares listed.

Mr. Silverman has shared voting and investment power over 11,662 of the shares listed. Includes 884 shares held (6) in an IRA for the benefit of Mr. Silverman's wife. Includes 6,000 shares Mr. Silverman has the right to acquire under presently exercisable incentive stock options.

(7) Mr. Steel has shared voting power over 2,000 of the shares listed. Includes 1,000 shares held in an IRA for the benefit of Mr. Steel's wife.

(8) All shares are held in the Schuyler W. Sweet 2000 Revocable Trust, of which Mr. Sweet is settlor and trustee.

Includes 1,772 shares held in the Cornelius J. Van Dyke Revocable Trust of which Mr. Van Dyke is settlor and (9) trustee and 400 shares held in the Carol Phillips Hillman Revocable Trust, of which Mr. Van Dyke's wife is settlor and trustee.

Mr. Sargent has shared voting power over 502,866 of the shares listed. The total includes 162,000 shares held by the Copley Fund, a charitable trust of which Mr. Sargent serves as co-trustee. Mr. Sargent does not have any (10) beneficial interest in the fund and disclaims beneficial ownership of all 162,000 shares held by the fund. The total also includes 277,358 shares held by the Walter M. Sargent Revocable Trust, of which Mr. Sargent and members of his family are beneficiaries and of which he is one of three co-trustees.

(11) Ms. Mercia has shared voting and investment power over all 392,259 of the shares listed.

All 277,358 shares are included in the share total disclosed elsewhere in this table as beneficially owned by (12) Richard C. Sargent, who is one of three co-trustees of the Trust and of which he and members of his family are beneficiaries.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers, directors and ten percent or more shareholders to file with the Securities and Exchange Commission ("SEC") reports of their ownership and changes in ownership of the Company's equity securities and to furnish the Company with copies of all such reports. Based solely on its review of copies of Section 16 reports received by it, or on written representations from certain reporting persons that no filings were required for them, except as set forth below, the Company believes that during 2017 all Section 16(a) filing requirements applicable to its officers, directors and ten percent or more shareholders were timely complied with, except for the following: a late filed Form 5 report for Richard C. Sargent, relating to the receipt of a gift of shares during 2016 and 2017; and a late filed Form 4 report for each of the three executive officers listed in the 2017 Summary Compensation Table, following the final calculation as of December 31, 2017 of the number of shares of common stock underlying an award to each such officer of restricted stock units subject to time based vesting conditions.

PROPOSAL 1: TO ELECT DIRECTORS

The Company's Amended and Restated Articles of Association and Bylaws provide for a Board of at least three directors, with the exact number to be fixed by the shareholders at each annual meeting. The Board of Directors currently consists of nine individuals and the Board has recommended that the number of directors be increased to ten to accommodate the nomination of Union Bank director Nancy C. Putnam to stand for election to the Company Board. Accordingly, the shareholders are being asked to fix the number of directors for the ensuing year at ten, or such lesser number as circumstances require should any of the nominees be unable to serve.

The table below contains certain biographical information about board nominee Putnam and each of the nine incumbent directors standing for reelection to the Board. Additional biographical information for each of them is set forth following the table under the caption "Director Qualifications."

Name and Age	Served as Director Since (1)	Principal Occupation for Past Five Years
Steven J. Bourgeois, 69	2005	Chief Executive Officer and Principal Owner, Strategic Initiatives for Business LLC (business consulting) St. Albans, VT