

FIRST NORTHERN COMMUNITY BANCORP
Form DEF 14A
April 14, 2015

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

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
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First Northern Community Bancorp

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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4) Date filed:

April 13, 2015

Dear Shareholder:

You are cordially invited to attend the 2015 Annual Meeting of Shareholders of First Northern Community Bancorp (the “Company”) on Tuesday, May 19, 2015, at 5:30 p.m., local time. The meeting will be held at First Northern Bank’s Operations Center located at 210 Stratford Avenue in Dixon, California. A reception will follow the meeting.

At the meeting, shareholders will be asked to elect as directors the eleven individuals nominated by the Board of Directors, to ratify the appointment by the Audit Committee of the Board of Directors of Moss Adams LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2015, to approve the First Northern Community Bancorp 2016 Stock Incentive Plan (which will replace the current 2006 Stock Incentive Plan that is scheduled to expire in March 2016), to approve the First Northern Community Bancorp 2016 Employee Stock Purchase Plan (which will replace the current 2006 Amended Employee Stock Purchase Plan that is scheduled to expire in March 2016), and to approve such other matters as may properly come before the Annual Meeting or any adjournment thereof. The accompanying Proxy Statement provides detailed information about the nominees for director, the independent registered public accounting firm and other matters regarding the Annual Meeting. Included with this Proxy Statement is the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

The Board of Directors recommends that you vote “FOR” the election of the eleven directors nominated, “FOR” ratification of the appointment by the Audit Committee of the Board of Directors of Moss Adams LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2015, “FOR” the proposal to approve the First Northern Community Bancorp 2016 Stock Incentive Plan and “FOR” the proposal to approve the First Northern Community Bancorp 2016 Employee Stock Purchase Plan.

It is very important that as many shares as possible be represented at the meeting. Whether or not you plan to attend the Annual Meeting, we respectfully ask that you sign and return the enclosed proxy in the postage-paid envelope as soon as possible. So that we may provide adequate seating and refreshments, please be sure to indicate whether or not you plan to attend in person by completing the bottom portion of the proxy form.

We look forward to seeing you at the meeting on May 19th.

Sincerely,

Louise A. Walker
President and Chief Executive Officer

Enclosures

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 19, 2015

To the Shareholders of First Northern Community Bancorp:

The 2015 Annual Meeting of Shareholders of First Northern Community Bancorp (the “Company”) will be held at First Northern Bank’s Operations Center located at 210 Stratford Avenue, Dixon, California 95620, on Tuesday, May 19, 2015, at 5:30 p.m., local time, to:

1. Elect the following eleven (11) directors, each to serve until the next Annual Meeting of Shareholders, until their successors are elected and qualified, or until an individual director has reached the mandatory retirement age of 72 years (or, if approved by the Board of Directors by resolution, at the adjournment of the first meeting of the Board of Directors following his or her 72nd birthday):

Lori J. Aldrete	Gregory DuPratt	Owen J. Onsum
Frank J. Andrews, Jr.	Diane P. Hamlyn	David W. Schulze
Patrick R. Brady	Richard M. Martinez	Louise A. Walker
John M. Carbahal	Foy S. McNaughton	

2. Ratify the appointment by the Audit Committee of the Board of Directors of Moss Adams LLP to act as the independent registered public accounting firm of First Northern Community Bancorp for the year ending December 31, 2015.

3. Approve the First Northern Community Bancorp 2016 Stock Incentive Plan (which will replace the First Northern Community Bancorp 2006 Stock Incentive Plan). A summary of the key changes in the 2016 Stock Incentive Plan can be found on page 27.

4. Approve the First Northern Community Bancorp 2016 Employee Stock Purchase Plan (which will replace the First Northern Community Bancorp 2006 Amended Employee Stock Purchase Plan). A summary of the key changes in the 2016 Employee Stock Purchase Plan can be found on page 34.

5. Act upon such other matters as may properly come before such meeting or any adjournment or postponement thereof.

All of the above matters are more fully described in the accompanying Proxy Statement.

Shareholders of record at the close of business on March 31, 2015, are entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment thereof.

You are strongly encouraged to attend the Annual Meeting and also to complete, sign, date and return as promptly as possible, the accompanying proxy card in the return envelope provided for your use whether or not you plan to attend the meeting in person. The giving of such proxy will not affect your right to revoke such proxy or to vote in person, should you later decide to attend the Annual Meeting.

BY ORDER OF THE
BOARD OF DIRECTORS

John M. Carbahal
Chairman of the Board

Louise A. Walker
President and Chief Executive Officer

Dated: April 13, 2015

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FIRST NORTHERN COMMUNITY BANCORP

195 North First Street, Dixon, California 95620

PROXY STATEMENT

2015 Annual Meeting Of Shareholders

This Proxy Statement is furnished to the shareholders of First Northern Community Bancorp (the "Company") in connection with the solicitation of proxies to be used in voting at the 2015 Annual Meeting of Shareholders of the Company to be held on May 19, 2015, at First Northern Bank's Operations Center located at 210 Stratford Avenue, Dixon, California at 5:30 p.m., local time, and at any adjournment or postponement thereof. The solicitation of proxies in the form accompanying this Proxy Statement is made by the Board of Directors of the Company, and the costs of such solicitation, including the expense of preparing, assembling, printing, and mailing this Proxy Statement and the material used in this solicitation of proxies, will be borne by the Company. It is contemplated that proxies will be solicited through the mail, but officers and staff of the Company may solicit proxies personally. The Company may, at its discretion, engage the services of a proxy solicitation firm to assist in the solicitation of proxies. The total expense of this solicitation will be borne by the Company and will include reimbursement paid to brokerage firms and others for their expenses in forwarding soliciting material and such expenses as may be paid to any proxy solicitation firm engaged by the Company.

It is expected that this Proxy Statement and accompanying Notice will be mailed to shareholders on or about April 13, 2015.

A proxy for the Annual Meeting is enclosed. Any shareholder who executes and delivers a proxy has the right to revoke it at any time before it is voted by mailing an instrument revoking it, or a duly executed proxy bearing a later date, to our Corporate Secretary at 195 North First Street, Dixon, California 95620. In addition, a proxy will be revoked if the person executing the proxy is present at the Annual Meeting and advises the Chairman of his or her election to vote in person.

The proxy also confers discretionary authority to vote the shares represented thereby on any matter that was not known at the time this Proxy Statement was mailed which may properly be presented for action at the Annual Meeting; action with respect to procedural matters pertaining to the conduct of the Annual Meeting; and election of any person to serve as a director in lieu of a bona fide nominee named herein, if such nominee is unable or unwilling to serve.

UNLESS REVOKED, ALL SHARES REPRESENTED BY A PROPERLY EXECUTED PROXY RECEIVED IN TIME FOR THE MEETING WILL BE VOTED AS SPECIFIED IN SUCH PROXY OR, IF NOT SPECIFIED, THEN IN FAVOR OF ELECTION OF NOMINEES TO THE BOARD OF DIRECTORS, IN FAVOR OF THE RATIFICATION OF THE APPOINTMENT BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF MOSS ADAMS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE YEAR ENDING DECEMBER 31, 2015, IN FAVOR OF THE PROPOSAL TO APPROVE THE FIRST NORTHERN COMMUNITY BANCORP 2016 STOCK INCENTIVE PLAN AND IN FAVOR OF THE PROPOSAL TO APPROVE THE FIRST NORTHERN COMMUNITY BANCORP 2016 EMPLOYEE STOCK PURCHASE PLAN AND IN THE DISCRETION OF THE PROXYHOLDERS WITH RESPECT TO ALL OTHER PROPOSALS PROPERLY BROUGHT BEFORE THE MEETING.

Voting Rights and Vote Required

Only shareholders of record at the close of business on the record date of March 31, 2015 will be entitled to vote in person or by proxy at the Annual Meeting. On the record date, there were 10,256,219 shares of our common stock outstanding.

Shareholders of common stock of the Company are entitled to one vote for each share held, except that in the election of Directors, under California law and the Bylaws of the Company, each shareholder may be eligible to exercise cumulative voting rights and may be entitled to as many votes as shall equal the number of shares of common stock of the Company held by such shareholder multiplied by the number of directors to be elected, and such shareholder may cast all of such votes for a single nominee or may distribute them among two or more nominees. No shareholder, however, shall be entitled to cumulate votes (in other words, cast for any candidate a number of votes greater than the number of shares of common stock held by such shareholder multiplied by the number of directors to be elected) unless the name(s) of the candidate(s) has (have) been placed in nomination prior to voting in accordance with Article III, Section 23 of the Company's Bylaws (which requires that nominations made other than by the Board of Directors be made at least 30 and not more than 60 days prior to any meeting of shareholders) and a shareholder has given notice to the Company of an intention to cumulate votes prior to the voting in accordance with Article II, Section 13 of the Company's Bylaws. If any shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination, in which event votes represented by proxies delivered pursuant to this Proxy Statement may be cumulated, in the discretion of the proxyholders, in accordance with the recommendation of the Board of Directors. Discretionary authority to cumulate votes in such event is, therefore, solicited in this Proxy Statement.

The vote required to approve each proposal is as follows:

1. In the election of directors, the eleven nominees receiving the highest number of votes will be elected. It is required that all shareholders who hold their shares in "street name" provide voting instructions for nominees as brokerage firms no longer have discretionary authority to vote your shares for you; therefore, we respectfully request you vote your proxy.

2. Ratification of the appointment by the Audit Committee of the Board of Directors of the independent registered public accounting firm will require the affirmative vote of a majority of the shares represented and voting at the Annual Meeting.
3. Approval of the First Northern Community Bancorp 2016 Stock Incentive Plan will require the affirmative vote of a majority of the outstanding shares entitled to vote at the Annual Meeting.
4. Approval of the First Northern Community Bancorp 2016 Employee Stock Purchase Plan will require the affirmative vote of a majority of the outstanding shares entitled to vote at the Annual Meeting.

If you hold your shares in street name, you must vote your shares in the manner prescribed by your brokerage firm, bank or other nominee. Your brokerage firm, bank or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing the brokerage firm, bank or other nominee how to vote your shares. If you hold your shares in street name and do not provide voting instructions to your broker or other nominee, your shares will be considered to be "broker non-votes" and will not be voted on any proposal on which your broker or other nominee does not have discretionary authority to vote. Shares that constitute broker non-votes will be counted as present at the meeting for the purpose of determining a quorum. Your broker or other nominee has discretionary authority to vote your shares on the ratification of Moss Adams LLP as our independent auditor. Brokers that have sent proxy soliciting materials to a beneficial owner but have not received voting instructions from the beneficial owner may nevertheless vote on routine matters, including the election of directors and the ratification of the appointment by the Audit Committee of the Board of Directors of Moss Adams LLP as independent registered public accounting firm, but may not vote on the proposal to approve the First Northern Community Bancorp 2016 Stock Incentive Plan or the proposal to approve the First Northern Community Bancorp 2016 Employee Stock Purchase Plan. If you hold your shares in street name and you want to vote in person at the Annual Meeting, you must obtain a legal proxy from your broker and present it at the Annual Meeting.

Voting of Proxies—Quorum

The shares of common stock of the Company represented by all properly executed proxies received in time for the Annual Meeting will be voted in accordance with the shareholders' choices specified therein; where no choices have been specified, the shares will be voted "FOR" each of the eleven nominees for director recommended by the Board of Directors, "FOR" the ratification of the appointment by the Audit Committee of the Board of Directors of Moss Adams LLP as the independent registered public accounting firm for the year ending December 31, 2015, "FOR" the proposal to approve the First Northern Community Bancorp 2016 Stock Incentive Plan and "FOR" the proposal to approve First Northern Community Bancorp 2016 Employee Stock Purchase Plan, and at the proxyholder's discretion, on such other matters, if any, which may properly come before the Annual Meeting (including any proposal to adjourn the Annual Meeting). A majority of the shares entitled to vote, represented either in person or by a properly executed proxy, will constitute a quorum at the Annual Meeting.

Abstentions and broker "non-votes" are each included in the determination of the number of shares present and voting for purposes of determining the presence of a quorum.

Revocability of Proxy

A shareholder using the enclosed proxy may revoke the authority conferred by the proxy at any time before it is exercised by delivering written notice of revocation or a duly executed proxy bearing a later date to the Secretary of the Company at our executive offices located at 195 North First Street, Dixon, California 95620, or by appearing and voting by ballot in person at the Annual Meeting after advising the Chairman of the shareholder's intention to do so.

Proposal 1 Nomination and Election of Directors

At the Annual Meeting it will be proposed to elect eleven (11) directors of the Company, each to hold office until the next annual meeting, until their successors shall be elected and qualified, or until an individual director has reached the mandatory retirement age of 72 years (or, if approved by the Board of Directors by resolution, at the adjournment of the first meeting of the Board of Directors following his or her 72nd birthday). It is the intention of the proxyholders named in the enclosed proxy to vote such proxies (except those containing contrary instructions) for the eleven (11) nominees named below.

The Board of Directors does not anticipate that any of the nominees will be unable or unwilling to serve as a director of the Company, but if that should occur before the Annual Meeting, the proxyholders, in their discretion, upon the recommendation of the Company's Board of Directors, reserve the right to substitute a nominee and vote for another person of their choice in the place and stead of any nominee unable or unwilling to serve. The proxyholders reserve the right to cumulate votes for the election of directors and cast all of such votes for any one or more of the nominees, to the exclusion of the others, and in such order of preference as the proxyholders may determine in their discretion, based upon the recommendation of the Board of Directors.

Nominees

The following table sets forth each of the nominees for election as a director, their age, their position with the Company, and the period during which they have served as a director of the Company and the Bank.

Name	Age	Position with the Company	Director of Bank Since	Director of the Company Since
Lori J. Aldrete	68	Director	1995	2000
Frank J. Andrews, Jr.	66	Director	1993	2000
Patrick R. Brady	62	Director	2013	2013
John M. Carbahal	60	Chairman of the Board	1996	2000
Gregory DuPratt	61	Director	1996	2000
Diane P. Hamlyn	71	Director	1985	2000
Richard M. Martinez	59	Director	2011	2011
Foy S. McNaughton	64	Director – Vice Chairman	2000	2000
Owen J. Onsum	70	Director	1996	2000
David W. Schulze	70	Director	1978	2000
Louise A. Walker	54	President, Chief Executive Officer and Director	2011	2011

Lori J. Aldrete is the owner of Aldrete Communications, a regional public affairs, marketing and communications firm headquartered in Davis, California. Ms. Aldrete is also the Executive Vice President/Chief Operating Officer of Aldrete Enterprises. Ms. Aldrete has held senior executive management positions for large healthcare organizations in Sacramento and San Francisco and worked in the business and communications fields for more than 35 years. She received her undergraduate degree in Communications from Michigan State University and her Master of Business Administration from California State University Sacramento. Ms. Aldrete helped found and operate more than five successful small business ventures since 1977. During the past 20 years, Ms. Aldrete has worked with or served on numerous boards, including her current roles as a board member of First Northern Bank, First Northern Community Bancorp and the United Way California Capitol Region. Ms. Aldrete's service on boards both in the private and public sectors and her ownership of small businesses and management positions of large organizations has provided her with extensive knowledge and experience in strategic planning, corporate governance, marketing, and management. Ms. Aldrete is the Chairman of the Bank's Compensation Committee, and a member of the Bank's Information Services Steering, Loan, and Nominating and Corporate Governance Committees.

Frank J. Andrews, Jr. has been President of Andrews, Lando & Associates since 1995, and a partner in ASB Properties, established in 1990, both of which are real estate development firms. Prior to that time, Mr. Andrews was President of Andrews Management Services for three years and Vice President of Amos & Andrews, Inc., for fifteen years. Andrews Management Services and Amos & Andrews, Inc. are also real estate development companies. For the past 30 years Mr. Andrews has worked with various cities and agencies throughout Solano County. Mr. Andrews is a retired board member, past president and member of the Solano Farm Land Trust. He served as a board member on the Solano County Economic Council in the past, whose mission was to bring industry to Solano County. Mr. Andrew's service on boards both in the private and public sectors and his experience in land development has provided him with extensive knowledge and experience in marketing, real estate development and management. Mr. Andrews is a member of the Bank's Asset Quality and Loan Committees.

Patrick R. Brady is Chief Executive Officer of Sutter Roseville Medical Center. He has been involved with Sutter since 1981, and has been in his current position since January 1999. Prior to assuming his current duties, Mr. Brady served as the Chief Executive Officer of Sutter Solano Medical Center (SSMC) for approximately six and a half years. Prior to SSMC, he served in a variety of executive level positions with Sutter Health in the greater Sacramento Area and in hospital management in Los Angeles, California and Tucson, Arizona. Mr. Brady has Bachelor of Science degree in Public Administration from the University of Arizona, and a Masters degree in Hospital Administration from the University of Minnesota. His professional activities include leadership roles in the American Hospital Association, American College of Healthcare Executives, California Healthcare Association, The Hospital Council of Northern and Central California, and the American Heart Association. He has participated actively in local and regional affairs through Chamber of Commerce Boards, the Board of the Partnership HealthPlan of California, the Board of the Solano Coalition for Better Health, the Board for the Child Abuse Prevention Council for Placer County, the Board for Northern California P.E.T. Imaging, the Placer County Community Advisory Board, Rotary Club of Roseville, and the Roseville Economic Development Steering Committee. Mr. Brady's service on boards both in the private and public sectors and being a Chief Executive Officer, has provided him with extensive knowledge and experience in financial management, corporate governance and risk management. Mr. Brady is a member of the Bank's Compensation and Directors Asset Management and Trust Committees.

John M. Carbahal is a Certified Public Accountant and since 1984 has been a principal and shareholder of Carbahal & Company, Inc., an Accountancy Corporation. Mr. Carbahal received his undergraduate degree in Business Administration – Accounting from California State University Chico, and his Masters of Business Administration from Golden Gate University. He is currently a member of the American Institute of Certified Public Accountants, as well as the California Society of Certified Public Accounts. He is very involved in the community as a member of the Davis Sunrise Rotary Club. He is a past board member of the Yolo County Land Trust, and past president of the Winters Rotary Club and the Yolo County Chamber of Commerce as well as a board member of First Northern Bank and First Northern Community Bancorp. Mr. Carbahal's service on boards both in the private and public sectors, and his experience as a Certified Public Accountant and owning his own company has provided him with extensive knowledge and experience in financial management, corporate governance, risk management and auditing. Mr. Carbahal is Chairman of the Board, and Chairman of the Bank's Nominating and Corporate Governance Committee, and a member of the Bank's Audit, Compensation, and Loan Committees.

Gregory DuPratt was Vice President/Sales Manager of Ron DuPratt Ford until 2014, an automobile dealership and family business established in 1956 located in Dixon. Prior to becoming Vice President, Mr. DuPratt worked in all phases of the dealership from the repair shop to accounting, sales, and sales management. Mr. DuPratt graduated with honors from the University of Southern California with a Master of Business Administration. He is very involved in the Community as a member of the Dixon Rotary Club (past President), Chamber of Commerce Board Member, Silveyville Cemetery District Board Member, numerous Ad Hoc Committees, and board member of First Northern Bank, First Northern Community Bancorp. Mr. DuPratt's management and marketing experience, in addition to his service on boards has provided him with extensive operational and oversight experience with regard to corporate governance, marketing, and management. Mr. DuPratt is a member of the Bank's Asset/Liability, Compensation, Nominating and Corporate Governance, and Profit Sharing Committees.

Diane P. Hamlyn is the Founder of Davisville Travel, a full service travel agency. Davisville Travel was established in 1977. In 1992, Ms. Hamlyn established the "On Tour" program enabling non-profit support groups to offer organization related travel opportunities to its membership at the same time donating financially to their organization. These organizations included the Crocker Art Museum, UC Davis Library, UC Davis Enology and Viticulture, Nelson Art Friends, Davis Art Center and KVIE. Currently, she is a member of Rotary, UCDCM Leadership Council and the URC Foundation Board. She has served on the board of the International House, UCD Library Associates, Chancellor's Club and numerous travel organizations. Ms. Hamlyn completed a graduate certificate in travel management from the Institute of Travel, Wellesley, MA in 1979. She graduated from University of California, Berkeley in 1966. Ms. Hamlyn's service on boards of both private and public sector companies has provided her with extensive knowledge and experience in small business operations, corporate governance, marketing, and management. Ms. Hamlyn is the Chairman of the Bank's Asset Management and Trust Committee, and a member of the Bank's Audit, Compensation, and Information Services Steering Committees.

Richard M. Martinez is a partner in Triad Farms, a diversified row crop farm that operates property in Solano and Yolo Counties. He has been responsible for the financial management of the farming operations for the past 29 years. From 1981 to 1985, Martinez was employed by the Yolo County Flood Control and Water Conservation District in Yolo County and served as Division Manager for the Irrigation and Flood Control operations. Mr. Martinez received a Bachelor of Science Degree in Agriculture from California State University at Chico. He has served for the past 20 years and continues to be a director for the Dixon Resource Conservation District and also serves as the Chairman for the Dixon Joint Powers Authority for regional drainage. Mr. Martinez remains active in many agricultural and natural resources related associations and advisory committees. His experience in the management of both private and public sectors in the region has provided him with extensive knowledge of the local agriculture community. Mr. Martinez is a member of the Bank's Audit, Compensation, and Loan Committees.

Foy S. McNaughton is the President and Chief Executive Officer of McNaughton Newspapers, a group of community newspapers that include the Davis Enterprise, Daily Republic (Fairfield), Mountain Democrat (Placerville), Winters Express and Life Newspapers (El Dorado County). He has held this position since 1985 and also operates as the company's CFO. His newspapers employ over 250 people in the local area. Mr. McNaughton has served on the board of directors of many community groups such as the Davis and Fairfield Chambers of Commerce and Rotary Clubs. He is past president of the Travis Regional Armed Forces Committee, Sutter Davis Hospital and the Fairfield Community Services Foundation. He has been a resident of Davis, California since 1973. Mr. McNaughton's service on boards of both private and public sector companies has provided him with broad financial knowledge and experience in marketing and advertising and extensive operational and oversight management. Mr. McNaughton is the Chairman of the Bank's Audit Committee and a member of the Bank's Compensation, Loan, and Nominating and Corporate Governance Committees.

Owen J. (John) Onsum served as the President and Chief Executive Officer of First Northern Bank of Dixon from 1997 to 2010. Mr. Onsum joined the Bank in 1972. Mr. Onsum holds a Masters of Science in Agricultural Economics from the University of California, Davis, a Bachelor of Science in Economics from the University of California, Santa Barbara, and is also a graduate of the Pacific Coast Banking School at the University of Washington. Mr. Onsum is past president of the Dixon Rotary Club and has served as a director on numerous association and non-profit boards, including: Solano Economic Development Corporation; UC Davis Mondavi Center for the Performing Arts; KVIE Channel 6; the California Bankers Association (CBA); the ABA National BankPac Committee; the Solano Community College Scholarship Foundation; Friends of the Dixon May Fair; the Dixon Chamber of Commerce; and the Dixon Community Church. Mr. Onsum has extensive knowledge and experience in banking, financial management, risk management, corporate governance, and marketing. Mr. Onsum is Chairman of the Bank's Loan Committee, and a member of the Bank's Asset/Liability, and Profit Sharing Committees.

David W. Schulze has been the owner/operator of a family farming operation since 1967, and as General Partner he continues to lease row crop land and manage a walnut orchard. Prior to assuming that position, Mr. Schulze was involv