

CADIZ INC
Form PRE 14A
September 27, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
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

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-12

CADIZ 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.

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| (1) | Title of each class of securities to which transaction applies: |
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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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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CADIZ INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON NOVEMBER 14, 2013

To our Stockholders:

The annual meeting of stockholders of Cadiz Inc., a Delaware corporation, will be held at the law offices of Theodora Oringher PC, located at 10880 Wilshire Boulevard, Suite 1700, Los Angeles, CA 90024, on Thursday, November 14, 2013, at 11 a.m., local time, and any adjournments thereof, to consider and act upon the following matters:

- (1) The election of nine members of the Board of Directors, each to serve until the next annual meeting of stockholders or until their respective successors shall have been elected and qualified;
- (2) Ratification of the selection by the Audit Committee of our Board of Directors of PricewaterhouseCoopers LLP as the Company's independent certified public accountants for fiscal year 2013;
- (3) The approval of the Cadiz Inc. 2013 Equity Incentive Plan;
- (4) The approval, for purposes of complying with Nasdaq Listing Rule 5635(b), of the issuance of the Company's common stock upon conversion of outstanding Convertible Notes in excess of 19.99% of the total number of shares of the Company's common stock outstanding as of the date the Convertible Notes were issued (the "Regulatory Cap");
- (5) The approval of a non-binding advisory resolution regarding the compensation of our named executive officers; and
- (6) The transaction of such other business as may properly come before the meeting and any adjournments thereof.

The accompanying proxy statement contains a more complete description of these proposals.

Only stockholders of record at the close of business on September 23, 2013, are entitled to notice of and to vote at the annual meeting. In order to constitute a quorum for the conduct of business at the annual meeting, holders of a majority of all outstanding voting shares of our common stock must be present in person or be represented by proxy.

Whether or not you expect to attend the annual meeting in person, please either vote your shares via Internet, by phone (detailed instructions are included on the proxy card) or date, sign and mail the enclosed proxy in the postage paid return envelope provided as promptly as possible. The proxy is revocable and will not affect your right to vote in person if you attend the meeting.

By Order of the Board of Directors

Timothy J. Shaheen
Secretary

Los Angeles, California
October __, 2013

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Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on November 14, 2013.

Our proxy statement and the 2012 annual report to stockholders are available at <http://www.cstproxy.com/cadiz/2013>

CADIZ INC.
Annual Meeting of Stockholders
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CADIZ INC.

550 S. Hope Street, Suite 2850
Los Angeles, California 90071

PROXY STATEMENT
For
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON NOVEMBER 14, 2013

INFORMATION ABOUT SOLICITATION AND VOTING

The Board of Directors of Cadiz Inc. ("the Company") is soliciting proxies to be voted at the annual meeting of our stockholders to be held on Thursday, November 14, 2013, at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement contains information that may help you decide how to vote. These proxy materials were mailed on or about October ___, 2013, to all stockholders of record.

The Company's Annual Report on Form 10-K for the year ended December 31, 2012, as amended, including audited financial statements, is being mailed to you with this proxy statement.

Record Date, Voting Securities and Quorum

The Board of Directors has fixed the close of business on September 23, 2013, as the record date for determination of stockholders entitled to notice of, and to vote at, the annual meeting.

On the record date, 15,452,756 shares of the Company's common stock were outstanding. Holders of common stock are entitled to one vote per share. Only stockholders of record at the close of business on the record date will be entitled to vote.

The candidates for director receiving a plurality of the votes of the shares present in person or represented by proxy will be elected (Proposal 1). An affirmative vote of a majority of the shares present or represented by proxy and voting at the meeting is required for ratification of the Company's independent registered public accounting firm (Proposal 2), approval of the Cadiz Inc. 2013 Equity Incentive Plan (Proposal 3) and approval of the issuance of our common stock upon the conversion of \$53.5 million in convertible notes in excess of 19.99% of the total number of shares of our common stock outstanding at the time such notes were issued (Proposal 4). The affirmative vote of a majority of the shares present or represented by proxy and voting at the meeting is also required for passage of the non-binding advisory resolution approving the compensation of the Company's name executive officers (Proposal 5). While the vote on Proposal 5 is advisory, and will not be binding on the Company or our Board of Directors, the Board of Directors will review the results of the voting on this resolution and take them into consideration when making future decisions regarding executive compensation as we have already done in this and previous years.

If you complete, sign, and date the enclosed proxy and return it before the meeting, the persons named will vote your shares as you specify in the proxy. If you sign, date, and return your proxy but do not indicate how you wish your shares voted, they will be voted for the proposals. If you do not return a signed proxy, or submit your vote via Internet or by phone, then your shares will not be voted unless you attend the meeting and vote in person.

To have a quorum, holders of a majority of all shares of voting stock outstanding on the record date must be present at the meeting, either in person or by proxy. Abstentions and "broker non-votes" - shares held by brokerage firms for their clients as to which the firms have not received voting instructions from their clients and therefore do not have the

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authority to vote - will be counted for purposes of determining a quorum, but will be treated as neither a vote "for" nor a vote "against" the proposals. However, because Proposals 2, 3, 4 and 5 require a majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposal to pass, an abstention, because it is not a vote "for", will have the effect of a negative vote with respect to these Proposals and could cause these Proposals not to pass.

Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote (Proposal 1). Brokers are also not authorized to vote your shares on Proposals 3, 4 or 5. The Company encourages you to provide instructions to your broker regarding the voting of your shares.

Revocability of Proxies

You may revoke a proxy any time before the voting begins in any of the following ways:

- * By giving written notice to the Company's corporate secretary;
- * By signing and delivering a later dated proxy; or
- * By attending and voting in person at the meeting.

Cost of Solicitation

The Company is paying the expenses of this solicitation. If requested, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy material to principals and obtaining their instructions. In addition to solicitation by mail, our directors, officers, and employees may solicit proxies, without extra compensation, in person or by telephone, fax, e-mail, or similar means.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors has nominated the nine persons listed below for election at the annual meeting to serve as directors for a term expiring at the 2014 Annual Meeting of Stockholders or until their respective successors are elected and qualified.

Keith Brackpool
Stephen E. Courter
Geoffrey Grant
Winston H. Hickox
Murray H. Hutchison
Raymond J. Pacini
Bryant R. Riley
Timothy J. Shaheen
Scott S. Slater

Each of the nominees currently serves as a director and has agreed to serve as such for another term if elected. The Board has reviewed the background of the nominees, as set out on the following page, and has determined to nominate each of the current Directors for re-election. Following the 2012 annual meeting, the Board contained a vacancy which was filled by the Board in April 2013 when Bryant R. Riley was named to the position. Proxies may not be voted for a greater number of persons than nine, representing the number of nominees named in this proxy statement.

The Board believes that each nominee has valuable individual skills and experience that, taken together, provides it with the variety and depth of knowledge, judgment and vision necessary to provide effective oversight of a resource development enterprise like ours. As indicated in the following biographies, the nominees have extensive and diverse experience in a variety of fields, including water policy (Mr. Brackpool, Mr. Slater and Mr. Shaheen), real estate development (Mr. Hutchison, Mr. Pacini, and Mr. Hickox), environmental stewardship (Mr. Hutchison and Mr. Hickox), agricultural development (Mr. Brackpool and Mr. Shaheen), capital raising (Mr. Brackpool, Mr. Pacini, Mr. Riley and Mr. Grant), public accounting (Mr. Pacini, Mr. Shaheen and Mr. Courter), and academia (Mr. Courter and Mr. Slater).

The Board also believes that, as indicated in the biographies, the nominees have demonstrated significant leadership skills as a chief executive officer (Mr. Brackpool, Mr. Hutchison, Mr. Shaheen, Mr. Pacini, Mr. Grant, Mr. Riley and Mr. Courter) or in government through Cabinet service (Mr. Hickox). All of the nominees have significant experience in the oversight of public companies due to their service as the Company's directors and directors of other companies. The Board believes that these skills and experiences qualify each nominee to serve as a director of the Company.

Proxies will be voted for the election of the nominees named above unless instructions are given to the contrary. Proxies cannot be voted for a greater number of persons than the number of nominees named. Should any nominee become unable to serve as a director, the persons named in the enclosed form of proxy will, unless otherwise directed, vote for the election of such other person as the present Board of Directors may designate to fill that position.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH NOMINEE AS A DIRECTOR.

DIRECTORS AND EXECUTIVE OFFICERS

The following sets forth certain biographical information, the present occupation and the business experience for the past five years or more of each director who will stand for re-election at our 2013 Annual Meeting of Stockholders. We have no executive officer who is not also a director.

Nominees for Director:

Name	Age	Position with Cadiz
Keith Brackpool	56	Chairman of the Board
Stephen E. Courter	58	Director
Geoffrey Grant	53	Director
Winston H. Hickox	70	Director
Murray H. Hutchison	74	Director
Raymond J. Pacini	57	Director
Bryant R. Riley	46	Director
Timothy J. Shaheen	53	Director, Chief Financial Officer and Secretary
Scott S. Slater	55	Director, President and Chief Executive Officer

Keith Brackpool is a co-founder of the Company and Chairman of the Company's Board of Directors, a position he has held since 2001. Mr. Brackpool was appointed to the Board of Directors in 1986. Mr. Brackpool served as President of the Company from December 1991 until April 2011. Mr. Brackpool also served as Chief Executive Officer of the Company from December 1991 until January 31, 2013. In addition to his role with the Company, Mr. Brackpool is a member of the Board of Directors of the Stronach Group, North America's leading thoroughbred racing and gaming company, and Chairman of its West Coast operations. Mr. Brackpool is also currently a principal of 1334 Partners L.P., a partnership that owns commercial real estate in California. Mr. Brackpool has extensive experience in California public policy and, most recently, served on the California Horse Racing Board (CHRB) from September 2009 – January 2013, including a term as Chairman from 2010 – 2013. Previously, Mr. Brackpool was co-chair of California Governor Gray Davis' Agriculture and Water Transition Task Force and the Commission on Building for the 21st Century, a diverse panel that developed long-term policy proposals to meet the state's future water, housing, technology and transportation needs. Earlier in his career, Mr. Brackpool served as director and chief executive officer of North American Operations for Albert Fisher Group, a multi-billion dollar food company.

Stephen E. Courter was appointed a director of the Company effective October 9, 2008. Mr. Courter was originally appointed to the Board as a designee of LC Capital Master Fund for a term expiring at the 2009 annual meeting of stockholders. Mr. Courter is currently on the faculty of the McCombs School of Business, University of Texas at Austin ("McCombs"). Mr. Courter also serves as a director of Pointserve, a privately held information technology firm in Austin, Texas. Prior to joining the faculty of McCombs, Mr. Courter served as CEO and Director of Broadwing Communications from 2006 to 2007. Prior to holding that position, Mr. Courter served as CEO and Chairman of

NEON Communications from 2000 to 2006. Prior to 2000, Mr. Courter held various executive positions, both in the United States and Europe in several major telecommunication firms.

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Geoffrey Grant was appointed a director of the Company effective January 22, 2007. Mr. Grant is presently a Managing Partner and the Chief Investment Officer of Grant Capital Partners founded in 2008. Prior to founding Grant Capital Partners, Mr. Grant was a Managing Partner and the Chief Investment Officer of Peloton Partners LLP, a global asset management firm. Mr. Grant co-founded Peloton Partners LLP in 2005. Mr. Grant's career in financial markets spans 28 years beginning at Morgan Stanley in 1982 in foreign exchange options and currency derivatives, then with Goldman Sachs from 1989 to 2004 where he ultimately served as Head of Global Foreign Exchange and Co-head of the Proprietary Trading Group in London.

Winston Hickox was appointed a director of the Company effective October 2, 2006. Mr. Hickox is currently a partner at California Strategies, a public policy consulting firm. From 2004 to 2006 Mr. Hickox completed a two-year assignment as Sr. Portfolio Manager with the California Public Employees' Retirement System (CalPERS) where he assisted with the design and implementation of a series of environmentally oriented investment initiatives in the Private Equity, Real Estate, Global Public Equities, and Corporate Governance segments of the fund's \$211 billion investment portfolio. Prior to his assignment at CalPers, from 1999 to 2003, Mr. Hickox served as Secretary of the California Environmental Protection Agency and a member of the Governor's cabinet. Mr. Hickox's environmental policy experience also includes membership on the board of the California League of Conservation Voters, including a four-year term as Board President (1990 - 1994); and two years on the boards of Audubon California and Sustainable Conservation (2004 - 2006). Additionally, Mr. Hickox is currently serving as a member of the board of Thomas Properties Group, a publicly traded full service real estate investment firm, and GRIDiant Corporation, a privately held corporation in the energy technology sector. Earlier in his professional career, Mr. Hickox was a partner and Managing Director with LaSalle Advisors, Ltd., a major force in the world's real estate capital markets, and a Managing Director with Alex Brown Kleinwort Benson Realty Advisors Corp., where he served as head of the firm's Portfolio Management Group.

Murray H. Hutchison was appointed a director of the Company in June 1997. He is also a member of the Board of Managers (an LLC's functional equivalent of a Board of Directors) of the Company's subsidiary, Cadiz Real Estate LLC. In his capacity as a manager of the LLC, he performs essentially the same duties on behalf of the LLC as he would as an outside director for a corporation. Since his retirement in 1996 from International Technology Corporation ("ITC"), a publicly traded diversified environmental management company, Mr. Hutchison has been self-employed with his business activities involving primarily the management of an investment portfolio. From 1976 to 1996, Mr. Hutchison served as Chief Executive Officer and Chairman of International Technology for ITC. Mr. Hutchison formerly served as Chairman of the Board of Texas Eastern Product Pipelines Company (TEPPCO), a publicly traded company operating in refined petroleum products, liquefied petroleum gases and petrochemical transportation and storage, prior to its acquisition by Enterprise Products Partners L.P. in October 2011. Mr. Hutchison formerly served as Lead Director on the board of Jack in the Box, Inc., a publicly traded fast food restaurant chain since May 1998 until February 2012. Mr. Hutchison serves as a director on the board of Cardium Therapeutics, Inc., a publicly traded medical technology company. Additionally, Mr. Hutchison serves as Chairman of the Huntington Hotel Corporation, owner of a privately owned hotel and office buildings, and as a director of several other non-publicly traded U.S. companies.

Bryant R. Riley was appointed a director of the Company effective April 15, 2013. Mr. Riley is Chairman of B. Riley & Co., LLC, a Los-Angeles-based brokerage and California Registered Investment Advisor founded in 1997. Mr. Riley also currently sits on the board of directors of two additional publicly traded companies, Great American Group (GAMR) and Strasbaugh (STRB), and is on the board of privately-held Lightbridge Communications Corp. Previously, Mr. Riley has held Board positions at Alliance Semiconductor Corporation, Aldila Inc., Carreker Corporation, DDI Corp., Integrated Silicon Solution, Inc., Celeritek, Inc., Kitty Hawk Inc., Mossimo Inc., SI Technologies, Inc., Silicon Storage Technologies, Trans World Entertainment and Transmeta Corp. Mr. Riley holds a Bachelor of Science in Finance from Lehigh University in Pennsylvania.

Raymond J. Pacini was appointed a director of the Company effective June 16, 2005. Since June 2013, Mr. Pacini has been the Chief Financial Officer of privately held Northbound Treatment Services, which helps young adults overcome addiction to drugs and alcohol. From May 1998 to March 2011, Mr. Pacini served as President, Chief Executive Officer and a Director of California Coastal Communities, Inc. (CALC), a residential land development and homebuilding company operating in Southern California which was formerly publicly traded. From July 1992 until May 1998, Mr. Pacini was the Chief Financial Officer of CALC (formerly known as Koll Real Estate Group, Inc. and Henley Properties, Inc.). Mr. Pacini also has seven years of experience with the accounting firm of Coopers & Lybrand (now known as PricewaterhouseCoopers LLP); and was a certified public accountant. In addition to his professional experience, Mr. Pacini is a member of the National Association of Corporate Directors and the Audit Committee Roundtable of Orange County.

Timothy J. Shaheen was appointed Chief Financial Officer and Secretary of the Company in November 2008, and has served as a director of the Company since March 1999. Effective April 12, 2011, Mr. Shaheen also serves as Chairman and Chief Executive Officer of the Board of Managers of Cadiz Real Estate LLC, a wholly-owned subsidiary of the Company. Mr. Shaheen is a private investor and principal of Difinity Capital Partners LLP. Mr. Shaheen is also the sole member and manager of AG Derivatives, L.L.C., which provided agricultural management consulting services to the Company in 2008. From September 1996 to April 2005, Mr. Shaheen served as the President, Chief Executive Officer and a director of Sun World International. Mr. Shaheen also served as a Governor appointee to the Los Angeles Regional Water Quality Control Board from 1999 through 2005 and as Chairman of the Food Security Task Force for the United Fresh Fruit and Vegetable Association from 2001 through 2003. Prior to joining Sun World, Mr. Shaheen served as a senior executive with Albert Fisher North America, a publicly traded international produce company from 1989 to 1996. Mr. Shaheen also has seven years of experience with the accounting firm Ernst & Young LLP; and is a certified public accountant.

Scott S. Slater is the Company's President and Chief Executive Officer, appointed to the role of President in April 2011 and Chief Executive Officer effective February 1, 2013. In addition, Mr. Slater has been a member of the Company's Board of Directors since February 2012. Mr. Slater is an accomplished negotiator and litigator and, in addition to his role at the Company, is a partner in Brownstein Hyatt Farber Schreck, the nation's leading water practice firm. For 27 years, Mr. Slater's practice has been limited to litigation and the negotiation of agreements related to the acquisition, distribution, and treatment of water. He has served as lead negotiator on a number of important water transactions, including the negotiation of the largest conservation-based water transfer in U.S. history on behalf of the San Diego County Water Authority. Mr. Slater is also the author of California Water Law and Policy, the state's leading treatise on the subject, and has taught water law and policy courses at University of California, Santa Barbara, Pepperdine University, and the University of Western Australia, among others.

THE BOARD OF DIRECTORS

Directors of the Company hold office until the next annual meeting of stockholders or until their successors are elected and qualified. There are no family relationships between any directors or current officers of the Company. Officers serve at the discretion of the Board of Directors.

The Board of Directors is responsible for our management and direction and for establishing broad corporate policies, including our leadership structure. Assessing and managing risk is the responsibility of the management of the Company. Our Board of Directors oversees and reviews certain aspects of the Company's risk management efforts. Annually, the Board reviews our strategic business plans, which includes evaluating the objectives of and risks associated with these plans.

Currently, Mr. Brackpool serves as Chairman of the Board and Mr. Slater serves as Chief Executive Officer and President. Mr. Brackpool had previously served as Chairman and Chief Executive Officer from 2001 until January 31, 2013. The Board separated the capacities of Chairman and Chief Executive in January 2013 for the first time since 2001. The Board believes this change provides additional independence between the Board and management and will allow the Board to provide objective guidance and oversight to Mr. Slater and management as they execute the Company's business plans, carry out the Company's strategic initiatives, and confront any challenges. The separation of Chief Executive Officer and Chairman of the Board role at public companies has been recommended by proxy advisors, stockholder groups and American legislators to promote good corporate governance following the enactment in the United States of the 2002 Sarbanes-Oxley Act.

In addition, under its charter, the Audit Committee reviews and discusses with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

The Audit Committee is composed of Raymond J. Pacini, Stephen E. Courter, and Winston H. Hickox. The Board of Directors has determined that Mr. Pacini, a member of the Company's Audit Committee, is an "audit committee financial expert" as that term is defined in Item 407(d)(5) of Regulation S-K under the Securities Act.

Director Independence

Messrs. Courter, Grant, Hickox, Hutchison and Pacini have all been affirmatively determined by the Board to be "independent" under all relevant securities and other laws and regulations, including those set forth in SEC and regulations and pertinent listing standards of the NASDAQ Global Market, as in effect from time to time. The Company's independent directors meet routinely in executive session without the presence of management. The Company does not have a lead independent director. However, the Board has appointed lead independent Directors for each of its key committees and maintains an overall majority of independent Directors to allow it to maintain effective oversight of management. In addition, the Board of Directors and various committees of the Board regularly meet to receive and discuss operating and financial reports presented by the Chief Executive Officer and other members of management as well as reports by experts and other advisors.

Independence of Committee Members