

PATHFINDER BANCORP INC
Form DEF 14A
March 18, 2014

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
- ☐ Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

PATHFINDER BANCORP 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.

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

March 27, 2014

Dear Shareholder:

We cordially invite you to attend the Annual Meeting of Shareholders of Pathfinder Bancorp, Inc. The Annual Meeting will be held at Alexandria's at the Lake Ontario Conference and Events Center, 26 East First Street, Oswego, NY 13126 at 10:00 a.m., Eastern Time, on April 23, 2014.

The enclosed Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted. During the Annual Meeting we will also report on our operations. Directors and officers, as well as a representative of our independent registered public accounting firm, will be present to respond to questions that shareholders may properly present.

The Annual Meeting is being held so that shareholders may consider the election of six directors and the ratification of the appointment of Bonadio & Co., LLP, as our independent registered public accounting firm for the year ending December 31, 2014.

For the reasons set forth in the Proxy Statement, the Board of Directors unanimously recommends a vote "FOR" the election of the nominated directors and "FOR" the ratification of the appointment of Bonadio & Co., LLP as our independent registered public accounting firm.

On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the meeting. Your vote is important, regardless of the number of shares that you own.

Sincerely,

/s/ Thomas W. Schneider
Thomas W. Schneider
President and Chief Executive Officer

Pathfinder Bancorp, Inc.

214 West First Street

Oswego, New York 13126

(315) 343-0057

NOTICE OF

ANNUAL MEETING OF SHAREHOLDERS

To Be Held On April 23, 2014

Notice is hereby given that the Annual Meeting of Pathfinder Bancorp, Inc., will be held at Alexandria's at the Lake Ontario Conference and Events Center, 26 East First Street, Oswego, NY 13126 at 10:00 a.m., Eastern Time, on April 23, 2014.

A Proxy Card and a Proxy Statement for the Annual Meeting are enclosed.

The Annual Meeting is for the purpose of considering and acting upon:

- 1) The election of six directors;
- 2) The ratification of the appointment of Bonadio & Co., LLP as our independent registered public accounting firm for the year ending December 31, 2014; and

such other matters as may properly come before the Annual Meeting, or any adjournments thereof. The Board of Directors is not aware of any other business to come before the Annual Meeting.

Any action may be taken on the foregoing proposals at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned. Shareholders of record at the close of business on March 14, 2014 are the shareholders entitled to vote at the Annual Meeting, and any adjournments thereof.

EACH SHAREHOLDER, WHETHER HE OR SHE PLANS TO ATTEND THE ANNUAL MEETING, IS REQUESTED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ANY PROXY GIVEN BY THE SHAREHOLDER MAY BE REVOKED AT ANY TIME BEFORE IT IS EXERCISED. A PROXY MAY BE REVOKED BY FILING WITH OUR CORPORATE SECRETARY A WRITTEN REVOCATION OR A DULY EXECUTED PROXY BEARING A LATER DATE. ANY SHAREHOLDER PRESENT AT THE ANNUAL MEETING MAY REVOKE HIS OR HER PROXY AND VOTE PERSONALLY ON EACH MATTER BROUGHT BEFORE THE ANNUAL MEETING. HOWEVER, IF YOU ARE A SHAREHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM YOUR RECORD HOLDER IN ORDER TO VOTE PERSONALLY AT THE ANNUAL MEETING.

OUR PROXY STATEMENT, ANNUAL REPORT TO SHAREHOLDERS AND PROXY CARD ARE AVAILABLE ON WWW.PATHFINDERBANK.COM/ANNUALREPORT. IF YOU NEED DIRECTIONS TO ATTEND THE ANNUAL MEETING AND VOTE IN PERSON, PLEASE CALL US AT 315-207-8036.

By Order of the Board of Directors

/s/ Edward A. Mervine
Edward A. Mervine
Secretary
March 27, 2014

IMPORTANT: A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE
IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

PROXY STATEMENT

Pathfinder Bancorp, Inc.

214 West First Street

Oswego, New York 13126

(315) 343-0057

ANNUAL MEETING OF SHAREHOLDERS

April 23, 2014

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Pathfinder Bancorp, Inc. (the “Company”) to be used at our annual meeting of shareholders, which will be held at Alexandria’s at the Lake Ontario Conference and Events Center, 26 East First Street, Oswego, NY 13126 on April 23, 2014 at 10:00 a.m., Eastern Time, and all adjournments of the annual meeting. The accompanying notice of annual meeting of shareholders and this proxy statement are first being mailed to shareholders on or about March 27, 2014.

REVOCATION OF PROXIES

Shareholders who sign the proxies we are soliciting will retain the right to revoke them in the manner described below. Unless so revoked, the shares represented by such proxies will be voted at the annual meeting and all adjournments thereof. Proxies solicited on behalf of the Board of Directors will be voted in accordance with the directions given thereon. Where no instructions are indicated, validly executed proxies will be voted “for” the proposals set forth in this proxy statement or hereafter. If any other matters are properly brought before the annual meeting, the persons named in the accompanying proxy will vote the shares as directed by a majority of the Board of Directors in attendance at the annual meeting. We know of no additional matters that will be presented for consideration at the annual meeting. If a shareholder who wishes to bring a matter for shareholder consideration (other than a shareholder proposal) fails to notify us in writing five days before the annual meeting, the matter will not be placed on the annual meeting agenda. We are not aware of any proposals for this year’s annual meeting.

Proxies may be revoked by sending written notice of revocation to our Secretary, at the address shown above, by delivering to us a duly executed proxy bearing a later date or by attending the annual meeting and voting in person. The presence at the annual meeting of any shareholder who had returned a proxy will not revoke the proxy unless the shareholder delivers his or her ballot in person at the annual meeting or delivers a written revocation to our Secretary prior to the voting of the proxy. If you are a shareholder whose shares are not registered in your name, you will need appropriate documentation from your record holder to vote in person at the annual meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Holders of record of our common stock, par value \$0.01 per share, as of the close of business on March 14, 2014, (the “Record Date”), are entitled to one vote for each share they own. As of the Record Date, we had 2,623,182 shares of common stock outstanding, of which 1,583,239 shares were held by our mutual holding company, Pathfinder Bancorp, M.H.C., and 1,039,943 of which were held by shareholders other than Pathfinder Bancorp, M.H.C. The presence in person or by proxy of a majority of the outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the annual meeting. If a shareholder holds shares in street name (i.e., the shares are held in a stock brokerage account or by a bank, trust, or other institution) and does not provide voting instructions to the holder of the account, such shares will be considered “Broker non-votes.” Broker non-votes and proxies marked “abstain” will be

counted for purposes of determining that a quorum is present, but will not be considered as votes cast as to the matters to be considered.

As to the election of directors, shareholders may cast their votes “For,” “Withheld” or “For All Except” (designating the directors for whom a vote is being withheld). As to the ratification of our independent registered public-accounting firm shareholders may cast their votes “For,” “Against” or “Abstain”. Directors are elected by a plurality of votes cast, without regard to either broker non-votes, or proxies as to which the authority to vote for the nominees being proposed is withheld. The affirmative vote of holders of a majority of the total votes cast at the annual meeting in person or by proxy, without regard to broker non-votes or proxies as to which shareholders abstain, is required for ratification of Bonadio & Co., LLP as our independent registered public accounting firm (the “Auditors”).

If you participate in the Pathfinder Bank Employee Stock Ownership Plan (the “ESOP”), you will receive one Proxy Card for all plans that reflects all of the shares you may direct the trustees to vote on your behalf under the plans. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary responsibilities, will vote all unallocated shares of Pathfinder Bancorp, Inc. common stock held by the ESOP and allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. The deadline for returning your voting instructions is April 16, 2014.

At our 2013 Annual Meeting, Shareholders adopted a resolution approving Executive Compensation (“Say on Pay”) and a separate resolution authorizing future “Say on Pay” votes be conducted every 3 years. Therefore, no “Say on Pay” vote will be acted upon at this Annual Meeting.

Persons and groups who beneficially own in excess of 5% of the common stock are required to file certain reports with the Securities and Exchange Commission (the “SEC”) regarding such ownership. The following table sets forth, as of the Record Date, the shares of common stock beneficially owned by directors individually, by executive officers individually, by executive officers, directors and director nominees as a group and by each person who was the beneficial owner of more than 5% of our outstanding shares of common stock. None of the shares beneficially owned by directors, executive officers or nominees to the board of directors have been pledged as security or collateral for any loans.

Name and Address of Beneficial Owners (1)	Amount of Shares Owned and Nature of Beneficial Ownership (2)	Percentage of Shares of Common Stock Outstanding
Directors, Executive Officers and Director Nominees		
David A. Ayoub William A.	750	0.03%
Barclay (4)	21,190	0.81%
Chris R. Burritt (5)	3,700	0.14%
John P. Funicello	1,740	0.07%
Adam C. Gagas (7)	83,816	3.20%
George P. Joyce (6)	39,248	1.50%
John F. Sharkey, III Lloyd "Buddy"	-	0.00%
Stemple	11,824	0.45%
Thomas W. Schneider	21,676	0.83%
James A. Dowd	14,246	0.54%
Edward A. Mervine	11,568	0.44%
Melissa A. Miller	9,766	0.37%
Daniel R. Phillips	2,771	0.11%
Ronald Tascarella	16,854	0.64%
All Directors, Executive Officers	239,149	9.12%

and Director
 Nominees
 as a Group (14
 persons) (3)

Principal
 Shareholders:

Pathfinder Bancorp,
 M.H.C. (3)
 214 West First Street
 Oswego, New
 York 13126

1,583,239 60.36%

Pathfinder Bancorp,
 M.H.C. and all
 Directors and
 Executive Officers

1,822,388 69.47%

Pathfinder Employee
 Stock Ownership
 Plan

196,019 7.47%

- 2 -

- 1) The mailing address for each person listed is 214 West First Street, Oswego, New York 13126.
- 2) A person is deemed to be the beneficial owner, for purposes of this table, of any shares of common stock if he has shared voting or investment power with respect to such security, or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, “voting power” is the power to vote or direct the voting of shares and “investment power” is the power to dispose or direct the disposition of shares. This table includes all shares held directly as well as by spouses and minor children, in trust and other indirect ownership, over which shares the named individuals effectively exercise sole or shared voting and investment power. Unless otherwise indicated, the named individual has sole voting and investment power. ESOP shares allocated to the officers are also included within their respective totals.
- 3) All of our directors are also directors of Pathfinder Bancorp, M.H.C. All of our executive officers are also executive officers of the Pathfinder Bancorp, M.H.C.
- 4) Mr. Barclay has sole voting and investment power over 7,000 shares and custodial voting power over 14,190 shares.
 - 5) Mr. Burritt has sole voting and investment power over 3,550 shares and voting power over 150 shares.
 - 6) Mr. Joyce has sole voting and investment power over 7,864 shares and voting power over 31,384 shares.
 - 7) Mr. Gagas has sole voting and investment power over 4,250 shares and voting power over 79,238 shares.

SMALLER REPORTING COMPANY

The Company has elected to prepare this Proxy Statement and other annual and periodic reports as a “Smaller Reporting Company” consistent with rules of the Securities and Exchange Commission.

CONDUCT OF MEETING

In accordance with our bylaws, and by action of the Board of Directors, the Chair of the Board will preside over the annual meeting. The Chair of the Board has broad authority to ensure the orderly conduct of the meeting. This includes discretion to recognize shareholders who wish to speak, and the right to determine the extent of discussion on each item of business. Rules governing the conduct of the meeting have been established and will be available at the meeting along with the agenda of the matters to be considered at the annual meeting.

PROPOSAL 1 - ELECTION OF DIRECTORS

Our Board of Directors is presently composed of seven members due to two retirements effective December 31, 2013. Our bylaws presently provide for nine members, with three classes of directors, one class to be elected annually. Directors are generally elected to serve for a three-year period and until their respective successors shall have been elected and qualify. We are nominating two directors to replace the retiring directors. John F. Sharkey, III is being nominated for a two year term and Adam C. Gagas is being nominated for a two year term. Four directors' terms expire this year as well. They are William A. Barclay, Chris R. Burritt, George P. Joyce and Thomas W. Schneider. To realign classes of directors, Mr. Schneider is being nominated for a one year term and Directors Burritt, Joyce and Barclay are being nominated for three year terms.

The table below sets forth certain information regarding the composition of the Board of Directors and Director Nominees, including the terms of office of Board members. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to one or more nominees) will be voted at the annual meeting for the election of the nominees identified below. If the nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why any of the nominees would be unable to serve if elected and each nominee has agreed to serve if elected. Except as indicated herein, there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” EACH NOMINATED DIRECTOR.

- 3 -

Name (1)	Age (2)	Position Held	Director Since (3)	Current Term to Expire
Nominees				
Adam C. Gagas	42	None	N/A	N/A
John F. Sharkey, III	56	None	N/A	N/A
William A. Barclay	45	Director Nominee	2011	2014
Chris R. Burritt	60	Chairman of the Board	1986	2014
George P. Joyce	63	Director Nominee	2000	2014
Thomas W. Schneider	52	Director Nominee, President, Chief Executive Officer	2001	2014
Directors Continuing in Office				
John P. Funicello	50	Director	2011	2015
Lloyd "Buddy" Stemple	53	Director	2005	2015
David A. Ayoub	51	Director	2012	2016

(1) The mailing address for each person listed is 214 West First Street, Oswego, New York 13126. Each of the current directors listed is also a director of Pathfinder Bancorp, M.H.C., which owns the majority of our issued and outstanding shares of common stock.

(2) As of March 27, 2014.

(3) Dates prior to 1995 reflect initial appointment to the Board of Trustees of the mutual predecessor to Pathfinder Bank, the Company's operating subsidiary.

The principal occupation during the past five years of each director, nominee and executive officer, as well as other relevant experience, is set forth below. All directors, nominees and executive officers have held their present positions for five years unless otherwise stated. None of our directors or nominees have been the subject of securities litigation, enforcement or bankruptcy in the past ten years.

DIRECTORS

CHRIS R. BURRITT is the President and General Manager of R.M. Burritt Motors, Inc., an automobile dealership located in Oswego, New York. Mr. Burritt was elected Chairman of the Board effective January 1, 2014. In addition to his long term ownership and management of his well known local business, Mr. Burritt is active in community affairs. He presently serves on the Board of Directors of Oswego Hospital and is a member of its Finance/Operations Committee. Mr. Burritt also serves as Director of the NYS Automobile Dealers Association in Albany, NY. Because of his long term commitment to the Company and his present position as Chair, the Board supports his re-election for a three (3) year term.

GEORGE P. JOYCE is the owner and operator of Laser Transit, Ltd., Lacona, New York, a Central New York logistics services provider. Mr. Joyce has earned a Bachelor Degree in Economics from SUNY Oswego. He has been a Controller for transportation and warehousing firm, as well as a manager in an IT consulting firm. He is also presently President of Intelliflex, LLC a third party logistics firm performing freight forwarding and outsourced

logistics services for its customers. He has served as President and Chair of the Board of Trustees for Oswego Hospital, Chair of the Board of Operation Oswego County, Vice President of Seneca Hill Manor, Director of the Oswego College Foundation and numerous other community organizations. As a valuable contributor, the Board supports Mr. Joyce's re-election for a three (3) year term.

LLOYD "BUDDY" STEMPEL, was the Vice-President and General Manager of Novelis Specialty Products, Novelis Inc. which has manufacturing locations in Oswego, New York, Kingston, Ontario Canada and sales offices in Cleveland, Ohio and Detroit, Michigan. Mr. Stemple has an Engineering Degree and an MBA. His experience as a manager with Novelis, a billion dollar publicly traded company, provides a unique perspective to our Board of Directors and Audit Committee. Mr. Stemple, until recently, was the Chief Executive Officer of Oman Aluminum Rolling Company. The Oman Aluminum Rolling Company is a new venture supported by the government of Oman which started commercial production of rolled aluminum in late 2013.

WILLIAM A. BARCLAY is a graduate of St. Lawrence University and Syracuse University College of Law. An attorney and businessman, Mr. Barclay is a partner in the Syracuse law firm of Hiscock and Barclay, LLP, where he specializes in business law. Mr. Barclay has served on several community organizations throughout his career including the SUNY Oswego College Council, the Rosamond Gifford Zoo at Burnet Park, the Everson Museum of Art, and Northern Oswego County Health Services, Inc.

In 2004, he was recognized as one of Oswego County Business Magazine's Forty under 40, an honor given to Oswego County leaders under the age of 40. Mr. Barclay was also awarded the 2007 Martin Rose Economic Developer Merit Award for his commitment to the economic development process by helping to facilitate the attraction and retention of businesses in Oswego County.

Mr. Barclay is currently a New York State Assemblyman for the 120th District, which includes Oswego, Onondaga and Jefferson counties. Because of Mr. Barclay's considerable knowledge of the Company's service area, the Board supports his re-election for a three (3) year term.

JOHN P. FUNICIELLO is a licensed real estate broker and developer who owns and operates J.F. Real Estate in Syracuse, NY. Mr. Funiciello began his career with Pyramid Brokerage Company and started J.F. Real Estate in 1992. J.F. Real Estate represents approximately three million square feet of commercial real estate in the Central New York Region. Mr. Funiciello is a graduate of the State University of New York at Cortland with a degree in Economics and a concentration in Business. He is an active member of the Syracuse community and has served on the Boards of the Consortium for Children's Services and the Samaritan Center.

DAVID A. AYOUB serves as Partner-in-Charge of the Tax Department at the Syracuse firm of Bowers & Company, CPA's. In that capacity, Mr. Ayoub consults on corporate mergers and acquisitions, as well as assists start-up businesses. In addition, he oversees the firm's tax compliance, technical research, planning and consulting. Mr. Ayoub has over 25 years of accounting and taxation experience. Mr. Ayoub is a graduate of Rochester Institute of Technology with a BBA in Accounting and is a Certified Public Accountant in New York State. He is also a Member of the American Institute of Certified Public Accountants (AICPA), as well as the New York State Society of Certified Public Accountants (NYSSCPA). Mr. Ayoub pursues an active role in the community, serving on Boards including the Manlius Village Public Library and Make-A-Wish Foundation. He has also worked previously with the United Way and Score.

All of the above are members of the Board of Directors of Pathfinder Bancorp, MHC, the owner of a majority of the shares of the Company, as well as the Board of Pathfinder Bank, the Company's wholly owned subsidiary, (may be referred to subsequently as "Pathfinder Bank" or "the Bank") and Pathfinder Commercial Bank, Pathfinder REIT and Whispering Oaks, all subsidiaries of Pathfinder Bank.

NEW DIRECTOR NOMINEES

JOHN F. SHARKEY, III is President of Universal Metal Works, a custom metal fabrication facility, in Fulton, New York, and the Managing Partner of Universal Properties, LLC. Prior to his role with Universal Metal Works, Mr. Sharkey was President of Universal Joint Sales, a heavy-duty truck parts distributor, headquartered in Syracuse, New York. During his tenure at Universal Joint Sales, the company grew to 13 locations throughout the Northeast and Florida. In 1998, Mr. Sharkey sold Universal Joint Sales to FleetPride. For three years following the sale of the company, Mr. Sharkey acted as FleetPride's Regional Vice President.

Mr. Sharkey is an active member of the Central New York community, serving on Boards including the Council of Fleet Specialists, Rockwell International's Distributor Advisory Council, and the Camillus Youth Hockey Association. He is also a committee member of the Syracuse Chapter of Ducks Unlimited. Mr. Sharkey has served on the Board of Directors for the Company's operating subsidiary, Pathfinder Bank, since January 2014. Because of Mr.

Sharkey's business operations experience, the Board supports his election for a two (2) year term.

ADAM C. GAGAS has more than 15 years experience in global financial markets. He is the founder and CEO of Breakwall Asset Management, LLC, a New York State registered investment advisor located in Oswego. Mr. Gagas was an analyst on teams managing multi-billion dollar portfolios at Skandia Asset Management and Principal Global Investors in New York City. He was awarded an Alfa Fellowship and completed a yearlong professional placement as an institutional investment analyst at Alfa Capital in Moscow, Russia. He is also the owner/operator of Gagas Realty Corporation, a multi-property commercial real estate holding company. In addition, he is an adjunct instructor of Corporate Finance in