

Citizens Community Bancorp Inc.
Form DEF 14A
January 25, 2016

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

CITIZENS COMMUNITY 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:
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 - (4) Proposed maximum aggregate value of transaction:
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 - (1) Amount Previously Paid:
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 - (3) Filing Party:
 - (4) Date Filed:
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CITIZENS COMMUNITY BANCORP, INC.

2174 EASTRIDGE CENTER

EAU CLAIRE, WISCONSIN 54701

Notice of Annual Meeting of Shareholders

to be held on March 24, 2016

The Annual Meeting of Shareholders of Citizens Community Bancorp, Inc., a Maryland corporation (the "Corporation" or "Citizens"), will be held at the Eau Claire Golf and Country Club located at 828 Clubview Lane, Altoona, Wisconsin 54720, on Thursday, March 24, 2016, at 4:00 p.m. local time, for the following purposes:

- 1 .To elect two directors to serve on our Board of Directors, each for a three-year term.
- 2 To approve the ratification of the appointment of Baker Tilly Virchow Krause, LLP as Citizens' independent registered public accounting firm for the fiscal year ending September 30, 2016.
- 3 To take action with respect to any other matters that may be properly brought before the meeting and that might be considered by the shareholders of a Maryland corporation at their Annual Meeting.

By order of the Board of Directors

Edward H. Schaefer,

President and CEO

Eau Claire, Wisconsin

January 25, 2016

Shareholders of record at the close of business on January 11, 2016 are entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof. Your vote is important to ensure that a majority of our stock is represented. Whether or not you plan to attend the meeting in person, please vote your shares by completing, signing, dating and returning the enclosed proxy card promptly in the enclosed envelope. If you send in your proxy card, you may still decide to attend the annual meeting and vote your shares in person. Your proxy is revocable in accordance with the procedures set forth in the accompanying proxy statement. Shareholders holding shares in brokerage accounts ("street name" holders) who wish to vote at the annual meeting will need to obtain a proxy form and voting instructions from the institution that holds their shares.

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CITIZENS COMMUNITY BANCORP, INC.

2174 EASTRIDGE CENTER

EAU CLAIRE, WISCONSIN 54701

Proxy Statement for the 2016 Annual Meeting of Shareholders

to be Held on March 24, 2016

Important Notice Regarding the Availability of Proxy Materials for the

2016 Annual Meeting of Shareholders to be Held on March 24, 2016:

The Notice of Annual Meeting, this Proxy Statement and the Accompanying Annual Report

are Available on the Internet at: www.cstproxy.com/ccf/2016

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Citizens Community Bancorp, Inc. of proxies, in the accompanying form, to be used at the Annual Meeting of Shareholders (the "Annual Meeting") of Citizens for the purposes set forth in the accompanying Notice of Annual Meeting to be held on March 24, 2016 and any adjournments thereof. Only shareholders of record at the close of business on January 11, 2016 will be entitled to notice of and to vote at the Annual Meeting.

Our principal executive offices are located at 2174 EastRidge Center, Eau Claire, Wisconsin 54701. It is expected that this Proxy Statement and the form of Proxy will be mailed to shareholders on or about January 25, 2016.

GENERAL INFORMATION

Proxies and Voting Procedures

Shareholders can vote by completing and returning a proxy card in the form accompanying this Proxy Statement or, if shares are held in "street name," by completing a voting instruction form provided by your broker.

The shares represented by each validly executed proxy received by Citizens or its authorized agents in time will be voted at the Annual Meeting and, if a choice is specified in the proxy, it will be voted in accordance with that specification. If no instructions are specified in a signed proxy returned to Citizens, the shares represented thereby will be voted FOR the election of the directors listed in the enclosed proxy card and FOR the ratification of Baker Tilly Virchow Krause, LLP as Citizens' independent registered public accounting firm for the fiscal year ending September 30, 2016. If any other matters are properly presented at the Annual Meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the individuals named as proxies and acting thereunder will have the authority to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. If the Annual Meeting is adjourned or postponed, a proxy will remain valid and may be voted at the adjourned or postponed meeting. As of the date of printing of this Proxy Statement, we do not know of any other matters that are to be presented at the Annual Meeting other than the matters referred to in the accompanying Notice of Annual Meeting. However, if any other matters are properly presented at the Annual Meeting, it is intended that the persons named in the proxy will vote on such matters in accordance with their judgment.

Shareholders may revoke proxies at any time to the extent they have not been exercised by giving us written notice or by a later executed proxy submitted by mail. Attendance at the Annual Meeting will not automatically revoke a proxy, but a shareholder attending the Annual Meeting may request a ballot and vote in person, thereby revoking a prior granted proxy. The cost of solicitation of proxies will be borne by Citizens. Solicitation will be made primarily by use of the mail; however, some solicitation may be made by our employees, without additional compensation, by telephone, by facsimile or in person. We have also retained Regan and Associates to assist us with the solicitation of proxies for the Annual Meeting for a fee of not less than \$6,000 plus a reasonable amount to cover the expenses of such solicitation firm.

Shareholders Entitled to Vote

Citizens common stock, \$0.01 par value per share (the “Common Stock”), is the only class of voting security of Citizens Community Bancorp, Inc. Only shareholders of record at the close of business on January 11, 2016 will be entitled to notice of and to vote at the Annual Meeting. On the record date, we had outstanding 5,231,265 shares of our Common Stock, entitled to one vote per share.

Quorum; Required Vote

A majority of the votes entitled to be cast at the Annual Meeting, represented either in person or by proxy, shall constitute a quorum with respect to the meeting. Approval of the election of the nominee directors requires a plurality of the shares represented at the Annual Meeting, meaning that the two individuals receiving the largest number of votes are elected as directors. The ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of a majority of the outstanding shares cast, in person or by proxy, at the Annual Meeting by the holders of the Common Stock. Abstentions and broker nonvotes (i.e., shares held by brokers in street name, voting on certain matters due to discretionary authority or instructions from the beneficial owners but not voting on other matters due to lack of authority to vote on such matters without instructions from the beneficial owner) will count toward the quorum requirement but will not count toward the determination of whether the directors are elected or the other proposal is approved. The Inspector of Election appointed by our Board of Directors will count the votes and ballots.

Certain shares of our issued and outstanding Common Stock are held by participants in our 401(k) Profit Sharing Plan (the “401(k) Plan”). If you hold shares of our Common Stock in the 401(k) Plan, the trustee for the 401(k) Plan will vote the shares you hold through the plan as you direct. We will provide plan participants who hold Common Stock through the 401(k) plan with forms on which participants may communicate their voting instructions. In the event that a 401(k) Plan participant fails to give timely voting instructions to the trustee of the 401(k) Plan with respect to the voting of shares of our Common Stock at the Annual Meeting that are allocated to the participant in the 401(k) Plan, then the trustee shall vote such shares in such manner as directed by the Plan Administrator.

PROPOSAL 1:

ELECTION OF DIRECTORS

It is intended that shares represented by proxies in the enclosed form will be voted FOR the election of the two nominee directors in the following table to serve as directors for another three year term. Our Board of Directors is divided into three classes, with the term of office of each class ending in successive years. Accordingly, two directors are to be elected at the Annual Meeting to serve for a term of three years expiring at our annual meeting of shareholders in 2019 and four directors will continue to serve for the terms designated in the following schedule. As indicated below, all persons nominated by our Board of Directors are incumbent directors. We anticipate that the nominees for election as directors will be candidates when the election is held. However, if any of the nominees should be unable or unwilling to serve, the proxies, pursuant to the authority granted to them by our Board of Directors, will have discretionary authority to select and vote for substituted nominees (except where the proxy withholds authority with respect to the election of directors). As noted above, our directors are elected by a plurality of the votes cast by holders of our Common Stock, which means the individuals who receive the largest number of votes cast by holders of the Common Stock entitled to vote in the election of directors are elected as directors up to the maximum number of directors (two in the case of the Annual Meeting) to be chosen at the Annual Meeting.

Directors’ Qualifications

Below is information as of the date of this proxy statement about each nominee for election to our Board of Directors at the Annual Meeting and each other director whose term continues after the Annual Meeting. The information presented includes information each nominee or continuing director has given Citizens about his or her age, his or her principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years. The information presented also includes a description for each director of the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as a director. Our Governance and Nominating Committee regularly evaluates the mix of experience, qualifications, attributes and skills of the Corporation’s directors using a

matrix of areas that the Committee considers important for Citizens' business. In addition to the information presented below regarding the nominee's specific experience, qualifications, attributes and skills that led the Governance and Nominating Committee to the conclusion that the nominee should serve or continue to serve as a director, the Governance and Nominating Committee also considered the qualifications and criteria described below under "Corporate Governance Matters – Director Nominations" with the objective of creating a complementary mix of directors.

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Board of Directors Recommendation

The Board of Directors recommends a vote FOR the election of Timothy A. Nettesheim and James R. Lang to serve as directors of Citizens for a three year term.

Name, Principal Occupation for Past Five Years and Directorships	Age	Director Since (1)
Nominees for election at the Annual Meeting (Class of 2019):		
TIMOTHY A. NETTESHEIM	59	2010
Mr. Nettesheim has served as our Vice Chairman of the Board since 2011, which is not considered one of our officers or employees. Mr. Nettesheim is an attorney with Whyte Hirschboeck Dubek S.C., a law firm headquartered in Milwaukee, Wisconsin, where he has been practicing law since December 2014. Formally, Mr. Nettesheim was an attorney and a shareholder of Reinhart Boerner Van Deuren s.c. (“Reinhart”), a law firm headquartered in Milwaukee, Wisconsin, where Mr. Nettesheim practiced law for over 25 years. Mr. Nettesheim is a member of the Credit Committee and Chairman of the Merger and Acquisition Committee of our Board of Directors. The Board of Directors benefits from Mr. Nettesheim’s skills and professional experience related to corporate law and the financial services and the banking industry, all of which led to the conclusion that he should serve as a director of Citizens.		
JAMES R. LANG	72	2012
Mr. Lang has over 35 year’s leadership experience in the financial service and manufacturing industries with an emphasis on strategic realignment, revenue enhancement, mergers and acquisitions and financial performance. Mr. Lang has been the owner and President of Advantech Manufacturing, Inc., a company engaged in the business of manufacturing products for the dry particle sizing industry, since April 1998. Additionally, Mr. Lang has held several executive positions at Firststar Bank. Most recently serving as Chairman, President and Chief Executive Officer at Firststar Bank Iowa, NA from April 1991 to April 1996. Mr. Lang is a member of the Merger and Acquisition Committee, Governance and Nominating Committee and Chairman of the Credit Committee of our Board of Directors and a Board Member Representative of the Asset Liability Committee. Mr. Lang brings to the Board of Directors substantial experience in the banking industry and extensive leadership experience, all of which led to the conclusion that he should serve as a director of Citizens.		

Incumbent Directors (Class of 2017):		
RICHARD MCHUGH	73	1985
Mr. McHugh has served as the Chairman of our Board since 1988 and has been the majority owner and President of Choice Products USA, LLC for the past 34 years. Choice Products is engaged in the national distribution of products for the fundraising industry. The Chairman of the Board is not considered one of our officers or employees. Mr. McHugh is a member of the Audit Committee, Merger and Acquisition Committee and Governance and Nominating Committee of our Board of Directors. The Board of Directors benefits from Mr. McHugh’s leadership and business acumen in the Eau Claire community, as well as his tenure on the Board of Directors and indepth knowledge of our business.		
MICHAEL SWENSON	65	2010
Mr. Swenson has served as a member of our Board since May, 2011. Mr. Swenson retired in 2012. Prior to his retirement, Mr. Swenson was the President and CEO of Northern States Power Company - Wisconsin (an Xcel Energy Company and an electric and natural gas utility holding company) in Eau Claire, Wisconsin and had served as an engineer in various executive roles with Xcel Energy for over a decade. Mr. Swenson is a member of the Compensation Committee and Chairman of the Governance and Nominating Committee of our Board of Directors. The Board of Directors benefits from Mr. Swenson’s executive and leadership expertise all of which led to the conclusion that he should serve as a director of Citizens.		
Incumbent Directors (Class of 2018):		
BRIAN R. SCHILLING	61	1987
Mr. Schilling has served as a principal of Bauman Associates, Ltd., a certified public accounting firm, since 1990. Mr. Schilling previously served as the Managing Partner of Bauman Associates. Mr. Schilling is a member of the Audit Committee and the Compensation Committee of our Board of Directors. The Board of Directors benefits from Mr. Schilling’s skills, leadership and operational experience related to accounting, tax and finance matters and his qualification as an “audit committee financial expert” under the Securities and Exchange Commission’s rules, all of which led to the conclusion that he should serve as a director of Citizens.		
DAVID B. WESTRATE	72	1991
David B. Westrate’s diverse management experience with Fortune 500 corporations, the Federal Government, the United States Air Force, and his own companies, spans more than 45 years. In 1989, his marketing firm was named to INC Magazine’s “500 Fastest Growing Privately Held Companies in America.” Since 1996, Mr. Westrate has been involved in several start-up enterprises, including his current frac sand mine project. He has also served on several non-profit and ministry boards, and established two successful K-8 private schools. Mr. Westrate joined the Board of Citizens Community Federal N.A.'s predecessor, the Citizens Community Credit Union, in 1992, and was instrumental in converting the credit union to a publicly traded savings bank in 2004. He has been chairman of both the Audit and Compensation Committees of our Board of Directors since 2006. Mr. Westrate earned his BA and MA in economics, with postgraduate study in management at Loyola University in Chicago. This extensive business experience, both in other business ventures		

and with Citizens and its predecessors, all led to the conclusion that he should serve as a director of Citizens.

(1) Includes service as a director of Citizens Community Federal National Association (the "Bank") and its predecessors.

DIRECTOR COMPENSATION

General Information

Each of our non-employee directors, except our Chairman and Vice-Chairman, receives an annual retainer of \$12,000. Our Chairman receives an annual retainer of \$18,000 and our Vice-Chairman receives an annual retainer of \$14,000. Additionally, each director receives \$1,000 for each Board meeting attended. In addition to the foregoing amounts, the members of our Compensation Committee, Audit Committee, Credit Committee, Governance and Nominating Committee and Merger and Acquisition Committee, as well as our Asset Liability Committee Board Member Representative, each receive an additional annual retainer of \$3,000. Moreover, in fiscal 2015, the chairman of each of these Committees, each received an additional \$500 per meeting for attendance at each Committee meeting. Effective October 1, 2015, the chairman of each of

these Committees, each receives an additional \$1,000 per meeting and each member other than the chairman receives \$500 for attendance at each Committee meeting.

We maintain a Director Retirement Plan, which is an unfunded, non-contributory defined benefit plan, providing for supplemental pension benefits for our directors following their termination of services as a director of Citizens. Benefits are based on a formula that includes each participant's past and future earnings and years of service with Citizens. This retirement plan is administered by our Compensation Committee, which selects participants in the plan. Director McHugh is credited with one month of service under the plan for each month served since August 1, 2002. The remaining directors are credited with one month of service under the plan for every two months of service since August 1, 2002. The benefits under the plan are monthly payments for the lesser of 120 months or actual months of service under the plan, rounded up to the next full quarter end. Non-employee directors McHugh, Westrate and Schilling are participants in the plan. Mr. Nettesheim, Mr. Swenson, and Mr. Lang are not participants in the plan. As of December 31, 2015, Mr. McHugh has quarterly benefits of \$4,500 per quarter, and each of Mr. Westrate and Mr. Schilling have quarterly benefits of \$2,000 per quarter. Unless a vesting schedule is included in a participant's plan agreement, each participating director is fully vested in the benefits under the plan upon executing the plan agreement. The benefits under the plan are unfunded and unsecured and are merely promised by Citizens. We are under no obligation to fund the plan in advance; however, if we chose to do so, such funded amounts would be automatically expensed at the time of funding. We accrue for the new liability under this plan based on a present value calculation. Benefits are expensed on a straight line basis over the remaining months until eligible retirement. Effective as of September 30, 2009, no director elected or selected (that was not an existing director as of such date) to become a director of Citizens after that date is eligible to participate in the Director Retirement Plan. All benefits owing our eligible directors under this plan are vested. As of September 30, 2015, the accumulated present value of the benefit accrued under this plan for each of Mr. McHugh, Mr. Westrate and Mr. Schilling was \$192,969, \$62,878 and \$56,080 respectively. The increase in the actuarial present value calculation of each named director's accumulated benefit under our Director Retirement Plan, used the same assumptions and measurement dates used for financial reporting purposes with respect to our audited financial statements for the applicable fiscal year. See the caption "Note 11 – Retirement Plans" in the Notes to our Consolidated Financial Statements in the fiscal year 2015 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission (the "Commission") on December 7, 2015, and such information is incorporated herein by reference.

Effective November 19, 2015, our Board of Directors terminated the Director Retirement Plan. The accumulated benefit owing each eligible director as of such termination date will be paid to the participating directors in two installments in December 2016 and January 2017.

Director Summary Compensation Table

The following table summarizes the director compensation for fiscal year 2015 for all of our non-employee directors.

Name	Fees Earned or Paid in Cash (\$)	Option Awards (1)	Stock Awards (2)	Total (\$)
Richard McHugh (3)	\$40,000	\$—	\$—	\$40,000
David B. Westrate (4)	\$44,000	\$—	\$—	\$44,000
Brian R. Schilling (5)	\$33,000	\$—	\$—	\$33,000
Timothy A. Nettesheim	\$37,500	\$		