

COMMUNITY BANCORP /VT
Form DEF 14A
April 06, 2017

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No. __)

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 14c-5(d)(2))
Definitive Proxy Statement

Community Bancorp.
(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 14c-5(g)(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:
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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.

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

(4) Date Filed:

April 6, 2017

Dear Fellow Shareholders:

Please join us for the Annual Meeting of the Shareholders of Community Bancorp., which will be held at 5:30 p.m. at the Elks Club, Derby, Vermont, on Tuesday, May 16, 2017. As in prior years, a dinner will be served following the meeting.

Accompanying this letter for your review are our proxy materials for the meeting and our Annual Report for 2016.

At the meeting, you will be asked to vote on the following items:

Election of four directors to a three year term expiring in 2020; and
Ratification of BerryDunn as the Company's external auditors for 2017.

Your participation in the voting is important. Please be sure to vote your proxy promptly so that your shares will be represented and can be voted at the meeting whether or not you are present in person. You may vote your shares via the internet, by telephone (toll free), by fax, or by proxy card. You may withdraw your proxy and vote in person at the meeting if you choose to do so.

If you hold your shares through a broker, please note that under current brokerage industry rules you must furnish voting instructions to your broker in order for your shares to be voted in the election of directors (Proposal 1).

Thank you for your continued support of Community Bancorp. I look forward to seeing you at the annual meeting.

Sincerely,
Kathryn M. Austin
President & CEO

COMMUNITY BANCORP.
4811 U.S. Route 5
Newport, Vermont 05855

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 16, 2017

The annual meeting of shareholders of Community Bancorp. will be held at the Elks Club, Derby, Vermont, on Tuesday, May 16, 2017, at 5:30 p.m., for the following purposes:

1. To elect four directors to the class whose term will expire at the 2020 annual meeting of shareholders;
2. To ratify the selection of the independent registered public accounting firm of Berry Dunn McNeil & Parker, LLC as the Company's external auditor for the fiscal year ending December 31, 2017; and
3. To transact such other business as may properly be brought before the meeting.

The close of business on March 20, 2017, has been fixed as the record date for determining holders of the Company's common stock entitled to notice of, and to vote at, the annual meeting.

IMPORTANT NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE
2017 ANNUAL SHAREHOLDERS MEETING

This proxy statement, the proxy card and our Annual Report to Shareholders for the year ended December 31, 2016 are available on the internet and may be accessed at <https://www.iproxydirect.com/CMTV>

By Order of the Board of Directors,
Corporate Secretary
Derby, Vermont
April 6, 2017

PLEASE SUBMIT YOUR PROXY PROMPTLY BY FOLLOWING THE INSTRUCTIONS ON THE CARD TO VOTE YOUR SHARES VIA THE INTERNET, BY TELEPHONE (TOLL FREE), BY FAX, OR BY MAIL, WHETHER OR NOT YOU PLAN TO BE PRESENT AT THE MEETING. YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. IT IS IMPORTANT THAT YOU VOTE YOUR SHARES BY SUBMITTING YOUR COMPLETED PROXY PROMPTLY.

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COMMUNITY BANCORP.
4811 U.S. Route 5
Newport, Vermont 05855

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS May 16, 2017

This proxy statement is furnished to our shareholders in connection with the solicitation of proxies by the Board of Directors of Community Bancorp. (the “Company,” “we,” “our” or “us”) for use at the annual meeting of shareholders and any adjournments of that meeting. The annual meeting will be held on Tuesday, May 16, 2017, at 5:30 p.m. at the Elks Club in Derby, Vermont. This proxy statement and related proxy card are first being sent to shareholders on or about April 6, 2017.

GENERAL VOTING INFORMATION ABOUT THE MEETING

Who is entitled to vote at the annual meeting?

Only holders of record of the Company’s common stock, \$2.50 par value per share, on the record date for the meeting are entitled to vote at the meeting. The record date for the meeting is the close of business on March 20, 2017.

There are 25 shares of the Company’s Series A Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock (“Series A Preferred Stock”) outstanding. The holders of those shares are not entitled to vote on any matter to be presented for vote of the shareholders at the annual meeting.

How many shares are entitled to vote at the meeting?

As of the record date for the meeting (March 20, 2017), there were 5,057,954 shares of our common stock issued and outstanding, each of which is entitled to one vote with respect to each matter to be voted on at the meeting.

How many votes do I have?

Each issued and outstanding share of the Company’s common stock that you hold of record or through a broker or other nominee is entitled to one vote on each matter presented for vote at the meeting.

Why did I receive a notice regarding the internet availability of the proxy materials instead of a paper copy of the proxy materials?

Important Notice Regarding the Availability of Proxy Materials for the 2017 Annual Shareholders’ Meeting. We have mailed a notice of availability of the proxy materials on the internet (which also constitutes a notice of meeting), rather than a full paper set of the proxy materials, to our shareholders, other than participants in the Company stock fund under our Retirement Savings 401(k) Plan. The notice of availability includes instructions on how to access our proxy materials on the internet, as well as instructions on how shareholders may obtain a paper copy of the proxy materials by mail. This distribution process will reduce the costs of printing and distributing our proxy materials and reduce paper waste.

How can I request a paper copy of the proxy materials?

We will mail a paper copy of the proxy materials and the Annual Report to Shareholders without charge to any shareholder to whom we sent a notice of availability who requests a paper copy. If you received a notice regarding the internet availability of the proxy materials, you may request a paper copy by telephone (call toll free 1-866-752-8683); by faxing the notice of availability to 1-202-521-3464; by email (proxy@proxydirect.com, and include your control ID found on the notice of availability); or via the internet (<https://www.iproxydirect.com/CMTV>).

How can I access the proxy materials over the internet?

You can access the proxy material and the Annual Report to Shareholders by going to the following website: <https://www.iproxydirect.com/CMTV>. In accordance with the rules of the SEC, the software used for the website does not identify visitors accessing the proxy materials.

How do I vote?

If you are a shareholder of record and you wish to vote by proxy, you have three ways to vote your shares: via the internet, by following the instructions at <https://www.iproxydirect.com/CMTV>; by using a touchtone telephone and calling 1-866-752-8683 (toll free in the United States); or, if you received a proxy card in the mail, by completing it and returning it by mail in the return envelope provided or faxing it to 1-202-521-3464. If you do not wish to vote by proxy, you may vote your shares in person by written ballot at the meeting. You are a shareholder of record with respect to shares of Company common stock you own in your own name on the stock records maintained by our transfer agent, Computershare Investor Services LLC (“Computershare”).

How do I vote if my shares are held in the name of a broker or bank?

If you hold your shares through a broker or bank, your broker or bank should have given you instructions for how you can direct the voting of your shares. It will then be the responsibility of your broker or bank to vote your shares for you in the manner you direct. As explained below, unless you provide instructions, your broker will not have authority to vote your shares on Proposal 1 (Election of Directors).

What are “broker non-votes”?

Under the rules of various national and regional securities exchanges, brokers may generally vote shares they hold for their customers in “street name” on routine matters, even without specific instructions from the beneficial owner, but cannot vote on non-routine matters unless they have received voting instructions. If there is a non-routine matter presented to shareholders at a meeting and your broker does not receive instructions from you on how to vote, your broker will return the proxy card to us, indicating that he or she does not have the authority to vote on the matter, while voting on other (i.e., routine) matters. The “missing” votes on non-routine matters are generally referred to as “broker non-votes” and may affect the outcome of the voting on certain matters.

Are the Proposals to be voted on at the annual meeting considered routine or non-routine for broker voting?

PROPOSAL 1 – ELECTION OF DIRECTORS (whether or not contested): non-routine, therefore voting instructions are required.

PROPOSAL 2 – RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS: routine, therefore voting instructions are not required.

It is important that you provide instructions to your broker promptly as to how you want your shares voted at the 2017 annual meeting on Proposal 1. We urge you to follow carefully the instructions your broker gives you concerning its voting procedures in order to ensure that your shares will be voted at the meeting.

How do I vote if my shares are held in the Company’s 401(k) Plan?

If you are a participant in the Company stock fund under the Company’s Retirement Savings 401(k) Plan, you will receive a voting instructions card to instruct the trustees of the Plan on how to vote the prorated number of shares in

which you own an interest indirectly through the Plan. You may provide the instructions by completing the card and returning it to Issuer Direct Corporation, our agent for tabulating the votes of Plan participants, or you may provide your voting instructions by telephone (toll free), as explained in the instructions on the proxy form. Your voting instructions are confidential. Issuer Direct Corporation will tabulate the votes of Plan participants and the Plan Trustees will then submit a single proxy card to the Company reflecting the aggregate voting instructions of all Plan participants. The Plan Trustees and the Company are not informed about how individual participants voted on any item.

In order to ensure that your vote will be included in the vote totals transmitted to the Plan Trustees, your voting instructions must be received by Issuer Direct Corporation no later than the opening of business on May 15, 2017 if voting by mail, fax, internet or telephone.

What does it mean if I received more than one notice of availability?

If you received more than one notice of availability of these proxy materials, your shares are registered in different names (for example, “John Smith” and “J. Smith”) or are in more than one account. To ensure that all your shares are voted, you must submit a proxy with respect to each of your separate shareholder accounts. For instructions on how to register all your accounts in the same name and address, you should contact the Assistant Corporate Secretary at 802-334-7915 or our transfer agent, Computershare, at the contact location shown on the last page of this proxy statement.

Can I change my vote after submitting my proxy card or voting via the internet or by telephone?

Yes. If you submit a proxy for shares registered in your name by mail or fax, or you vote those shares via the internet or by telephone and later decide that you wish to change or revoke your proxy, you may do so at any time before the proxy is exercised at the annual meeting, by

Giving written notice of revocation to Melissa Tinker, Assistant Corporate Secretary, Community Bancorp., 4811 US Route 5, Newport, Vermont 05855; or

Voting in person after giving written notice of revocation of your proxy to the Assistant Corporate Secretary.

If you need to revoke an earlier proxy or if you have any questions about proxy voting procedures, please call the Assistant Corporate Secretary at 802-334-7915.

The last vote you submit will supersede all your prior vote(s).

If your shares are held through a broker or other nominee and you wish to change your vote, you should contact the broker or nominee for instructions. Similarly, if your shares are held in the Company’s 401(k) Plan and you wish to change your vote, you should contact Issuer Direct Corporation for instructions. Contact information for Issuer Direct Corporation is shown on the last page of this proxy statement.

What constitutes a quorum and how are votes counted for that purpose?

In order to convene the meeting, a quorum must be present, and in order to take action on any matter, a quorum must be present as to such matter. A majority (more than 50%) of the outstanding shares of the Company’s common stock, present in person or represented by proxy and entitled to vote, will constitute a quorum to convene the meeting and to take action as to each matter to be acted upon at the meeting. Shares represented by proxies (whether voted via the internet, by telephone, by fax or by mail) or ballots and voted on either of the two proposals (including those marked “WITHHOLD AUTHORITY” on Proposal 1 or “ABSTAIN” on Proposal 2) will be treated as shares present or represented at the meeting and entitled to vote for purposes of determining a quorum to convene the meeting and to vote on the particular proposal. Broker non-votes on Proposal 1, which is considered a non-routine matter for purposes of broker voting authority, will not be considered as shares present and entitled to vote in determining whether a quorum is present for any purpose. Broker proxies will be considered as shares present and entitled to vote in determining whether a quorum is present to convene the meeting and to vote on Proposal 2, which is considered a routine matter for purposes of broker voting authority.

How many votes are required for the election of directors (Proposal 1)?

Under our Amended and Restated Articles of Incorporation and bylaws, in order to be elected under Proposal 1 (Election of Directors) a nominee for director must receive the affirmative vote of the holders of at least a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. Broker non-votes, if any, and shares represented by proxies or ballots marked "WITHHOLD" on Proposal 1, with respect to one or more individual nominees or the entire slate of nominees, will have the same effect on the outcome of the election as a vote against the nominees or slate of nominees, as the case may be.

How many votes are required to ratify the selection of Berry Dunn McNeil & Parker, LLC ("BerryDunn") as the Company's independent auditor for 2017 (Proposal 2)?

Approval of BerryDunn as the Company's independent auditor for 2017 will require that more votes are cast "FOR" than are cast "AGAINST" the proposal. Votes to "ABSTAIN" on Proposal 2 and broker non-votes, if any, are not treated as votes cast and, therefore, will have no effect on the outcome of the vote on Proposal 2.

How many votes are required to approve any other matter that may come before the meeting?

As of the date of this proxy statement, our management and directors do not know of any matter that may be put to a vote at the meeting other than Proposals 1 and 2. If any such matter does arise and is not ruled out-of-order by the Chair, any shares represented by proxies may be voted at the discretion of the attorneys-in-fact named in the proxies, to the extent permitted by law, in accordance with the recommendations of management. Under Vermont law, approval of any such other matter would ordinarily require that more votes be cast for the matter than against. Abstentions from voting and broker non-votes, if any, would not be treated as votes cast and therefore, would have no effect on the vote to approve any such other matter.

What is the Board of Directors' recommendation on how I should vote my shares?

The Board recommends that you vote FOR Proposals 1 and 2.

How will my shares be voted if I do not specify on my signed proxy card how they should be voted?

If you request a paper copy of the proxy materials and choose to vote by mail or by fax and you sign and return your proxy card but do not indicate how you want your shares to be voted, the persons appointed as proxies by the Board of Directors will vote your shares FOR approval of Proposals 1 and 2, and in accordance with the recommendations of management on any other matter presented for vote at the meeting.

When will the vote results be announced?

The Company will appoint inspectors of election to count the votes on all proposals and any other matter voted on at the annual meeting, and the vote results will be announced at the meeting. The vote results will also be disclosed in a report on Form 8-K filed with the Securities and Exchange Commission ("SEC") within four business days after the annual meeting.

How are proxies being solicited and who pays the expenses?

Proxies are being solicited via the internet and by mail. They may also be solicited by the Company's directors and officers and by the directors, officers and employees of the Company's wholly-owned subsidiary, Community National Bank. Those individuals may solicit proxies personally or by telephone or electronic communication but they will not receive any additional compensation for such efforts. In addition, the Company has arranged with brokerage houses, banks and other custodians, nominees and fiduciaries to send the proxy materials to their principals and will reimburse them for out-of-pocket expenses they incur in forwarding the materials.

May shareholders submit nominations for election as directors or for consideration of other matters?

Our bylaws include a process shareholders must follow if they wish to submit director nominations or propose other action for vote by the shareholders. The deadline for submissions relating to this year's annual meeting was January 18, 2017. For next year's annual meeting, which is expected to be held on May 15, 2018, the deadline under the bylaws for shareholder proposals and nominations is no earlier than November 16, 2017 and no later than January 15, 2018. Additional information about this process is contained elsewhere in this proxy statement under the caption "SHAREHOLDER NOMINATIONS AND OTHER PROPOSALS—Bylaw Requirements for Shareholder Nominations and Other Proposals." This process applies whether or not a shareholder wishes to include the proposal in the Company's proxy materials for the meeting. However, if a shareholder does wish to include the proposal in the Company's proxy materials for the annual meeting, as explained immediately below the deadline for submission of the proposal to the Company will be earlier than the deadline specified under the Company's bylaws and certain additional

requirements apply.

In addition, the Corporate Governance/Nominating Committee of the Board of Directors will consider recommendations made by shareholders for possible board nominees. Additional information about this process is contained elsewhere in this proxy statement under the caption “CORPORATE GOVERNANCE—Board Committees—Corporate Governance/Nominating Committee.”

What is the deadline to submit a shareholder proposal for inclusion in the Company’s 2018 annual meeting proxy statement?

The SEC’s rules provide a process (separate from the process in our bylaws discussed above) for shareholders to submit proposals for possible inclusion in the Company’s proxy materials. The deadline under SEC rules for submitting a proposal you wish to include in the Company’s 2018 annual meeting proxy statement is earlier than the general deadline under the bylaws for providing notice and furnishing specified information to the Company. The deadline under SEC rules for submitting a proposal for inclusion in the Company’s proxy materials for the 2018 annual meeting is no later than December 7, 2017. Proposals may be excluded or included from the Company’s proxy materials based on applicable rules relating to eligibility, timeliness and subject matter. Additional information about this process is contained elsewhere in this proxy statement under the caption “SHAREHOLDER NOMINATIONS AND OTHER PROPOSALS—Inclusion of Shareholder Proposals in Company Proxy Materials.” This process is separate from, and in addition to, the process referred to above that is contained in our bylaws.

SHARE OWNERSHIP INFORMATION

The following table shows the amount of our common stock beneficially owned by all of our incumbent directors, nominees and executive officers, individually and as a group, as of March 20, 2017, the record date for the meeting. None of our directors or executive officers owns any shares of the Company's Series A preferred stock. Except as otherwise indicated in the footnotes to the table, the named individuals possess sole voting and investment power over the common shares listed.

	Number of Shares Beneficially	
	Owned and Percent of Class	
	Number of Shares	Percent of Class
Directors and Nominees		
Thomas E. Adams (1)	27,734	0.55%
Kathryn M. Austin (2)	45,229	0.89%
David M. Bouffard	2,033	0.04%
Charles W. Bucknam, Jr. (3)	3,000	0.06%
Aminta K. Conant (4)	2,067	0.04%
Jacques R. Couture (5)	20,169	0.40%
Rosemary M. Lalime	57,563	1.13%
Patrick M. Malone	400	0.01%
Stephen P. Marsh (6)	106,230	2.09%
Dorothy Mitchell	6,669	0.13%
Fredric Oeschger	75,919	1.50%
James G. Wheeler, Jr.	1,769	0.03%
Non-Director/Nominee Executive Officers		
Louise M. Bonvechio (7)	6,204	0.12%
Terrie L. McQuillen (8)	10,275	0.20%
All Directors, Nominees & Executive Officers as a Group (14 in number) (9)	365,260	7.20%

(footnotes on following page)

Includes
11,545
(1) shares held
in an IRA for
Mr. Adams'
benefit.

Includes
11,142
shares as to
which voting
and
investment
power is
shared and
34,087
shares held
indirectly,

(2) through
participation
in the
Community
Bancorp.
stock fund
under the
Company's
Retirement
Savings Plan
(the "401(k)
Plan").

Includes
2,600 shares
held by Mr.
Bucknam
jointly with
(3) his wife, as
to which
voting and
investment
power is
shared.

Includes 250
shares held
in a family
trust as to
(4) which voting
and
investment
power is
shared.

- Includes (i) 9,786 shares held by Mr. Couture jointly with his wife, as to which voting and investment power is shared; (ii) (5) 3,030 shares held in an IRA for Mr. Couture's benefit; and (iii) 3,040 shares held in an IRA for the benefit of Mr. Couture's wife.
- (6) Includes (i) 28,556 shares held by Mr. Marsh jointly with his wife, as to which voting and investment power is shared; and (ii) 76,771 shares indirectly owned by Mr. Marsh through his participation in the Community Bancorp. stock fund under the 401(k) Plan. Of the shares listed, 29,058 are pledged as collateral

for a loan
with a
nonaffiliated
bank.

All such
shares are
held
indirectly
through

(7) participation
in the
Community
Bancorp.
stock fund
under the
401(k) Plan.

Includes
10,275
shares held
indirectly
through

(8) participation
in the
Community
Bancorp.
stock fund
under the
401(k) Plan.

Includes
52,334
shares as to
which voting
and
investment
power is
shared and
144,952

(9) shares held
indirectly,
through
participation
in the
Community
Bancorp.
stock fund
under the
401(k) Plan.

In addition, as of March 20, 2017, 646,306 shares (13.29%) of the Company's issued and outstanding common stock were held in fiduciary or custodial capacity by the Company's affiliated trust and investment management company, Community Financial Services Group, LLC ("CFSG"), including 456,289 shares, or 9.38%, held on behalf of the 401(k)

Plan Trustees and participants. Participants in the Company stock fund under the 401(k) Plan, including the Company's four executive officers, have the right to vote their proportionate share of the stock held in the fund. The 401(k) Plan Trustees do not generally vote shares of the Company's common stock unless instructions are received from the participants. Similarly, CFSG does not vote shares of the Company's common stock held in fiduciary capacity unless voting instructions are received from the beneficial owner.

Except as set forth above, the Company is not aware of any individual, group, corporation or other entity owning beneficially more than 5% of the Company's outstanding common stock, its only class of voting securities. The Company has no other authorized class of voting securities. The Company has outstanding 25 shares of Series A preferred stock, which are nonvoting except in very limited circumstances affecting the rights of the holders of such shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors to file reports of ownership and changes in ownership with the SEC and to furnish the Company with copies of all such reports. The Company has reviewed the copies of the Section 16 reports filed by the directors and executive officers, or written representations from them that no Form 5's were required to be filed for 2016. Based solely on such review, the Company believes that all Section 16 filing requirements applicable to its executive officers and directors for 2016 were timely complied with.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Amended and Restated Articles of Association and our bylaws provide for a Board of no fewer than nine and no more than twenty-five directors, to be divided into three classes, as nearly equal in number as possible, each class serving for a period of three years. The Board of Directors currently consists of twelve members and the Board has voted to fix the number of directors at twelve for the ensuing year. The incumbent directors whose terms expire at the 2017 annual meeting are Thomas E. Adams, Jacques R. Couture, Dorothy R. Mitchell and James G. Wheeler Jr., and each has been nominated to stand for election to the class whose term will expire at the 2020 annual meeting (Proposal 1).

Unless authority is withheld, proxies we solicit will be voted in favor of the four nominees to hold a three year term of office or until their respective successors are elected and qualify. If for any reason not now known to the Company, any of such nominees should not be able to serve, proxies will be voted for a substitute nominee or nominees designated by the Board of Directors, or to fix the number of directors at fewer than twelve, as the directors in their discretion may deem advisable.

The table below contains certain information concerning each of the nominees and the incumbent directors whose term of office will continue following the annual meeting. Additional biographical and background information about each of them follows the table, under the caption “Director Qualifications.”

Name and Age	Principal Occupation	Director of Community Bancorp. Since (1)
Nominees (if elected) to serve until 2020 annual meeting:		
Thomas E. Adams, 70	Owner, NPC Realty Co., Inc. Holland, VT (real estate investment)	1986
Jacques R. Couture, 66	Owner, Dairy Farm/Maple Products Westfield, VT	1992
Dorothy R. Mitchell, 72	Board Chair, Vermont Student Assistance Corporation Winooski, VT	2006
James G. Wheeler, Jr., 68	Attorney and Principal, Downs Rachlin Martin PLLC St. Johnsbury, VT (law firm)	2011
Incumbent Directors to serve until 2019 annual meeting:		
Charles W. Bucknam, Jr., 73	Practice Manager, Bucknam & Black, P.C. St. Johnsbury, VT (law firm)	2008
Stephen P. Marsh, 69	Board Chair, Community Bancorp. and Community National Bank Newport, VT	1998
Patrick M. Malone, 56	Owner, Malone Properties Inc. Montpelier, VT (property investment, management and development)	2015

Fredric Oeschger, 70

President and Principal,
Fred's Energy, Inc. and D&C Transportation,
Inc.
Derby, VT
(plumbing and heating contractor and fuel oil,
propane and
petroleum distributor)

2009

7

Name and Age	Principal Occupation	Director of Community Bancorp. Since (1)
Incumbent Directors to serve until 2018 annual meeting:		
Kathryn M. Austin, 59	President, Chief Executive Officer and Director, Community Bancorp. and Community National Bank Newport, VT	2013
David M. Bouffard, 59	Co-Owner, Derby Village Store Derby, VT	2014
Aminta K. Conant, 63	Business Consulting, USA and Europe	2006
Rosemary M. Lalime, 70	Owner and Partner, RE/Max All Seasons Realty Newport, VT (real estate brokerage)	1985

(1)

Each person named in the table is also a director of Community National Bank. The dates indicated in the table reflect only service on the Board of Directors of the Company and not Community National Bank or its regional advisory boards.

Incumbent Director and Nominee Qualifications

As a community banking organization operating in a heavily regulated industry, we rely on our Board of Directors for knowledge of our local markets, business acumen and strategic vision. Each incumbent director and nominee lives or works (unless retired) in the markets we serve, and brings a unique background, perspective and set of skills to our Board. This provides our Board as a whole with a thorough understanding of our local markets, and significant competence and experience in a wide variety of areas, including corporate governance, real estate, insurance, building trades, real estate development, agriculture, energy and commodities, the law and business management. In addition, many of our directors are long-serving members of our Company and Bank Boards, whose past contributions and industry knowledge, judgment and leadership capabilities have benefited our Company over the years and through multiple economic cycles.

The information below summarizes each incumbent director's or nominees specific experience, qualifications, attributes and skills that led our directors to conclude that the individual should serve on our Board. We also believe that in their professional lives and Board service, each has demonstrated adherence to high ethical standards and a strong commitment to service to the Company and our Board.

Thomas Adams – Tom has served as a director since 1986. At the time of his initial election, he was the President and Chief Executive Officer (“CEO”) of Newport Plastics, where he had also served as the Chief Financial Officer (“CFO”)

for many years. He is the owner of NPC Realty and until his retirement in November 2010, was a real estate broker at Coldwell Banker All Seasons Realty (now Re/Max All Seasons Realty). In addition to his business interests, Tom served for several years on the board of North Country Hospital in Newport, Vermont, including as its Chairman and Treasurer. He also served for several years as a trustee of the Haskell Free Library and Opera House in Derby Line, Vermont. Tom holds an accounting degree from the University of Vermont. He brings to the Board extensive business experience, familiarity with accounting procedures, and broad knowledge of the community. He is Chair of the Audit Committee and also serves on the Compensation Committee and on the Bank's Human Resources Committee. He lives in Holland, Vermont.

Kathryn Austin – Kathy has served as President of the Bank and Company since January 2016 and was promoted to CEO of both entities in January 2017 and she also served as the Bank's Chief Operating Officer from January 2014 until her appointment as CEO in January 2017. Kathy was appointed to the Community National Bank Board of Directors in January 2012 and was first elected to the Company's Board at the 2013 annual meeting. She joined the Bank in 1980 and over the years has held many management positions. Kathy served as Executive Vice President of both the Company and the Bank from 2011 to 2016, and Vice President of the Company and Senior Vice President of the Bank from 2004 to 2011, responsible for the Bank's Retail Banking, Human Resources and Marketing departments. Kathy also serves on the Board of Managers of our trust company affiliate, CFSG. Kathy's many years of service to the Company in a variety of positions provides her with valuable insights into the Bank's day-to-day operations, adding further depth and community banking expertise to the Board. Kathy is a graduate of the New England School of Banking at Williams College and the Stonier Graduate School of Banking at Georgetown University. She currently serves as Chair of the North Country Health Systems Board of Trustees, a Trustee of the Northwoods Stewardship Center, a member of the Newport Age Friendly Advisory Council, and First Vice Chairman of the Vermont Bankers Association. She serves on the Company's Corporate Governance and Nominating and Compensation Committees. Kathy also serves on the Bank's Risk Management Committee and Human Resources Committee. Kathy lives in Morgan, Vermont.

David Bouffard –Dave joined the Boards of the Company and the Bank in 2014 and is a life-long resident of the area. He and his wife Beth have owned the Derby Village Store in Derby, Vermont since 2000. Prior to purchasing the store, Dave acquired retail management experience as the Manager of the Grand Union grocery store in Newport. Dave has served on various local boards, and is a past Board Chair of North Country Hospital. His perspective as a small business owner and knowledge of our Orleans County market area add further depth to our Board. Dave serves on the Company’s Audit and Governance/Nominating Committees. He lives in Newport, Vermont.

Charles Bucknam – Charlie is the former President, CEO and a director of LyndonBank and joined the Board in 2008 following our merger with LyndonBank. His career in the banking industry in Vermont spanned 36 years, including 17 years as a bank CEO. His deep familiarity with LyndonBank’s operations, personnel and customers has been and continues to be a great resource for the Board, as is his experience and knowledge of community banking generally. Charlie holds an MBA degree in finance from the University of Vermont. Charlie served as Assistant Headmaster for Finance (CFO) at Lyndon Institute until August 2015 and is currently Practice Manager at Bucknam & Black, P.C., a law firm in St. Johnsbury, Vermont. He serves on the Corporate Governance/Nominating Committee and on the Bank’s Risk Management Committees. He lives in Walden, Vermont.

Aminta Conant – Minty is a successful business woman with experience running manufacturing facilities in Vermont, New Hampshire and North Carolina. She is currently a business consultant to companies across the United States and Europe. Previously, she served as the director of Lean Six Sigma programs for Lydall, Inc., an international manufacturing company listed on the New York Stock Exchange. Minty is a CPA and has an MBA degree, and brings to the Board not only her experience and knowledge of accounting, finance, and good business practices, but also her experience in working in a public company much larger than Community Bancorp. That perspective is a rarity for community bank directors and a real asset to the Board. She serves on the Audit and Compensation Committees and on the Bank’s Human Resources Committee. She has been a director since 2006, and prior to that served on our St. Johnsbury (now Caledonia County) Advisory Board. She lives in Barnet, Vermont.

Jacques Couture – Jacques is a dairy farmer and maple sugar maker, who runs a successful family farm and bed and breakfast in Westfield. He has served on numerous governmental, non-profit and industry-related boards, including the Westfield Select Board, the Vermont Maple Association and the Cooperative Insurance Company, among others. He brings relevant board experience and an agricultural perspective to our Board, where he chairs the Corporate Governance/Nominating Committee and also serves on the Bank’s Risk Management Committees. He has been a director since 1992, and prior to that served on our Troy Advisory Board. He lives in Westfield, Vermont.

Rosemary Lalime – Rosemary is our longest serving director, having been first elected to the position in 1985. She has been designated as our “outside” vice president (a tradition we have had at the Company for many years) and as our lead independent director to convene and run board meetings in the absence of management. A long time realtor in the area, and the owner and partner of Re/Max All Seasons Realty, Rosemary brings to the Board her extensive experience in real estate matters and her knowledge of properties and residents throughout our service area. She chairs the Compensation Committee and also serves on the Bank’s Human Resources and Risk Management Committees. She lives in Derby, Vermont.

Patrick Malone – Patrick is our newest director, having been appointed in 2015 to fill a vacancy on the board. Patrick is the owner and manager of Malone Properties Inc., a real estate investment, management and development business based in Montpelier, Vermont. In that capacity, he has gained extensive knowledge and experience with renovating, rehabilitating and managing industrial, commercial and office property in an important part of our market area. That significant background in commercial real estate provides valuable insights and perspective to the Board. Previously, Patrick owned and operated Windshield World and Woodbury Auto Sales. Patrick serves on the Compensation Committee and on the Bank’s Risk Management Committee and Human Resources Committee. He lives in Calais, Vermont.

Stephen Marsh – Steve serves as Chair of Boards of Directors of the Company and the Bank. He served as CEO of both entities from 2008, until his retirement at the end of 2016. He was first appointed to the Board in 1998 and has served as its Chair since 2011. Previously, he served as President of the Company and the Bank from 2004 through the end of 2015, when Kathy Austin succeeded to that position for both entities. He began his employment with the Bank in 1973, serving over the years in various managerial capacities, including as CFO and Chief Operating Officer of the Company and the Bank prior to becoming President and CEO. Steve also served on the Board of Managers of our trust company affiliate, CFSG, from its formation in 2002 through 2016. He has been active over the years with various community, business and nonprofit organizations, most recently serving on the boards of the Associated Industries of Vermont, Housing Vermont, Inc., where he serves on the Executive Committee, and the University of Vermont Health Network (formerly Fletcher Allen Health Care). Steve’s in depth knowledge of our Bank and our local markets provides invaluable assistance and leadership to the Board in overseeing the Company’s affairs and strategic planning. He lives in Newport Center, Vermont. Steve was appointed to the Company’s Compensation Committee and the Corporate Governance/ Nominating Committee in 2017 following his retirement as CEO. Steve also serves on the Bank’s Risk Management Committee and Human Resources Committee.

Dorothy Mitchell – Dodie has been a director since 2006, prior to which she served as a member of our Central Vermont Advisory Board. She brings to the Board a variety of governance experience, primarily as a board member of several non-profit organizations, including serving as Chair of the Vermont Student Assistance Corporation. Dodie also previously served as the President of the Vermont Historical Society and as Co-Chair of the Vermont Historical Society Capital Campaign. As an active member of the community, she has extensive familiarity with the people and businesses in our central Vermont market area. Dodie serves on the Corporate Governance/Nominating Committee and on the Bank’s Risk Management Committees. She lives in Worcester, Vermont.

Fredric Oeschger – First elected to the Board in 2009, Fred is a prominent local businessman, with diverse business interests, including plumbing and heating, propane and fuel oil distribution and commercial real estate. Fred is a longtime customer of the Bank and has extensive experience with commercial lending practices both here and elsewhere and possesses valuable insights into our small business market. He serves on the Audit and Compensation Committees and on the Bank’s Human Resources Committee. He lives in Newport, Vermont.

James Wheeler – Jake joined the Board in 2011 to fill the vacancy created upon the retirement of former Chairman Richard White. In addition to his service on our Board, he has been a guiding force with the Company’s trust company affiliate for many years, having served on its Board of Managers since its formation in 2002. Jake has practiced law in St. Johnsbury since 1974 with the state’s largest law firm, Downs Rachlin Martin PLLC, and has been a member of the firm since 1978. His practice focuses principally in the areas of corporate governance, transactions and financing; complex real estate acquisitions and financing; and trusts and estates. Jake received his undergraduate degree from Harvard University and his law degree from Boston University School of Law. He chairs the Board of Directors of The Vermont Community Foundation. Jake’s judgment and insight as a seasoned attorney provide a valuable addition to our Board. Jake serves on the Company’s Audit and Corporate Governance/Nominating Committees. He lives in East Burke, Vermont.

Information about our Board’s important role in the governance of our Company, including the Board’s committees, leadership structure and role in oversight of risks, is contained below under the caption “CORPORATE GOVERNANCE.”

Directors’ Fees and Other Compensation

Only the outside (non-employee) directors are paid for their service on the Boards of the Company and the Bank. All fees are paid in cash. The Company and the Bank do not pay any stock-based compensation to directors.

The schedule of fees in effect during 2016 for our nonemployee directors was as follows:

Company Director Fees		Bank Director Fees	
Annual Retainer	\$8,000	Annual Retainer	\$8,000
Board Meeting Fee	450	Board Meeting Fee	450
Board Committee Meeting Fee	450	Board Committee Meeting Fee	450
Disclosure Control Committee Meeting Fee (1)	450	Local Advisory Board Meeting Fee (2)	450

- At least one member of the Audit Committee attends the quarterly meetings of the Company's
- (1) Disclosure Control Committee, which reviews the Company's periodic reports prior to filing with the SEC. Each Bank director attends several meetings a year of the Bank's local advisory boards.
- (2) Employee-directors attend local advisory board meetings but do not receive any fees for doing so.

This fee structure is designed to compensate our outside directors for attendance at Board meetings, as well as for the time they spend in activities directly related to their service on the Board for which they receive no additional compensation, such as attendance at the annual directors' retreat and attendance at educational seminars or programs on pertinent banking or corporate governance topics.

Directors' Deferred Compensation Plan

The directors may choose to defer current receipt of some or all of their Company or Bank director fees under the Company's Deferred Compensation Plan for Directors. Deferrals are credited to a cash account that bears interest at the rate the Bank pays on a three-year certificate of deposit, as adjusted from time to time. Payments are deferred until the director's retirement, death or disability, or at an earlier or later date elected by the director. The director may choose to receive his or her deferrals and accumulated interest in a lump sum or monthly installments. Deferred fees and accumulated interest represent a general unsecured obligation of the Company. No assets of the Company or the Bank have been segregated to satisfy the Company's obligations under the Plan.

Directors' Retirement Plan

Prior to 2005, the Company maintained a non-qualified retirement plan for the Company's outside directors. Non-employee directors who served on the Board of the Company or the Bank for at least five years between 1994 and 2004 are entitled to receive upon retirement a lump sum payment of \$1,000 for each year of Board service. For this purpose, service as a director of the Company and of the Bank during the same year is not counted separately. Following a re-evaluation of the Company's benefit plans affected by IRC Section 409A, the Company terminated any further accruals under the plan for years after 2004 and Board fees were increased to compensate for the loss of this retirement benefit.

As of December 31, 2016, the total remaining accrued and unpaid benefit for all directors covered by the plan was \$33,000. The participating directors are fully vested in their accrued benefits and would be entitled to payout of the full benefit upon retirement from the Board for any reason, regardless of age. Directors Adams, Couture, and Lalime each have an accumulated lump sum retirement benefit of \$11,000. Accrued benefits do not earn interest, are not adjusted for inflation and will be paid out to participants when they retire from the Board. All benefit accruals under the plan represent a general unsecured obligation of the Company. No assets of the Company or the Bank have been segregated to satisfy the Company's obligations under the plan.

Director Compensation Table

The table below shows the total compensation paid to each of our outside directors during 2016 for service on the Boards of the Company and the Bank:

2016 Director Compensation

Name	Fees Earned or All Other		Total
	Paid in Cash	Compensation(1)	

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Thomas E. Adams	\$27,700	\$0	\$27,700
David M. Bouffard	27,250	0	27,250
Charles W. Bucknam, Jr.	27,700	1,366	