

EMCLAIRE FINANCIAL CORP  
Form DEF 14A  
March 26, 2009

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**  
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 § 240.14a-11(c) or § 240.14a-12

Emclaire Financial Corp.  
(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.
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  - (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):
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  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**EMCLAIRE FINANCIAL CORP.**

**612 MAIN STREET**

**EMLENTON, PENNSYLVANIA 16373**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**



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TO THE SHAREHOLDERS OF EMCLAIRE FINANCIAL CORP.:

Notice is hereby given that the Annual Meeting of Shareholders of Emclaire Financial Corp. (the Corporation ) will be held at 9:00 a.m., local time, on Wednesday, April 22, 2009, at the Farmers National Bank of Emlenton, 612 Main Street, Emlenton, Pennsylvania 16373, for the following purposes:

1. To elect four (4) directors to serve for three-year terms and until their successors are duly elected and qualified;
2. To ratify the selection of Beard Miller Company LLP, Certified Public Accountants, as the independent auditors of the Corporation for the fiscal year ending December 31, 2009;
3. To approve, on a non-binding advisory basis, the compensation of the Corporation s named executive officers as described in the proxy statement; and
4. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Only those shareholders of record at the close of business on March 2, 2009 will be entitled to notice of and to vote at the Annual Meeting.

A copy of the Corporation s Annual Report for the fiscal year ended December 31, 2008 is being mailed with this notice.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 22, 2009**

The proxy materials for the Annual Meeting of Shareholders of Emclaire Financial Corp., including the proxy statement and the Corporation s Annual Report for the fiscal year ended December 31, 2008, are available over the Internet at [www.emclairefinancial.com](http://www.emclairefinancial.com).

You are urged to mark, sign, date and promptly return your proxy in the enclosed envelope so that your shares may be voted in accordance with your wishes and in order that the presence of a quorum may be assured. The prompt return of your signed proxy, regardless of the number of shares you hold, will aid the Corporation in reducing the expense of additional proxy solicitation. The giving of such proxy does not affect your right to vote in person if you attend the meeting.

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By Order of the Board of Directors,

William C. Marsh  
Chairman, President and Chief Executive Officer

March 27, 2009

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**PROXY STATEMENT FOR THE ANNUAL MEETING OF  
SHAREHOLDERS TO BE HELD APRIL 22, 2009**

**GENERAL**

**Introduction, Date, Place and Time of Meeting**

This Proxy Statement is being furnished for the solicitation by the Board of Directors of Emclaire Financial Corp. (the Corporation), a Pennsylvania business corporation, of proxies to be voted at the Annual Meeting of Shareholders of the Corporation to be held at the main office of the Farmers National Bank of Emlenton (the Bank), 612 Main Street, Emlenton, Pennsylvania 16373, on Wednesday, April 22, 2009, at 9:00 a.m. local time, or at any adjournment or postponement of the annual meeting.

The main office of the Corporation is located at 612 Main Street, Emlenton, Pennsylvania 16373. The telephone number for the Corporation is (724) 867-2311. All inquiries should be directed to William C. Marsh, Chairman, President and Chief Executive Officer. This Proxy Statement and the enclosed form of proxy are first being sent to shareholders of the Corporation on March 27, 2009. This Proxy Statement and the Annual Report for the fiscal year ended December 31, 2008 are available at [www.emclairefinancial.com](http://www.emclairefinancial.com).

**Solicitation**



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The proxy solicited hereby, if properly signed and returned to us and not revoked prior to its use, will be voted in accordance with your instructions contained in the proxy. If no contrary instructions are given, each proxy signed and received will be voted in the manner recommended by the Board of Directors and, upon the transaction of such other business as may properly come before the annual meeting, in accordance with the best judgment of the persons appointed as proxies. Proxies solicited hereby may be exercised only at the annual meeting and any adjournment of the annual meeting and will not be used for any other meeting. Execution and return of the enclosed proxy will not affect a shareholder's right to attend the annual meeting and vote in person.

The cost of preparing, assembling, mailing and soliciting proxies will be borne by the Corporation. In addition to the use of the mail, certain directors, officers and employees of the Corporation intend to solicit proxies personally, by telephone and by facsimile. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxy solicitation material to the beneficial owners of stock held of record by these persons, and, upon request there for, the Corporation will reimburse them for their reasonable forwarding expenses.

### **Right of Revocation**





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A shareholder who returns a proxy may revoke it at any time before it is voted by: (1) delivering written notice of revocation to Raymond M. Lawton, Secretary, Emclaire Financial Corp., 612 Main Street, Post Office Box D, Emlenton, Pennsylvania 16373, telephone: (724) 867-2311; (2) executing a later-dated proxy and giving written notice thereof to the Secretary of the Corporation or (3) voting in person after giving written notice to the Secretary of the Corporation.

**Voting Securities and Quorum**



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At the close of business on March 2, 2009, the voting record date, the Corporation had outstanding 1,431,404 shares of common stock, \$1.25 par value per share. A majority of the outstanding shares in person or by proxy will constitute a quorum at the annual meeting.

Only our shareholders of record, at the close of business on the voting record date, will be entitled to notice of and to vote at the annual meeting. On all matters to come before the annual meeting, each share of common stock is entitled to one (1) vote.

Directors are elected by a plurality of the votes cast with a quorum present. The persons receiving the greatest number of votes of the holders of common stock represented in person or by proxy at the annual meeting will be elected director. The affirmative vote of a majority of the total votes present in person or by proxy is required for approval of the proposal to ratify the appointment of the independent registered public accounting firm and the proposal to approve, on a non-binding advisory basis, the compensation of the Corporation's named executive officers.

With regard to the election of directors, you may vote in favor of or withhold authority to vote for one or more nominees for director. Votes that are withheld in connection with the election of one or more nominees for director will not be counted as votes cast for such individuals and accordingly will have no effect. An abstention may be specified on the proposal to ratify the appointment of Beard Miller Company LLP as our independent registered public accounting firm for 2009. Abstentions will have the effect of a vote against this proposal. There are no proposals to be considered at the annual meeting which are considered non-discretionary and, as a result, there will be no broker non-votes.

**PRINCIPAL BENEFICIAL OWNERS OF THE CORPORATION S COMMON STOCK**



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Persons and groups owning in excess of 5% of the common stock are required to file certain reports regarding such ownership pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"). The following table sets forth, as of the voting record date, certain information as to the common stock beneficially owned by (i) persons or groups who own more than 5% of the common stock, (ii) the directors of the Corporation, (iii) certain executive officers of the Corporation named in the Summary Compensation Table, and (iv) all directors and executive officers of the Corporation and the Bank as a group. Other than as noted below, management knows of no person or group that owns more than 5% of the outstanding shares of common stock at the voting record date.

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Outstanding Common Stock Beneficially Owned
Mary E. Dascombe		
Raleigh, NC 27609	91,000(2)	6.36%
<b>Directors:</b>		
George W. Freeman	81,305(3)	5.68%
Ronald L. Ashbaugh	12,500(4)	*
Brian C. McCarrier	2,377(4)	*
Robert L. Hunter	15,659(5)	*
John B. Mason	6,702(6)	*
James M. Crooks	18,371(7)	*
Mark A. Freemer	4,000(1)	*
David L. Cox	13,580(4)	*
William C. Marsh	15,600(8)	*
<b>Executive Management:</b>		
Raymond M. Lawton	1,200(1)	*
Amanda L. Engles		*
All directors and executive officers as a group (11 persons)	171,294	11.97%

*(Footnotes on the following page)*



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- (1) Based upon information provided by the respective beneficial owners and filings with the Securities and Exchange Commission ( SEC ) made pursuant to the 1934 Act. For purposes of this table, pursuant to rules promulgated under the 1934 Act, an individual is considered to beneficially own shares of common stock if he or she directly or indirectly has or shares (1) voting power, which includes the power to vote or to direct the voting of the shares, or (2) investment power, which includes the power to dispose or direct the disposition of the shares. Unless otherwise indicated, an individual has sole voting power and sole investment power with respect to the indicated shares.
  - (2) Of the 91,000 shares beneficially owned by Mrs. Dascombe, 2,677 shares are owned jointly with her spouse, and 23,937 shares are owned individually by her spouse.
  - (3) Of the 81,305 shares beneficially owned by Mr. Freeman, 2,500 shares are owned jointly with his spouse, 1,000 shares are owned jointly with his spouse in a family limited partnership and 37,805 shares are owned individually by his spouse.
  - (4) All shares owned jointly with spouse.
  - (5) Of the 15,659 shares beneficially owned by Mr. Hunter, 5,304 shares are owned individually by his spouse.
  - (6) Of the 6,702 shares beneficially owned by Mr. Mason, 687 shares are held as custodian for his daughter.
  - (7) Of the 18,371 shares beneficially owned by Mr. Crooks, 3,273 shares are owned jointly with his spouse and 135 shares are held individually by his spouse.
  - (8) Of the 15,600 shares beneficially owned by Mr. Marsh, 650 shares are owned individually by his wife.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

The common stock is registered pursuant to Section 12(g) of the 1934 Act. The officers and directors of the Corporation and beneficial owners of greater than 10% of the common stock are required to file reports on Forms 3, 4, and 5 with the SEC disclosing changes in beneficial ownership of the common stock. Based on the Corporation's review of such ownership reports, to the Corporation's knowledge, no executive officer, director, or 10% beneficial owner of the Corporation failed to file such ownership reports on a timely basis for the fiscal year ended December 31, 2008.

**INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR,**

**CONTINUING DIRECTORS AND EXECUTIVE OFFICERS**



**Election of Directors**



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The Corporation has a classified Board of Directors with staggered three-year terms of office. In a classified board, the directors are generally divided into separate classes of equal number. The terms of the separate classes expire in successive years. Thus, at each annual meeting of shareholders, successors to the class of directors whose term shall then expire shall be elected to hold office for a term of three years, so that the office of one class shall expire each year.

A majority of the members of our Board of Directors are independent based on an assessment of each member's qualifications by the Board, taking into consideration the Nasdaq Stock Market's requirements for independence. The Board of Directors has concluded that Messrs. Freemer, Crooks, Hunter, Freeman, McCarrier and Ashbaugh do not have any material relationships with the Corporation that would impair their independence. There are no arrangements or understandings between the Corporation and any person pursuant to which such person has been elected a director. Shareholders of the Corporation are not permitted to cumulate their votes for the election of directors.

No director or executive officer of the Corporation is related to any other director or executive officer of the Corporation by blood, marriage or adoption, and each of the nominees currently serve as a director of the Corporation.

Unless otherwise directed, each proxy executed and returned by a shareholder will be voted for the election of the nominees for director listed below. If the person named as nominee should be unable or unwilling to stand for election at the time of the annual meeting, the proxies will nominate and vote for one or more replacement nominees recommended by the Board of Directors. At this time, the Board of Directors knows of no reason why the nominees listed below may not be able to serve as a director if elected. Any vacancy occurring on the Board of Directors of the Corporation for any reason may be filled by a majority of the directors then in office until the expiration of the term of office of the class of directors to which he or she was appointed. The Board of Directors recommends that its nominees be elected as directors. Ages are reflected as of December 31, 2008.

**Nominees for Director for Three-Year Term Expiring in 2012**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years</b>	<b>Director Since Bank/Corporation</b>
Ronald L. Ashbaugh	73	Retired, former President of the Bank and the Corporation.	1971/1989
George W. Freeman	78	Owner of Freeman's Tree Farm.	1964/1989
William C. Marsh	42	Since January 1, 2009, Chairman, President and Chief Executive Officer of the Bank and Corporation; From July 2007 to December 2008, President and Chief Executive Officer of the Bank and Treasurer and Chief Financial Officer of the Corporation; from June 2006 through June 2007, Executive Vice President and Chief Financial Officer of the Corporation and the Bank; from February 2006 through June 2006, Executive Vice President and Chief Financial Officer of Allegheny Valley Bancorp, Inc. and Allegheny Valley Bank of Pittsburgh; from March 2005 through February 2006, Chief Financial Officer of InterTECH Security, LLC; from October 2003 through February 2005, Senior Vice President and Chief Financial Officer of NSD Bancorp, Inc. and North Side Bank. Mr. Marsh is a certified public accountant.	2006/2006
Brian C. McCarrier	45	President, Interstate Pipe and Supply Company	1997/1997

**Directors Whose Terms Expire in 2011**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years</b>	<b>Director Since Bank/Corporation</b>
James M. Crooks	56	Owner, F.L. Crooks Clothing Company, Inc., Retail Sales	2004/2004
Robert L. Hunter	67	Truck Dealer; President of: Hunter Truck Sales & Service, Inc.; Hunter Leasing, Inc.; Hunter Keystone Peterbilt, LLP; Hunter Erie Truck Sales LLP; Hunter Jersey Peterbilt, LLC; Hunter Services Inc.	1974/1989
John B. Mason	60	President, H. B. Beels & Son, Inc.	1985/1989



**Directors Whose Terms Expire in 2010**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years</b>	<b>Director Since Bank/Corporation</b>
David L. Cox	58	Since January 1, 2009, Vice Chairman of the Bank and Corporation; from July 2007 to December 2008, Chairman of the Bank and Chairman, President and Chief Executive Officer of the Corporation. Prior to July 2007, Chairman, President and Chief Executive Officer of the Bank and Corporation since 1997.	1991/1991
Mark A. Freemer	49	Partner, Clyde, Ferraro & Co., LLP, Certified Public Accountants	2004/2004

**Director s Attendance at Annual Meetings**

All directors are expected to attend the Corporation s annual meeting of shareholders. All of the directors of the Corporation at the time attended the Corporation s 2008 annual meeting of shareholders.

**Committees and Meetings of the Corporation and the Bank**

During 2008, the Board of Directors of the Corporation held five regular meetings and five special meetings and the Board of Directors of the Bank held 13 regular meetings. Each of the directors attended at least seventy-five percent (75%) of the combined total number of meetings of the Corporation s and Bank s Board of Directors and of the committees on which they serve.

**Membership on Certain Board Committees.** The Board of Directors of the Corporation has established an audit committee, executive committee and a human resources committee. The human resources committee functions as the Corporation s compensation committee. The Corporation does not have a standing nominating committee and, instead, director nominations are considered by the entire Board. The Corporation s director nomination process is described below.

The following table sets forth the membership of such committees as of the date of this proxy statement.

<b>Directors</b>	<b>Audit</b>	<b>Executive</b>	<b>Human Resources</b>
David L. Cox		*	
Mark A. Freemer	**	*	*
James M. Crooks	*		
Robert L. Hunter	*	*	**
John B. Mason			*
Ronald L. Ashbaugh	*	*	
George W. Freeman		*	*
William C. Marsh		*	

Brian C. McCarrier

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\* Member

\*\* Chairman

**Audit Committee.** The audit committee of the Board is composed of five members and operates under a written charter adopted by the Board of Directors. During 2008, the audit committee consisted of Messrs. Freemer (Chairman), Ashbaugh, Hunter, McCarrier and Crooks. The Board of Directors has identified Mark A. Freemer as an audit committee financial expert. The audit committee met four times in 2008. The Board of Directors has determined that each committee member is independent, as defined by Corporation policy, SEC rules and the NASDAQ listing standards.

The audit committee charter adopted by the Board sets out the responsibilities, authority and specific duties of the audit committee. The full text of the audit committee charter is available on our website at [www.emclairefinancial.com](http://www.emclairefinancial.com). Pursuant to the charter, the audit committee has the following responsibilities:

- To monitor the preparation of quarterly and annual financial reports;
- To review the adequacy of internal control systems and financial reporting procedures with management and independent auditors; and
- To review the general scope of the annual audit and the fees charged by the independent auditors.

**Human Resources Committee.** The human resources committee of the Board functions as the compensation committee and has the responsibility to evaluate the performance of and determine the compensation for the Chairman of the Board, the President and Chief Executive Officer of the Bank, to approve the compensation structure for senior management, to review the Bank's salary administration program, and to review and administer the Corporation's bonus plans, including the management incentive program.

The human resources committee, composed entirely of independent directors, administers the Corporation's executive compensation program. The members of the human resources committee, Messrs. Hunter (Chairman), Freeman, Freemer and Mason, meet all of the independence requirements under the listing requirements of the Nasdaq Stock Market. None of the members is a current or former officer or employee of the Corporation or any of its subsidiaries.

The human resources committee is committed to high standards of corporate governance. The human resources committee's charter reflects the foregoing responsibilities and commitment, and the human resources committee and the Board will periodically review and revise the charter, as appropriate. The full text of the human resources committee charter is available on our website at [www.emclairefinancial.com](http://www.emclairefinancial.com). The human resources committee's membership is determined by the Board. There were nine meetings of the full human resources committee in 2008.

The human resources committee has exercised exclusive authority over the compensation paid to the Corporation's Chairman of the Board, President and Chief Executive Officer and reviews and approves salary increases and bonuses for the Corporation's other executive officers as prepared and submitted to the human resources committee by the Chairman of the Board, President and Chief Executive Officer. Although the human resources committee does not delegate any of its authority for determining executive compensation, the human resources committee has the authority under its charter to engage the services of outside advisors, experts and others to assist the human resources committee.



**Nomination Process.** The goal of the Board of Directors has been, and continues to be, to identify nominees for service on the Board of Directors who will bring a variety of perspectives and skills from their professional and business experience. Depending upon the current needs of the Board of Directors and the Corporation, certain factors may be weighed more or less heavily. The Board of Directors identifies nominees by first evaluating, on an informal basis, the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to the Corporation's business and/or unique situation who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective or skill set. If any member of the Board of Directors does not wish to continue in service or if the Board of Directors decides not to re-nominate a member for re-election, the Board of Directors will then determine if there is a need to replace that director or reduce the number of directors serving on the Board of Directors, in accordance with the Corporation's bylaws. If the Board of Directors determines a need to replace a non-continuing director, it identifies the desired skills and experience in light of the criteria set forth above. Current members of the Board of Directors are polled for suggestions as to individuals meeting those criteria, and research may also be performed to identify qualified individuals. To date, the Board of Directors has not formally engaged third parties to assist in identifying or evaluating potential nominees, although the Board of Directors reserves the right to do so in the future.

Section 10.1 of the Corporation's bylaws contains provisions addressing the process by which a shareholder may nominate an individual to stand for election to the Board of Directors at the Corporation's Annual Meeting. Historically, the Corporation has not had a formal policy concerning shareholder recommendations for nominees. Given the size of the Corporation, the Board of Directors does not feel that such a formal policy is warranted at this time. The absence of such a policy, however, does not mean that a reasonable shareholder recommendation will not be considered, in light of the particular needs of the Corporation and the policies and procedures set forth above. The Board of Directors will reconsider this matter at such time as it believes that the Corporation's circumstances, including its operations and prospects, warrant the adoption of such a policy.

#### **Executive Officers Who are Not Directors**

Set forth below is information with respect to the principal occupations during at least the last five years for the current executive officers of the Corporation and the Bank who do not serve as directors. All executive officers of the Corporation and the Bank are elected annually by the Board of Directors and serve at the discretion of the Board. There are no arrangements or understandings between the executive officers and the Corporation and any person pursuant to which such persons have been selected officers. Ages are reflected as of December 31, 2008.

**Raymond M. Lawton, age 54.** Mr. Lawton is Senior Vice President, Chief Lending Officer and Secretary of the Corporation. Mr. Lawton has been Senior Vice President and Secretary since 2003 and Chief Lending Officer since 2002 and Chief Credit Officer since 1999.

**Amanda L. Engles, age 30.** Ms. Engles is Principal Accounting Officer and Treasurer of the Corporation. Ms. Engles has been Vice President and Controller of the Bank since October 2007. She previously served as Accounting Manager of the Bank from December 2006 through October 2007; and Staff Accountant of the Bank from January 2004 through December 2006.



## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth a summary of certain information concerning the compensation awarded to or paid by the Corporation or its subsidiaries for services rendered in all capacities during 2008 to our principal executive officer as well as our two other highest compensated executive officers.

Name and Principal Position (1)	Year	Salary	Bonus (2)	Option Awards (3)	Stock Awards (3)	Changes in Pension Value and Nonqualified Deferred Compensation	All Other Compensation (5)	Total
						Earnings (4)		
David L. Cox, Chairman, President and Chief Executive Officer	2008	\$ 173,000	\$ 51,900	\$ 26,851	\$ 438	\$ 45,571	\$ 97,112(6)	\$ 394,871
	2007	\$ 168,000	\$ 50,400	\$ 7,489	\$	\$ 44,011	\$ 19,120	\$ 289,020
William C. Marsh, Treasurer and Chief Financial Officer	2008	\$ 157,000	\$ 47,100	\$ 20,416	\$ 438	\$ 22,060	\$ 21,088	\$ 268,102
	2007	\$ 142,000	\$ 42,600	\$ 5,617	\$			