

MEXCO ENERGY CORP  
Form DEF 14A  
July 24, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**MEXCO ENERGY CORPORATION**

(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:

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**MEXCO ENERGY CORPORATION**

214 W. Texas Ave., Suite 1101

Midland, Texas 79701

**NYSE MKT - MXC**

July 24, 2017

Dear Fellow Stockholder:

We would like to extend a personal invitation for you to join us at our Annual Meeting of Stockholders of Mexco Energy Corporation to be held on Tuesday, September 12, 2017, at 2:00 p.m., C.D.T., at the Petroleum Club of Midland, 501 West Wall, Midland, Texas.

At this year's meeting, you will be asked to elect the Board of Directors and ratify the appointment of Weaver and Tidwell, L.L.P. as our independent auditors. Details regarding each of the proposals are described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

Whether or not you plan to attend the Annual Meeting of Stockholders, we hope you will vote as soon as possible. You may vote by signing, dating and mailing the enclosed proxy or voting instruction card. You may also vote by internet or by telephone. Please review the instructions on the proxy or voting instruction card regarding each of these voting options.

Your vote is very important to us and our business. We value your opinions and encourage you to participate in this year's Annual Meeting by voting your proxy.

Thank you for your continued interest in Mexco Energy Corporation.

Very truly yours,

Nicholas C. Taylor  
Chairman of the Board and Chief Executive Officer

MEXCO ENERGY CORPORATION

214 W. Texas Ave., Suite 1101

Midland, Texas 79701

(432) 682-1119

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held September 12, 2017

TO THE STOCKHOLDERS OF MEXCO ENERGY CORPORATION:

Notice is hereby given that the Annual Meeting of the Stockholders of MEXCO ENERGY CORPORATION (referred to herein as the "Company" or "Mexco") will be held at the Petroleum Club of Midland, 501 West Wall, Midland, Texas 79701, at 2:00 p.m. on September 12, 2017, for the following purposes:

1. Electing Directors of the Company.
2. Ratifying the selection of Weaver and Tidwell, L.L.P. as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2018.
3. Considering all other matters as may properly come before the meeting.

The Board of Directors has fixed the close of business on July 24, 2017 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and at any adjournment or adjournments thereof.

DATED this 24<sup>th</sup> day of July, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

DONNA GAIL YANKO, Secretary

To be sure your shares are represented at the Annual Meeting of Stockholders, please vote by completing, dating, signing and returning your pre-addressed postage-paid Proxy Card as soon as possible. You may also vote by internet or by telephone. See the enclosed proxy card for more information. Any stockholder granting a proxy may revoke the same at any time prior to its exercise by executing a subsequent proxy or by written notice to the Secretary of the Company or by attending the meeting and by withdrawing the proxy. You may vote in person at the Annual Meeting of Stockholders even if you send in your Proxy Card. The ballot you submit at the meeting will supersede any prior vote.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on September 12, 2017:**

**Our Annual Report on Form 10-K and this Proxy Statement are available at [www.proxyvote.com](http://www.proxyvote.com)**

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**MEXCO ENERGY CORPORATION**

214 W. Texas Ave., Suite 1101

Midland, Texas 79701

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held Tuesday, September 12, 2017**

**SOLICITATION OF PROXY**

The accompanying proxy is solicited on behalf of the Board of Directors of Mexco Energy Corporation for use at the Annual Meeting of Stockholders to be held at 2:00 p.m., Central Daylight Time, on Tuesday, September 12, 2017 at the Petroleum Club of Midland, 501 West Wall, Midland, Texas 79701 and at any adjournment or postponements thereof (“Annual Meeting”). In addition to the use of the mails, proxies may be solicited by personal interview, telephone and telegraph by officers, directors and other employees of Mexco, who will not receive additional compensation for such services. We may also request brokerage houses, nominees, custodians and fiduciaries to forward the soliciting material to the beneficial owners of stock held of record and will reimburse such persons for forwarding such material. We will bear the cost of this solicitation of proxies. Such costs are expected to be nominal. Proxy solicitation will commence with the mailing of this Proxy Statement on or about August 1, 2017.

Any stockholder giving a proxy has the power to revoke the same at any time prior to its exercise by executing a subsequent proxy or by written notice to the Secretary of the Company or by attending the meeting and withdrawing the proxy.

As used in this document, “the Company”, “Mexco”, “we”, “us” and “our” refer to Mexco Energy Corporation and its consolidated subsidiaries.

**PURPOSE OF MEETING**



As stated in the Notice of Annual Meeting of Stockholders accompanying this Proxy Statement, the business to be conducted and the matters to be considered and acted upon at the Annual Meeting are as follows:

1. Electing Directors of the Company;
2. Ratifying the selection of Weaver and Tidwell, L.L.P. as Mexco's independent registered public accounting firm for the fiscal year ending March 31, 2018; and
3. Considering all other matters as may properly come before the meeting.

## **VOTING RIGHTS**

### **Right to Vote and Record Date**

The voting securities of Mexco consist solely of common stock, par value \$0.50 per share ("Common Stock").

The record date for stockholders entitled to notice of and to vote at the meeting is the close of business on July 24, 2017, at which time there were 2,037,266 shares of Common Stock entitled to vote at the meeting. Stockholders are entitled to one vote, in person or by proxy, for each share of Common Stock held in their name on the record date.

## **Quorum**

Stockholders representing a majority of the Common Stock outstanding and entitled to vote must be present or represented by proxy to constitute a quorum. Abstentions and broker non-votes will be counted as present for the purpose of determining whether a quorum is obtained.

## **Voting at the Annual Meeting**

This Proxy Statement was sent to all stockholders of record. If your shares are registered directly in your name with Computershare, Inc., you are the “stockholder of record” and may vote the shares at the annual meeting or by proxy by following the voting instructions on the enclosed proxy card. Alternatively, if your shares are held in an account at a broker, brokerage firm, bank or other similar organization, your shares are held in “street name” and you are the “beneficial holder”. The organization holding your shares is the “stockholder of record” for purposes of voting the shares at the annual meeting. As the beneficial owner, you have the right to direct that organization on how it should vote the shares held in your account by following the voting instructions on the enclosed proxy card.

Whether or not you are able to attend the meeting, we urge you to vote by proxy.

## **Vote Required**

All proposals will require the affirmative vote of a majority of the Common Stock present or represented by proxy at the meeting and entitled to vote thereon. Cumulative voting for directors is not authorized.

With regard to the election of directors, votes may be cast “For”, “Against” or “Abstain” for each nominee. The election of directors is a non-routine proposal which means a broker can only vote your shares if the broker receives instructions from you. Otherwise, your shares will not be voted on this proposal. Abstentions and broker non-votes will not be counted as votes “For” or “Against” the election of a director.

With regard to the proposal to ratify the appointment of Weaver and Tidwell, L.L.P. as the independent registered public accounting firm of the Company for the fiscal year ending March 31, 2018, votes may be cast “For”, “Against” or “Abstain” for the proposal. The ratification of Weaver and Tidwell, L.L.P. is a routine proposal which means a broker has discretion to vote your shares even if the broker does not receive voting instructions from you. An abstention will

have the same effect as a vote against the proposal. Broker non-votes will have no effect on determining whether the selection of Weaver and Tidwell, L.L.P. has been ratified.

### **Abstentions and Broker Non-Votes**

Abstentions and broker non-votes (shares held by brokers or nominees as to which they have no discretionary power to vote on a particular matter and have received no instructions from the beneficial owners of such shares or persons entitled to vote on the matter) will be counted for the purpose of determining whether a quorum is present. For purposes of determining the outcome of any matter to be voted upon as to which the broker has indicated on the proxy that the broker does not have discretionary authority to vote, these shares will be treated as not present at the meeting and not entitled to vote with respect to that matter, even though those shares are considered to be present at the meeting for quorum purposes and may be entitled to vote on other matters. Abstentions, on the other hand, are considered to be present at the meeting and entitled to vote on the matter from which abstained.

If the enclosed Proxy is properly executed and returned prior to the Annual Meeting, the shares represented thereby will be voted as specified therein. IF A STOCKHOLDER DOES NOT SPECIFY OTHERWISE ON THE RETURNED PROXY, THE SHARES REPRESENTED BY THE STOCKHOLDER'S PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED BELOW UNDER "ELECTION OF DIRECTORS", FOR THE APPOINTMENT OF WEAVER AND TIDWELL, L.L.P. AND ON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENTS THEREOF.

## **PROPOSAL 1: ELECTION OF DIRECTORS**

At the Annual Meeting to be held on September 12, 2017, six persons are to be elected to serve on the Board of Directors (the “Board”) for a term of one year and until their successors are duly elected and qualified. All of the nominees are current directors and have announced that they are available for reelection to the Board. The Company’s nominees for the six directorships are:

Michael J. Banschbach

Kenneth L. Clayton

Thomas R. Craddick

Paul G. Hines

Christopher M. Schroeder

Nicholas C. Taylor

The election of each nominee requires that the number of votes cast “FOR” the nominee’s election exceed the votes cast “AGAINST” that nominee’s election.

## **MEXCO ENERGY CORPORATION BOARD OF DIRECTORS**

The Board has responsibility for establishing broad corporate policies and for overall performance and direction of the Company. The Board is elected by the Stockholders to oversee their interest in the long-term health and the overall success of the Company’s business and its financial strength. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the Stockholders. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Company. Members of the Board stay informed of the Company’s business by participating in Board and committee meetings, by reviewing analyses and reports sent to them regularly, and through discussions with the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

The Board currently consists of one person who is an employee of the Company and five persons who are not employees of the Company (four of which are outside directors). The Board has determined that each of the four outside directors, namely Messrs. Banschbach, Clayton, Hines and Schroeder are independent in accordance with

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NYSE Market rules and under the Securities Exchange Act of 1934, as amended (“Exchange Act”). Set forth below are the names, ages and positions of Mexco’s directors as of July 24, 2017.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Michael J. Banschbach	59	Director
Kenneth L. Clayton	73	Director
Thomas R. Craddick	73	Director
Paul G. Hines	79	Director
Christopher M. Schroeder	52	Director
Nicholas C. Taylor	79	Chairman of the Board of Directors and CEO

Set forth below are descriptions of the principal occupations during at least the past five years of the Company’s current directors.

**MICHAEL J. BANSCHBACH** was appointed to the Board of Directors of the Company in July 2014. Mr. Banschbach graduated from the Colorado School of Mines in 1980 with a BS degree in Chemical Engineering. Thereafter, Mr. Banschbach served with Atlantic Richfield (ARCO) for twenty years, primarily in the gas processing midstream sector, as both an engineer and as a commercial representative. From 2001 until the present time, he has represented numerous independent oil and gas producing companies in negotiations with midstream companies for the connection of newly drilled wells and for the sale of their oil and gas production. He has conducted seminars describing the movement of gas from the wellhead to the burner tip, and the various financial transactions that take place along the way. He also serves with various charitable organizations.

**KENNETH L. CLAYTON** was appointed to the Board of Directors of the Company in September 2011. Mr. Clayton graduated from Austin College with a Bachelor of Arts degree in Economics and from the University of Texas at Austin School of Law with a Doctor of Jurisprudence degree. Mr. Clayton also attended the Graduate School of Business at the University of Texas at Austin. Mr. Clayton is a member of the State Bar of Texas and the Houston Bar Association, and practices law in the areas of estate planning and probate. Mr. Clayton also serves as President of Fiduciary Resources Company, a company he founded in 1984 to provide business management services to individual executors of decedents' estates and trustees of testamentary trusts. From 1970 through 1984, Mr. Clayton served as Senior Vice-President and manager of the trust division of the Capital National Bank in Houston, Texas.

**THOMAS R. CRADDICK** was elected to the Board of Directors of the Company in March 1998. Since 1968 to the present, Mr. Craddick has served as a Representative of the Texas House of Representatives. He served as Speaker of the House for six years and throughout his tenure of the past 24 sessions of the Legislature, Representative Craddick has served on various committees and conferences. Mr. Craddick is a sales representative for Horizon Mud Company, as well as the owner of Craddick Properties and owner and President of Craddick, Inc., both of which invest in oil and gas properties and real estate.

**PAUL G. HINES** was appointed to the Board of Directors of the Company in April 2010. Mr. Hines graduated from the Harvard Business School with a Masters of Business Administration degree and is a Certified Public Accountant. Mr. Hines served with E. F. Hutton and Company, Inc. from 1970 through 1986 in a variety of positions including Vice President of Corporate Development, Executive Vice President and a member of the Board of Directors. Hines served as Chief Financial Officer for William E. Simon and Sons from 1987 to 1989. From 1990 to 2000, he was involved in venture capital and as an independent consultant. He was a member of the Board of Directors of investment bank and broker, Ryan Beck and Company. From 2000 to the present, he has served in a number of capacities with various charitable organizations. He is a contributor to several publications including "Controllers Handbook", Dow Jones Irwin, 1978, "Chief Financial Officers Handbook", Dow Jones Irwin, 1986 and "Financial Services Handbook", Wiley, 1987.

**CHRISTOPHER M. SCHROEDER** was appointed to the Board of Directors of the Company in October 2014. Mr. Schroeder graduated from the Harvard Business School with a Masters of Business Administration degree with honors. From 1988 to 1992 he served as a special assistant on the staff of Secretary of State James Baker III. In 1996, Mr. Schroeder joined The Washington Post Company and served in a variety of positions during his four year tenure with the company, including Treasurer and Vice President of Business Development. From 1999 to 2000, Mr. Schroeder was CEO of Legi-Slate, Inc., a business-to-business internet technology firm with The Washington Post Company as its lead shareholder. From 2000 to 2005, he was the CEO and Publisher of Washingtonpost.Newsweek Interactive. In 2006, Mr. Schroeder co-founded and was CEO of HealthCentral, one of the largest online content and wellness platforms. Currently Mr. Schroeder is an adviser to leading Silicon Valley venture capital firms. Mr. Schroeder wrote a best-selling book in 2013: "Startup Rising: The Entrepreneurial Revolution Remaking the Middle East." He serves on several academic and global boards including The American University of Cairo School of Business, The American University School of International Service, and The American Council on Germany, among others.

**NICHOLAS C. TAYLOR** was elected Chairman of the Board and Chief Executive Officer of the Company in September 2011 and continues to serve in such capacity on a part time basis, as required. Mr. Taylor served as Chief Executive Officer, President and Director of the Company from 1983 to 2011. Mr. Taylor served as Treasurer until March 1999. From July 1993 to the present, Mr. Taylor has been involved in the independent practice of law and other business activities including independent oil and gas exploration and production. For more than the prior 19 years, he was a director and shareholder of the law firm of Stubbeman, McRae, Sealy, Laughlin & Browder, Inc., Midland, Texas, and a partner of the predecessor firm. In 1995 he was appointed by the Governor of Texas to the State Securities Board through January 2001. In addition to serving as chairman for four years, he continued to serve as a member until 2004. In November 2005 he was appointed by the Speaker of the House to the Texas Ethics Commission for a term of five years, where he served until February 2010.

## DIRECTOR INDEPENDENCE

In accordance with Section 803A of the NYSE Market Company Guide and under the Exchange Act, the Board must affirmatively determine the independence of each director. The Board has determined each of the following directors to be an “independent director” as such term is defined in said rules: Michael J. Banschbach, Kenneth L. Clayton, Paul G. Hines and Christopher M. Schroeder. In this proxy statement these four directors are referred to individually as an “Independent Director” and collectively as the “Independent Directors.” The Board is comprised of a majority of Independent Directors and the Audit Committee, the Compensation Committee and the Nominating Committee are comprised entirely of Independent Directors.

In addition, the Board has determined that Mr. Hines, Chairman of the Audit Committee, is an “audit committee financial expert” (as that term is defined under the applicable SEC rules and regulations) based on the Board’s qualitative assessment of Mr. Hines’ level of knowledge, experience (as described above) and formal education.

## DIRECTOR QUALIFICATIONS

Each nominee brings a unique set of skills to the Board of Directors. The Board believes the nominees as a group have the experience and skills in areas such as the oil and gas industry, finance, risk management and corporate governance that are necessary to effectively oversee our company. Set forth below are the conclusions reached by the Board as to why each nominee is qualified for service as a director of our company.

**Mr. Banschbach** is a Chemical Engineer and has over 30 years experience in the oil and gas industry. Mr. Banschbach provides expertise in areas of evaluating potential gas contracts.

**Mr. Clayton** has over 30 years of banking, property management, finance and legal experience. Mr. Clayton provides expertise in the areas of finance and management.

**Mr. Craddick** has over 40 years experience in the oil and gas production and service industry. Mr. Craddick provides expertise in the location, acquisition and divestiture of properties.

**Mr. Hines** is a Certified Public Accountant and a former Chief Financial Officer and has extensive experience in the financial markets. Mr. Hines provides expertise in the areas of financial reporting, accounting, capital markets,



internal controls and corporate governance.

**Mr. Schroeder** is a former Chief Executive Officer of several companies in the area of technology and Treasurer and Vice President of development of a public company. Mr. Schroeder provides expertise in the areas of management, entrepreneurship, financial reporting, accounting, capital markets, internal controls and corporate governance.

**Mr. Taylor** has been Mexco's Chief Executive Officer for over 34 years and has over 40 years of experience practicing law. Mr. Taylor provides expertise in the areas of evaluating, acquiring and managing oil and gas properties as well as exploration prospects.

## **BOARD LEADERSHIP STRUCTURE AND BOARD'S ROLE IN RISK OVERSIGHT**

The Board of Directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board of Directors as the Board believes it is in the best interests of Mexco to make that determination based on the position and director of Mexco and the membership of the Board. At this time, the Board believes that the best leadership model for Mexco is the unitary leadership provided by the combination of the Chairman and Chief Executive Officer positions. On September 14, 2011, the Board announced the transition of Nicholas C. Taylor from President and Chief Executive Officer to Chairman of the Board and Chief Executive Officer and the transition of Tammy L. McComic from Executive Vice President and Chief Financial Officer to President and Chief Financial Officer effective immediately following the 2011 Annual Meeting.

The Board believes that Mexco will continue to benefit from Mr. Taylor's experience and expertise in the oil and gas industry while Ms. McComie's duties as President and Chief Financial Officer have been expanded. Also, in his role as Chairman, Mr. Taylor continues to serve an important role in Mexco's strategic direction.

We do not have a lead independent director as we believe the oversight provided by all of the Board's independent directors and the work of the Board's committees provide effective oversight of our strategic plans and operations.

Management is responsible for defining the various risks facing the company, formulating risk management policies and procedures and managing our risk exposure. The Board's responsibility is to monitor the Company's risk management processes by informing itself concerning our material risks and evaluating whether management has reasonable controls in place to address the material risks. The Audit Committee described below is primarily responsible for monitoring management's responsibility in the area of risk oversight. Accordingly, management regularly reports to the Audit Committee on risk management. The Audit Committee, in turn, reports on the matters discussed at the committee level to the full board. The Audit Committee and the full board focus on the material risks facing the Company to assess whether management has reasonable controls in place to address these risks.

**The Board of Directors recommends that you vote FOR the election of each of the Director nominees.**

## **MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS**

During fiscal year ended March 31, 2017, the Board of Directors consisted of one person who is an employee of the Company and five persons who are not employees of the Company (four of which are outside directors). The Board held four meetings and all Directors, including the Independent Directors attended all four meetings.

The Board of Directors established the following standing committees: audit, compensation and nominating. In accordance with Section 803A of the NYSE Market Company Guide and the Exchange Act, the Board must affirmatively determine the independence of each director. The Board is comprised of a majority of Independent Directors and the Audit Committee, the Compensation Committee and the Nominating Committee are comprised entirely of Independent Directors.

The table below shows the membership of each committee of the Board and the number of meetings each committee held during the fiscal year ended March 31, 2017.

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<u>Director</u>	<u>Audit</u>	<u>Compensation</u>	<u>Nominating</u>
Michael J. Banschbach	X	X	X
Kenneth L. Clayton	X	Chair	Chair
Thomas R. Craddick			
Paul G. Hines			