

LIME ENERGY CO.
Form PRE 14C
April 30, 2015
Table of Contents

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 (Amendment No.)

Filed by the Registrant ☒ X

Filed by a Party other than the Registrant ☐ O

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 under §240.14a-12

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

Table of Contents

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

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of
the Securities Exchange Act of 1934 (Amendment No.)

Check the appropriate box:

- ☒ Preliminary Information Statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14(c)-5(d)(2))**
☐ Definitive Information Statement

LIME ENERGY CO.
(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14(c)-5(g) 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.
- | | |
|-----|---|
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |
-

Table of Contents

16810 Kenton Drive, Suite 240

Huntersville, NC 28078

April 30, 2015

Dear Fellow Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2015 Annual Meeting of Stockholders to be held at 9:00 a.m., local time, on Thursday, June 18, 2015, at the Chicago Club, 81 E Van Buren Street, Chicago, Illinois. The formal notice of the Annual Meeting appears on the following page.

The attached Notice of Annual Meeting and Proxy Statement contain detailed information about the matters that we expect to act upon at the Annual Meeting.

Please sign, date and specify your choices on the enclosed proxy card and promptly return it in the enclosed business reply envelope. This will help insure that your shares are represented at the Annual Meeting, whether or not you plan to attend the Annual Meeting. If you attend the meeting, you may revoke your proxy and personally cast your vote.

We look forward to seeing you at the Annual Meeting and urge you to return your proxy card as soon as possible.

Sincerely,

Lime Energy Co.

C. Adam Procell

President and Chief Executive Officer

Table of Contents

LIME ENERGY CO.

16810 Kenton Drive, Suite 240

Huntersville, NC 28078

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held June 18, 2015

The Annual Meeting of Stockholders of Lime Energy Co. will be held at the Chicago Club, 81 E Van Buren Street, Chicago, Illinois at 9:00 a.m. local time, on Thursday, June 18, 2015, for the following purposes:

1. To elect seven directors to our Board of Directors;
2. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year 2015; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

In addition, information is provided regarding the following actions, which were previously adopted by written consent:

4. Approval of an amendment to our 2010 Non-Employee Directors Stock Plan increasing the maximum number of shares of common stock currently available for awards under the Plan from 250,000 to 500,000 shares; and
5. Approval of the 2015 Employee Stock Purchase Plan.

Edgar Filing: LIME ENERGY CO. - Form PRE 14C

Holders of approximately 74.6% of the voting power represented by our outstanding shares of common stock and Series C Convertible Preferred Stock have agreed to vote in favor of Proposals 4 and 5. In addition, Proposals 4 and 5 have been adopted in an action by written consent by the holders of a majority of our common stock and Series C Convertible Preferred Stock. **As such, we are not asking holders of common stock for a proxy as to Proposals 4 and 5 and such holders are not requested to send us a proxy regarding the proposals.** Information regarding Proposals 4 and 5 is provided to holders of common stock for informational purposes and as notice of actions taken by written consent.

You can vote at the Annual Meeting in person or by proxy if you were a stockholder of record at the close of business on April 20, 2015. You may revoke your proxy at any time prior to its exercise at the Annual Meeting.

We are electronically disseminating Annual Meeting materials to our stockholders, as permitted under the Notice and Access rules approved by the Securities and Exchange Commission. Stockholders who have not opted out of Notice and Access will receive a Notice of Internet Availability of Proxy Materials containing instructions on how to access Annual Meeting materials via the Internet. The Notice also provides instructions on how to obtain paper copies if preferred.

By Order of the Board of Directors,

Richard P. Kiphart
Chairman of the Board of Directors

Huntersville, North Carolina

April 30, 2015

Important Notice Regarding the Availability of Proxy Materials for the

Annual Meeting of Stockholders to be Held on June 18, 2015:

The Notice of Annual Meeting, Proxy Statement and our 2014 Annual Report are Available

Electronically at <https://materials.proxyvote.com/53261U>.

Table of Contents

PROXY STATEMENT

Table of Contents

<u>GENERAL INFORMATION</u>	1
<u>SOLICITATION</u>	1
<u>RECORD DATE AND OUTSTANDING SHARES</u>	1
<u>REQUIRED VOTE</u>	2
<u>QUORUM; ABSTENTIONS AND BROKER NON-VOTES</u>	2
<u>VOTING OF PROXIES; REVOCABILITY OF PROXIES</u>	2
<u>INTEREST OF CERTAIN OFFICERS AND DIRECTORS IN MATTERS TO BE ACTED</u>	3
<u>ANNUAL REPORT TO STOCKHOLDERS</u>	3
<u>MULTIPLE STOCKHOLDERS SHARING THE SAME ADDRESS</u>	3
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	4
<u>NOMINEES FOR DIRECTOR</u>	4
<u>LEADERSHIP STRUCTURE AND ROLE IN RISK OVERSIGHT</u>	7
<u>DIVERSITY</u>	7
<u>FAMILY RELATIONSHIPS</u>	7
<u>DIRECTOR ATTENDANCE</u>	7
<u>INDEPENDENT DIRECTORS</u>	7
<u>COMPENSATION OF DIRECTORS</u>	8
<u>DIRECTOR COMPENSATION PROGRAM</u>	8
<u>DIRECTOR COMPENSATION TABLE</u>	9
<u>COMMITTEES OF THE BOARD OF DIRECTORS</u>	10
<u>SELECTION OF BOARD NOMINEES</u>	12
<u>CODES OF CONDUCT AND BUSINESS ETHICS</u>	12
<u>EXECUTIVE OFFICERS</u>	14
<u>SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT</u>	14
<u>BENEFICIAL OWNERS OF GREATER THAN 5% OF OUR COMMON STOCK</u>	15
<u>DIRECTORS AND EXECUTIVE OFFICERS</u>	15
<u>CHANGES IN CONTROL</u>	16
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	16
<u>TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CONTROL PERSONS</u>	17
<u>EXECUTIVE COMPENSATION</u>	21
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	21
<u>2014 SUMMARY COMPENSATION TABLE</u>	24
<u>EMPLOYMENT CONTRACTS, TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS</u>	25
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u>	27
<u>GRANTS OF PLAN-BASED AWARDS FOR 2014</u>	28
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2014</u>	29

<u>STOCK OPTIONS AND INCENTIVE COMPENSATION</u>	30
<u>OPTION EXERCISES AND STOCK VESTED DURING 2014</u>	30
<u>OPTION RE-PRICING</u>	30

Table of Contents

<u>PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	31
<u>AUDIT COMMITTEE DISCLOSURE</u>	32
<u>GENERAL</u>	32
<u>INDEPENDENT AUDITORS' FEES</u>	32
<u>PROCEDURES FOR AUDIT COMMITTEE PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT AUDITOR</u>	33
<u>REPORT OF THE AUDIT COMMITTEE</u>	33
<u>INFORMATION REGARDING AMENDMENT TO OUR 2010 NON-EMPLOYEE DIRECTORS STOCK PLAN</u>	35
<u>INTRODUCTION</u>	35
<u>THE PLAN AMENDMENT</u>	36
<u>DESCRIPTION OF THE PLAN</u>	36
<u>AWARDS UNDER THE 2010 DIRECTOR STOCK PLAN</u>	39
<u>INFORMATION REGARDING THE 2015 EMPLOYEE STOCK PURCHASE PLAN</u>	40
<u>MATERIAL FEATURES OF THE ESPP</u>	40
<u>FEDERAL INCOME TAX CONSIDERATIONS</u>	42
<u>MISCELLANEOUS AND OTHER MATTERS</u>	44
<u>STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS</u>	44
<u>PROPOSALS OF STOCKHOLDERS FOR NEXT YEAR'S MEETING</u>	44
<u>STOCKHOLDER LIST</u>	44
<u>OTHER BUSINESS</u>	44
<u>INCORPORATION BY REFERENCE</u>	45
<u>FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION</u>	45
<u>APPENDIX A - THIRD AMENDMENT TO THE LIME ENERGY CO. 2010 NON-EMPLOYEE DIRECTORS STOCK PLAN</u>	A-1
<u>APPENDIX B - LIME ENERGY CO. 2010 NON-EMPLOYEE DIRECTORS STOCK PLAN</u>	B-1
<u>APPENDIX C - LIME ENERGY CO. 2015 EMPLOYEE STOCK PURCHASE PLAN</u>	C-6
<u>APPENDIX D - FORM OF PROXY CARD</u>	D-1

Table of Contents

LIME ENERGY CO.

16810 Kenton Drive, Suite 240

Huntersville, NC 28078

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

To be held Thursday, June 18, 2015

GENERAL INFORMATION

This proxy statement and the enclosed proxy card are being furnished to our stockholders in connection with the solicitation of proxies by the Board of Directors of Lime Energy Co., a Delaware corporation, for use at our Annual Meeting of Stockholders to be held at the Chicago Club, 81 E Van Buren Street, Chicago, Illinois at 9:00 a.m. local time, on Thursday, June 18, 2015, and any adjournments thereof. This proxy statement and the accompanying form of proxy are first being mailed to stockholders on or about April 30, 2015.

A copy of our 2014 Annual Report on Form 10-K for the year ended December 31, 2014 has been mailed to you. Our proxy statement for the Meeting and the 2014 Annual Report on Form 10-K can be viewed on our website at <https://materials.proxyvote.com/53261U>.

We use the terms Lime Energy, the Company, we, our and us in this proxy statement to refer to Lime Energy Co. and its consolidated subsidiaries, unless the context otherwise requires.

Solicitation

The cost of this proxy solicitation will be borne by Lime Energy. We may request banks, brokers, fiduciaries, custodians, nominees and certain other record holders to send proxies, proxy statements and other materials to their principals at our expense. Those banks, brokers, fiduciaries, custodians, nominees and other record holders will be reimbursed by us for their reasonable out-of-pocket expenses of solicitation. We do not anticipate that costs and expenses incurred in connection with this proxy solicitation will exceed an amount normally expended for a proxy solicitation for an election of directors in the absence of a contest. In addition to soliciting proxies by mail, we and our directors, officers and regular employees may also solicit proxies personally, by telephone or by other appropriate means. No additional compensation will be paid to directors, officers or other regular employees for such services.

Record Date and Outstanding Shares

Our Board of Directors fixed the close of business on April 20, 2015, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any postponements or adjournments thereof (the **Record Date**). As of April 20, 2015, we had 9,545,990 shares of common stock with voting rights as to certain matters outstanding. Each outstanding share of common stock on such date is entitled to one vote on each matter to be voted on at the Annual Meeting.

In addition to the holders of our common stock, the holders of our Series C Convertible Preferred Stock (**Series C Stock**) will be entitled to vote on the Proposals. Each holder of Series C Stock is entitled to

Table of Contents

cast approximately 416.66 votes per share on any matter presented to our stockholders, in each case voting together as a single class with holders of our common stock, except as provided by law or by the provisions of our Certificate of Incorporation. As of April 20, 2015, there were 10,000 shares of Series C Stock outstanding. The holder of Series C Stock, therefore, will be entitled to cast 4,166,666 votes on the Proposals, together with the 9,545,990 shares of common stock outstanding.

Required Vote

The vote of a majority of the voting power of the stockholders present, in person or by proxy, at the Annual Meeting and entitled to vote, a quorum being present, is required to elect the nominees to the Board of Directors (excepting the directors elected by Bison as holder of the Series C Stock, as further described in Proposal 1) and to ratify the appointment of our independent auditors (Proposal 2). Stockholders do not have any rights to cumulate their votes in the election of directors.

Quorum; Abstentions and Broker Non-Votes

The required quorum for transaction of business at the Annual Meeting will be a majority of the voting power represented by shares of the capital stock of the Company issued, outstanding and entitled to vote at the Annual Meeting as of the Record Date. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the election inspector appointed for the meeting and will be taken into account in determining whether or not a quorum is present. Abstentions and broker non-votes, which occur when a broker has not received customer instructions and indicates that it does not have the discretionary authority to vote on a particular matter on the proxy card, will be included in determining the presence of a quorum at the Annual Meeting. Abstentions will have the effect of a vote against the election of the nominees to the Board of Directors and a vote to ratify the appointment of our independent auditors. Broker non-votes will not be counted, and therefore will have no effect on the outcome of the election of directors or the ratification of our independent auditors.

If you own shares through a bank, broker, or other holder of record, you must instruct your bank, broker, or other holder of record how to vote in order for them to vote your shares so that your vote can be counted. Unless you provide voting instructions to any broker holding shares on your behalf, your broker may not use discretionary authority to vote your shares on any of the matters to be considered at the annual meeting other than the ratification of our independent registered public accounting firm. Please vote your proxy so your vote can be counted.

Voting of Proxies; Revocability of Proxies

Our Board of Directors selected Ms. Anne Berg and Mr. Richard Heidrich, the persons named as proxies on the proxy card accompanying this proxy statement, to serve as proxies. Ms. Berg is our general counsel and assistant secretary and Mr. Heidrich is our associate vice president of program design. The shares of common stock represented by each executed and returned proxy will be voted in accordance with the directions indicated thereon, or if no direction is indicated, the proxy will be voted in accordance with the recommendations of the Board of Directors contained in this proxy statement.

Edgar Filing: LIME ENERGY CO. - Form PRE 14C

All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the Annual Meeting.

You can revoke a proxy you have given at any time before the shares it represents are voted by giving our secretary either (1) an instrument revoking the proxy or (2) a duly executed proxy bearing a later date. Additionally, you may change or revoke a previously executed proxy by voting in person at the Annual

Table of Contents

Meeting. However, your attendance at the Annual Meeting will not, by itself, revoke your proxy.

Interest of Certain Officers and Directors in Matters to be Acted Upon

On December 23, 2014, the Company entered into a Securities Purchase Agreement (the "Series C Purchase Agreement") with Bison Capital Partners IV, L.P. ("Bison") (the transactions contemplated by the Series C Purchase Agreement, collectively, the "Bison Transaction"). Pursuant to the Certificate of Designation (the "Series C Certificate of Designation") filed in connection with the Bison Transaction (as more fully described below under "Transactions with Related Persons, Promoters and Control Persons"), Bison, as holder of all of the outstanding shares of Series C Stock, is entitled to elect two directors to the Company's Board of Directors. In connection with the Bison Transaction, the Company, Bison, Richard Kiphart and The John Thomas Hurvis Revocable Trust entered into a Shareholder and Investor Rights Agreement dated as of December 23, 2014 (the "Bison Shareholder Agreement"). The Bison Shareholder Agreement provides Bison with operational consent rights and director appointment rights that apply so long as Bison holds at least five percent (5%) of the total voting power of the Company. To the extent that the holders of Series C Stock are no longer entitled to elect at least one director under the Series C Certificate of Designation, the stockholders of the Company party to the Bison Shareholder Agreement have agreed to vote in favor of Bison's director appointees. The Bison Shareholder Agreement entitles Bison to appoint one director to the Company's Compensation Committee and any new board committee that is established other than the Audit Committee or the Governance and Nominating Committee, and also entitles Bison to receive certain financial information. Bison may not, subject to certain exceptions in the Bison Shareholder Agreement, acquire additional shares of Common Stock or seek to influence the management of the Company without the Company's consent. Such restrictions will no longer have effect upon certain changes of control of the Company.

Annual Report to Stockholders

We are simultaneously furnishing to you with this proxy statement our Annual Report to Stockholders for the fiscal year ended December 31, 2014, which contains financial and other information pertaining to us.

Multiple Stockholders Sharing the Same Address

Owners of common stock who hold their shares in a brokerage account may receive a notice from their broker stating that only one proxy statement will be delivered to multiple security holders sharing an address. This practice, known as "householding," is designed to reduce printing and postage costs. However, if any stockholder residing at such an address wishes to receive a separate proxy statement, he or she may contact our Corporate Secretary at Lime Energy Co., 16810 Kenton Drive, Suite 240, Huntersville, NC 28078 or by telephone at (704) 892-4442.

Table of Contents**PROPOSAL 1****ELECTION OF DIRECTORS**

At the Annual Meeting, seven nominees (including two nominees to be elected solely by Bison as the holder of the Series C Stock) to the Board of Directors will be elected to hold office for a term ending at our 2016 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified. All nominees listed below are currently members of our Board of Directors and have consented to being named in this proxy statement and to serve as directors, if elected. If, at the time of the Annual Meeting, any nominee becomes unavailable or declines to serve as a director for any reason, the persons named in the proxy will vote for the substitute nominee(s) as the Board of Directors recommends, or vote to allow the vacancy created by the nominee who is unable or declines to serve to remain open until filled by the Board of Directors, as the Board of Directors recommends. The Board of Directors has no reason to believe that any nominee will be unable or decline to serve if elected to office. The Board has set the size of the Board of Directors at seven members effective as of the Annual Meeting. There are currently no vacancies. Under our by-laws, the Board may appoint directors to fill any vacancies until the next annual meeting of stockholders or set the size of the Board at a number of directors ranging from three to twelve.

Stephen Glick, who has been a director of the Company since 2007, has decided not to stand for re-election to the Board of Directors. Mr. Glick's decision not to stand for re-election was not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Nominees for Director

The following table presents the names of the director nominees to be elected by holders of the common stock and the Series C Stock voting as a single class, as well as certain information about them. Proxies cannot be voted for a greater number of persons than the number of nominees named.

Name	Age	Position Held with the Company	Served as Director Since
Gregory T. Barnum	60	Director (1)(2)	2006
Christopher W. Capps	32	Director (1) (3)	2009
Richard P. Kiphart	73	Chairman of the Board (2)(3)	2006
C. Adam Procell	47	President & Chief Executive Officer	2014
Tommy Pappas	36	Director (1)	2014

(1) Member of our Audit Committee.

(2) Member of our Compensation Committee.

(3) Member of our Governance and Nominating Committee.

Edgar Filing: LIME ENERGY CO. - Form PRE 14C

Below, we provide the following information for each director and Board of Directors nominee:

- principal occupations for at least the past five years;
- the names of any other public companies where the nominee or director currently serves as a director or has served during the past five years; and
- the particular experience, qualifications, attributes or skills that led the Board to conclude that the person should serve as a director for the company

Gregory T. Barnum is currently the vice president of finance, chief financial officer and corporate secretary of Datalink Corporation, a provider of data center infrastructure services. Prior to joining Datalink in

Table of Contents

March 2006, Mr. Barnum was the vice president of finance, chief financial officer and corporate secretary of Computer Network Technology Corporation since July 1997. From September 1992 to July 1997, Mr. Barnum served as senior vice president of finance and administration, chief financial officer and corporate secretary at Tricord Systems, Inc., a manufacturer of enterprise servers. From May 1988 to September 1992, Mr. Barnum served as the executive vice president, finance, chief financial officer, treasurer and corporate secretary for Cray Computer Corporation, a development stage company engaged in the design of supercomputers. Prior to that time, Mr. Barnum served in various accounting and financial management capacities for Cray Research, Inc. Mr. Barnum is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants. Mr. Barnum's 20+ years of accounting experience and experience as a chief financial officer of publicly traded companies qualify him to serve on our board of directors and act as a financial expert.

Christopher W. Capps served as President and Chief Executive Officer of Advanced Biotherapy, Inc. from August 2006 until we acquired Advanced Biotherapy, Inc., on March 3, 2010. Since September 2005, Mr. Capps has also served as President and CEO of KGC Partners, a private equity firm. Mr. Capps's experience working with small and mid-sized companies and knowledge of current corporate finance techniques and market activities qualifies him to serve on our board.

Richard P. Kiphart is currently the head of the Private Client Advisors group and a principal of William Blair & Company for over 49 years. In addition, Mr. Kiphart is currently chairman of Ranir Corporation and the former chairman of Nature Vision, The Merit Music School and the Erikson Institute, and is currently the president and chief executive officer of the Lyric Opera of Chicago and serves on the board of Lurie Children's Hospital, the Poetry Foundation, the Afrimax Group, Emmi Solutions, Trustwave Corporation and Wilshire Media Group. Mr. Kiphart's leadership skills and extensive investment banking experience, as well as his experience serving on numerous boards makes him qualified to serve on our board.

C. Adam Procell has been our chief executive officer since November 2013 and our president and chief operating officer since September 2013. From April 2009 to September 2013, he served as divisional president and as vice president of sales and marketing. Prior to joining the Company in April 2009, Mr. Procell served as the national director of energy efficiency & carbon management for AECOM Technology Corporation (ACM: NYSE). Mr. Procell's industry experience and responsibility for executing the Company's strategic plan qualify him for his position on our board.

Tommy Pappas has been one of our directors since October 2014. Mr. Pappas is currently Managing Director of The Hurvis Group, a privately held investment group, and has served in that role since 2009. He formerly worked for a national accounting firm assisting corporations and individuals with an array of strategic and taxation issues. Mr. Pappas is a member of the American Institute of Certified Public Accountants. Mr. Pappas's accounting skills and management experience makes him qualified to serve on our board.

The Board of Directors recommends that the stockholders vote

FOR

the election of all of the above director nominees.

Directors to be Elected by our Series C Stock

Edgar Filing: LIME ENERGY CO. - Form PRE 14C

The following class of directors is to be elected by the holders of our Series C Stock.

THE HOLDERS OF COMMON STOCK DO NOT VOTE ON THE ELECTION OF THE FOLLOWING DIRECTORS.

Two Preferred Stock Directors (as defined in the Certificate of Designation)

Table of Contents

are to be elected by Bison as holder of the Series C Stock. The Board has nominated, and Bison intends to elect, the following persons as the Preferred Stock Directors.

Name	Age	Position Held with the Company	Served as Director Since
Andreas Hildebrand	47	Director (<i>I</i>)	2014
Peter Macdonald	56	Director	2014

(1) Member of our Compensation Committee and our Governance and Nominating Committee.

Andreas Hildebrand was elected to our Board of Directors in December 2014. Mr. Hildebrand is currently a Partner with Bison Capital Asset Management, LLC. Prior to Mr. Hildebrand's joining Bison in 2013, he served as Co-Head of the Private Capital Investing Group at Goldman, Sachs & Company. In that role he lead a team making private equity and debt investments in growth and middle market companies based in North America. Mr. Hildebrand's leadership skills and investing experience make him qualified to serve on our board.

Peter Macdonald was elected to our Board of Directors in December 2014. Since 2009, Mr. Macdonald has served as a Partner with Bison Capital Asset Management, LLC. Mr. Macdonald previously served as a director of Center for Wound Healing, Inc., a developer and manager of wound care centers throughout the United States, until the sale of that company in 2010. Mr. Macdonald's investment skills and his experience serving on numerous boards make him qualified to serve on our board.

Table of Contents

Leadership Structure and Role in Risk Oversight

The Company's board leadership structure separates the roles of board chair and principal executive officer roles. When the board chair is not an independent director, an independent director is designated as the lead director. At present, Richard Kiphart, whom the Company considers an independent director, is the chairman of the board and C. Adam Procell is the president and chief executive officer. The Company determines the leadership structure it deems appropriate based on factors such as the experience and availability of the applicable individuals, the current business environment of the Company and other relevant factors. After considering these factors, the Company believes that separating the positions of chairman of the board and chief executive officer is the appropriate board leadership structure at this time, allowing our chief executive officer to focus on the business strategy and operations of the Company, while our board chair provides leadership to the Board necessary for the Board to fulfill its responsibilities and an independent perspective on the Board's activities. In the future, the Company may determine that combining some of these positions may be the best structure for operating the Company, based on the factors at that time or, if the board chair is not an independent director, to designate an independent director as lead director.

The Board of Directors is responsible for oversight of the Company's risk management practices while management is responsible for the day-to-day risk management processes. In the Board's opinion, this division of responsibilities is the most effective approach for addressing the risks facing the Company, and the Company's board leadership structure supports this approach. The Board receives periodic reports from management regarding the most significant risks facing the Company. In addition, the Audit Committee assists the Board in its oversight role by receiving periodic reports regarding the Company's risk and control environment.

Diversity

The Board does not have a formal policy with respect to Board nominee diversity. In recommending proposed nominees to the full Board, the Nominating Committee is charged with building and maintaining a board that has an ideal mix of talent and experience to achieve our business objectives in the current environment. In particular, the Nominating Committee is focused on relevant subject matter expertise, depth of knowledge in key areas that are important to us, and diversity of thought, background, perspective and experience so as to facilitate robust debate and broad thinking on strategies and tactics pursued by us.

Family Relationships

The only family relationship between any of our directors and officers is that Mr. Kiphart is the father-in-law of Mr. Capps.

Director Attendance

During the fiscal year ended December 31, 2014, the Board of Directors held four formal meetings. In addition, there were four meetings of the Audit Committee. In 2014, during the time they were serving, all members of the Board of Directors attended at least 75% of the total of all board meetings and applicable committee meetings. We encourage our Board members to attend our Annual Meeting, but we do not have a formal policy requiring attendance.

Independent Directors

Of the eight directors currently serving on the Board, the Board has determined that each of Messrs.

Table of Contents

Barnum, Capps, Glick, Pappas, Hildebrand, Macdonald and Kiphart are independent as defined in NASDAQ Rule 5605(a)(2). The Board has also determined that, with the exception of Mr. Procell, each of the nominees for director at the Annual Meeting are independent under such rule. Mr. Procell is not considered independent because he also serves as one of our executive officers.

COMPENSATION OF DIRECTORS**Director Compensation Program**

Effective April 1, 2000, we adopted a stock option plan for all non-employee directors that was separate and distinct from our employee incentive plans. The plan was amended on July 11, 2006 to provide that eligible directors receive an initial option grant upon being appointed to our Board of Directors to purchase 2,041 shares of our common stock, and a grant of options to purchase an additional 1,020 shares on the first day of January beginning on the second January following the date the director became an eligible director. These options had an exercise price equal to the closing price of our common stock on the grant date and a term of ten years. The initial options vested on first day of January following the initial grant date or six months following the initial grant date, whichever is later, if the individual is still a director on the vesting date.

The Directors Plan was replaced in June 2010 by the 2010 Non-Employee Directors Stock Plan. The 2010 Directors Plan provides for the granting of stock to non-employee directors to compensate them for their services to the Company. The use of the shares available under the 2010 Directors Plan is administered by the Company's Board of Directors, which has delegated its powers to the Compensation Committee of the Board of Directors. The Compensation Committee has determined under the 2010 Directors Plan to grant non-employee directors restricted shares of Company stock with the following market values on the date of grant:

Market Value of Grant	
For Board Service:	
Each director upon initial election:	\$ 40,000
Annual grant to each director:	\$ 20,000
For Committee Service:	
Audit Committee:	
Chairman	\$ 15,000
Members	\$ 10,000
Compensation Committee:	
Chairman	\$ 10,000
Members	\$ 5,000
Nominating Committee:	
Chairman	\$ 5,000
Members	\$ 2,500

Edgar Filing: LIME ENERGY CO. - Form PRE 14C

Half of the shares received pursuant to this plan vest immediately and the remaining shares vest on the one year anniversary of the initial grant, or in the case of grants for committee service, on the date that the term of the service ends, typically the date of our annual meeting of stockholders. Shares for Board service are granted on the first business day of the year and shares for committee

Table of Contents

service are granted upon appointment to the committee following the Annual Meeting of Stockholders. Newly appointed directors receive their initial grant upon election.

During 2014, we granted 63,233 shares of restricted stock to directors for their service to the Board and 25,568 shares for service on Board committees. Of these shares, 58,102 shares vested during 2014 and 27,274 are to vest in June 2015 and 3,425 were forfeited prior to vesting.

Directors who are also our employees receive no additional compensation for their services as directors.

Director Compensation Table

The following table provides compensation information for the year ended December 31, 2014 for each of our non-executive directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$ (1)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Tommy Pappas (4)		31,239			31,239
Gregory T. Barnum (4)		40,000			40,000
Christopher Capps (4)		32,500			32,500
Stephen Glick (4) (5)		40,000			40,000
Richard P. Kiphart (4)		32,500			32,500
Andreas Hildebrand (4)		22,005			22,005
Peter Macdonald (4)		20,711			20,711