

Ideal Power Inc.
Form DEF 14A
April 17, 2015

**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 ☒ x
Filed by a Party other than the Registrant ☐ o
Check the appropriate box:

☐ o Preliminary Proxy Statement
☐ o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
☒ x Definitive Proxy Statement
☐ o Definitive Additional Materials
☐ o Soliciting Material Pursuant to §240.14a-12

IDEAL POWER INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ x No fee required.
☐ o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(1) Amount Previously Paid:

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(3) Filing Party:

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April 17, 2015

To the Stockholders of Ideal Power Inc.:

It is my pleasure to invite you to attend Ideal Power Inc.'s 2015 Annual Meeting of Stockholders, to be held on Tuesday, May 26, 2015 at the offices of DLA Piper LLP (US), 401 Congress Avenue, Suite 2500, Austin, Texas 78701-3799. The Annual Meeting will begin promptly at 8:30 a.m., local time.

Details regarding the business to be conducted at the Annual Meeting are more fully described in the accompanying Notice of Annual Meeting of Stockholders and proxy statement.

Your vote is important. Whether or not you expect to attend, please date, sign, and return your proxy card in the enclosed envelope or vote by using the Internet according to the instructions in the proxy statement to assure that your shares will be represented and voted at the Annual Meeting. If you attend the Annual Meeting and follow the instructions in the proxy statement, you may vote your shares in person even though you have previously voted by proxy. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from your brokerage firm, bank or other nominee to vote your shares.

On behalf of your Board of Directors, thank you for your continued support and interest.

Sincerely,

R. Daniel Brdar,
Chairperson, President and Chief Executive Officer

4120 Freidrich Lane, Suite 100
Austin, Texas 78744

www.idealpower.com

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IDEAL POWER INC.

**4120 Freidrich Lane, Suite 100
Austin, Texas 78744
Telephone (512) 264-1542**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 26, 2015

To the Stockholders of Ideal Power Inc.:

You are cordially invited to attend the Annual Meeting of Stockholders of Ideal Power Inc., a Delaware corporation (the Company). The Annual Meeting will be held on Tuesday, May 26, 2015, at 8:30 a.m. local time at the offices of DLA Piper LLP (US), 401 Congress Avenue, Suite 2500, Austin, Texas 78701-3799, for the following purposes:

1. To elect five directors to serve until the 2016 Annual Meeting of stockholders;
2. To approve an amendment to the 2013 Equity Incentive Plan to increase the shares reserved for issuance thereunder by 1,250,000 shares; and
3. To ratify the appointment of Gumbiner Savett Inc. as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

These proposals are more fully described in the proxy statement accompanying this Notice.

The record date for the Annual Meeting is April 17, 2015. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors

Timothy W. Burns
Corporate Secretary

Austin, Texas
April 17, 2015

You are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please vote as soon as possible. We encourage you to vote via the Internet. For further details, see Questions and Answers about This Proxy Material and Voting.

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IDEAL POWER INC.

**4120 Freidrich Lane, Suite 100
Austin, Texas 78744
Telephone (512) 264-1542**

**PROXY STATEMENT
FOR THE 2015 ANNUAL MEETING OF
STOCKHOLDERS
TO BE HELD ON MAY 26, 2015**

AVAILABILITY OF PROXY MATERIALS

This proxy statement and proxy card are furnished in connection with the solicitation of proxies to be voted at the 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Ideal Power Inc. (the "Company", "Ideal Power", "we", "us", or "our"), which will be held on Tuesday, May 26, 2015, at 8:30 a.m. local time at the offices of DLA Piper LLP (US), 401 Congress Avenue, Suite 2500, Austin, Texas 78701-3799.

On or about April 22, 2015, we will begin mailing to our stockholders a copy of this proxy statement, a proxy card and our Annual Report on Form 10-K. The proxy card also instructs you how you may submit your proxy over the Internet.

EXPLANATORY NOTE

We are an emerging growth company under applicable federal securities laws and therefore permitted to take advantage of certain reduced public company reporting requirements. As an emerging growth company, we provide in this proxy statement the scaled disclosure permitted under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, including the compensation disclosures required of a smaller reporting company, as that term is defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934. In addition, as an emerging growth company, we are not required to conduct votes seeking approval, on an advisory basis, of the compensation of our named executive officers or the frequency with which such votes must be conducted. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1 billion or more; (ii) December 31, 2018; (iii) the date on which we have issued more than \$1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission.

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

You have received these proxy materials because the Board of Directors of the Company is soliciting your proxy to vote at the 2015 Annual Meeting of Stockholders (the Annual Meeting).

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on April 17, 2015 (the record date) will be entitled to vote at the Annual Meeting. On the record date, there were 7,084,953 shares of the Company's common stock (Common Stock) outstanding. The holders of Common Stock have the right to one vote for each share they held as of the record date.

In accordance with Delaware law, a list of stockholders entitled to vote at the Annual Meeting will be available at the place of the Annual Meeting on May 26, 2015 and will be accessible for ten days prior to the Annual Meeting at our principal place of business, 4120 Freidrich Lane, Suite 100, Austin, Texas 78744, between the hours of 9:00 a.m. and 5:00 p.m. local time.

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What am I voting on?

There are three matters scheduled for a vote:

election of five directors;

amendment of the 2013 Equity Incentive Plan to increase the shares reserved for issuance thereunder by 1,250,000 shares; and

ratification of the appointment of Gumbiner Savett Inc. as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

How do I vote?

If on April 17, 2015, your shares were registered directly in your name with our transfer agent, Corporate Stock Transfer, then you are a stockholder of record. Stockholders of record may vote by using the Internet or by mail as described below. Stockholders also may attend the Annual Meeting and vote in person. If you hold shares through a bank or broker, please refer to your proxy card or other information forwarded by your bank or broker to see which voting options are available to you.

Stockholders of record may vote by using the Internet at www.proxyvote.com and following the instructions for Internet voting on the proxy card mailed to you. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. Eastern Time on May 25, 2015. Easy-to-follow instructions allow you to vote your shares and confirm that your instructions have been properly recorded.

Stockholders of record may also vote by mail, by completing and mailing in the paper proxy card included with this proxy statement.

The method you use to vote will not limit your right to vote at the Annual Meeting if you decide to attend in person. Written ballots will be passed out to anyone who wants to vote at the Annual Meeting. If your shares are held by your bank or broker as your nominee (that is, in street name), you must obtain a proxy, executed in your favor, from the holder of record (the bank or broker) to be able to vote in person at the Annual Meeting.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted (i) **for** the election of all five nominees for director, and (ii) **for** amendment of the 2013 Equity Incentive Plan to increase the shares reserved for issuance thereunder by 1,250,000 shares; and (iii) **for** ratification of the appointment of Gumbiner Savett Inc. as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

However, with respect to (i) of the preceding sentence, if you are not a record holder, such as where your shares are held through a broker, nominee, fiduciary or other custodian, you must provide voting instructions to the record holder of the shares in accordance with the record holder's requirements in order for your shares to be properly voted. If any other matter is properly presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and

employees will not be paid any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

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Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. You may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date.

You may send a written notice that you are revoking your proxy to the Corporate Secretary of the Company at 4120 Freidrich Lane, Suite 100, Austin, Texas 78744.

You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count for and (with respect to proposals other than the election of directors) against votes, abstentions and broker non-votes. Abstentions will have no effect on the vote total for proposal number 1 (election of five directors). Abstentions will be counted towards the vote total for proposal numbers 2 (amendment of the 2013 Equity Incentive Plan to increase the shares reserved for issuance thereunder by 1,250,000 shares) and 3 (ratification of the appointment of Gumbiner Savett Inc. as our independent registered public accounting firm for the fiscal year ending December 31, 2015), and will have the same effect as against votes. Broker non-votes, as described in the next paragraph, have no effect and will not be counted towards the vote total for any proposal.

If your shares are held in street name, you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange (NYSE) on which your broker may vote shares held in street name without your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. Under current NYSE rules, any election of a member of the Board of Directors, whether contested or uncontested, is considered non-discretionary and therefore brokers are not permitted to vote your shares held in street name for the election of directors in the absence of instructions from you. Proposal 1, the election of directors (unlike Proposals 2 and 3), is non-discretionary and therefore if you hold your shares through a broker, nominee, fiduciary or other custodian, your shares will not be voted on Proposal 1 unless you provide voting instructions to the record holder.

How many votes are needed to approve each proposal?

For Proposal 1, the election of directors, the five nominees receiving the most for votes (among votes properly cast in person or by proxy) will be elected. Broker non-votes will have no effect.

Proposal 2, to amend the 2013 Equity Incentive Plan to increase the shares reserved for issuance thereunder by 1,250,000 shares, must receive a for vote from the majority of all outstanding shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon either in person or by proxy. If you abstain from voting, it will have the same effect as an against vote. Broker non-votes will have no effect.

Proposal 3, to ratify the appointment of Gumbiner Savett Inc. as our independent registered public accounting firm for the fiscal year ending December 31, 2015, must receive a for vote from the majority of all outstanding shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon either in person or by proxy. If you abstain from voting, it will have the same effect as an against vote. Broker non-votes will have no effect.

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What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid Annual Meeting. A quorum will be present if a majority of all shares outstanding on April 17, 2015, the record date, are represented at the Annual Meeting present in person or by proxy. On the record date, there were 7,084,953 shares of Common Stock outstanding and entitled to vote. Therefore, 3,542,477 shares must be represented by stockholders present at the Annual Meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy vote or vote at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be available on a Current Report on Form 8-K filed with the Securities and Exchange Commission within four business days after the end of the Annual Meeting.

When are stockholder proposals due for next year's Annual Meeting?

If you wish to submit a proposal to be considered for inclusion in next year's proxy materials or nominate a director, your proposal must be in proper form and received by the Corporate Secretary of the Company no less than 30 and no more than 60 days prior to the date of the Annual Meeting. If we fail to provide at least 40 days public notice of the date of the Annual Meeting, your proposal must be received by the Corporate Secretary not later than the close of business on the tenth day following the date on which public disclosure of the date of the Annual Meeting was made.

You are advised to review our Certificate of Incorporation and our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations. Our Certificate of Incorporation and current bylaws may be found on the corporate governance subsection of the investors section of our corporate website at www.idealpower.com.

How can I communicate with the Board of Directors?

Stockholders wishing to communicate with the Board may send a written communication addressed to the Corporate Secretary of Ideal Power Inc. at 4120 Freidrich Lane, Suite 100, Austin, Texas 78744. The Corporate Secretary will screen all communications for product complaints, product inquiries, new product suggestions, resumes, job inquiries, surveys, business solicitations and advertisements, as well as unduly hostile, threatening, illegal, unsuitable, frivolous, patently offensive or otherwise inappropriate material before forwarding to the Board.

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DIRECTORS AND EXECUTIVE OFFICERS

The names and ages of our directors and executive officers, and information about each of them as of April 17, 2015, are set forth below.

Name	Age	Position
R. Daniel Brdar	55	Chief Executive Officer, President and Chairman of the Board
William C. Alexander	59	Chief Technology Officer and Director
Timothy W. Burns, CPA	40	Chief Financial Officer, Secretary and Treasurer
Mark L. Baum, J.D.	42	Director
Lon E. Bell, Ph.D.	74	Director
David B. Eisenhaure	69	Director

CORPORATE GOVERNANCE AND BOARD MATTERS

Board Leadership Structure

The Chairman of the Board presides at all meetings of the Board. The Chairman is appointed on an annual basis by at least a majority vote of the remaining directors. R. Daniel Brdar, our Chief Executive Officer, is also the Chairman of the Board of Directors. The Board believes that it is currently in the best interests of the Company and its stockholders to have Mr. Brdar serve both roles given the fact that our business is in a growth stage. As Chief Executive Officer, Mr. Brdar has direct involvement in our operations, therefore he is in the best position to propose short and long term objectives for our business. This ensures that the Board of Directors focuses on important strategic objectives and understands the challenges we face on a day-to-day basis. We believe that this combined role is balanced by the independence of a majority of our directors, who may meet in executive session at any time, which allows them to review key decisions and to discuss matters independently of Mr. Brdar. Our Board does not have a person designated as a lead independent director.

Independence of the Board of Directors

As required by the listing standards of The Nasdaq Stock Market (Nasdaq), a majority of the members of our Board of Directors must qualify as independent, as affirmatively determined by our Board of Directors.

After investigation, our Board of Directors affirmatively determined that all of our directors are independent directors within the meaning of the applicable Nasdaq listing standards except for R. Daniel Brdar and William Alexander, both of whom are officers of the Company.

Information Regarding the Board of Directors and its Committees

The Board has three standing committees which have members (Lon E. Bell, Mark L. Baum and David B. Eisenhaure) who satisfy the independence standards of the Securities Exchange Act of 1934 and Nasdaq's rules. These committees are the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Mr. Baum is Chairman of the Audit Committee, Dr. Bell is Chairman of the Compensation Committee,

and Mr. Eisenhaure is Chairman of the Nominating and Corporate Governance Committee. In addition to acting by written consent, during the year ended December 31, 2014, the Board held 10 meetings, the Audit Committee held 7 meetings, the Compensation Committee held 7 meetings and the Nominating and Corporate Governance Committee held 4 meetings. Each of our directors attended 100% of the aggregate Board meetings and meetings of the Board committee(s) of which he is a member except for Dr. Bell. Dr. Bell attended 90% of the Board meetings and 100% of the meetings of Board committees of which he is a member. We do not have a policy with regard to Board attendance at the Annual Meeting. Four of the members of our Board attended the 2014 Annual Meeting.

Each of the Board committees operates pursuant to a charter. Copies of the charters can be viewed on our website at www.idealpower.com Investors/Corporate Governance/Governance Documents.

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Audit Committee

The Board has determined that Mark L. Baum, the Chairman of our Audit Committee, and David B. Eisenhaure, a member of the Audit Committee, each qualifies as an audit committee financial expert as defined in the rules of the Securities and Exchange Commission. The role of the Audit Committee is to:

oversee management's preparation of our financial statements and management's conduct of the accounting and financial reporting processes;
oversee management's maintenance of internal controls and procedures for financial reporting;
oversee our compliance with applicable legal and regulatory requirements, including without limitation, those requirements relating to financial controls and reporting;
oversee the independent auditor's qualifications and independence;
oversee the performance of the independent auditors, including the annual independent audit of our financial statements;
prepare the report required by the rules of the Securities and Exchange Commission to be included in our proxy statement; and
discharge such duties and responsibilities as may be required of the Committee by the provisions of applicable law, rule or regulation.

Compensation Committee

The role of the Compensation Committee is to:

develop and recommend to the Board the annual compensation (base salary, bonus, stock options and other benefits) for our Chief Executive Officer;
review, approve and recommend to the Board the annual compensation (base salary, bonus and other benefits) for all of our executives and for members of the Board;
review, approve and, when appropriate, recommend to the Board for approval, incentive compensation plans and equity-based plans and to administer such plans;
review, approve and, when appropriate, recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the Chief Executive Officer and other executive officers;
review our incentive compensation arrangements to determine whether they encourage excessive risk-taking; and
develop and recommend to the Board for approval a Chief Executive Officer succession plan.

Nominating and Corporate Governance Committee

The role of the Nominating and Corporate Governance Committee is to:

evaluate from time to time the appropriate size (number of members) of the Board and recommend any increase or decrease;
determine the desired skills and attributes of members of the Board, taking into account the needs of the business and listing standards;
establish criteria for prospective members, conduct candidate searches, interview prospective candidates, and oversee programs to introduce the candidate to us, our management, and operations;
review planning for succession to the position of Chairman of the Board and Chief Executive Officer and other senior management positions;
annually recommend to the Board persons to be nominated for election as directors;
recommend to the Board the members of all standing Committees;

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adopt or develop for Board consideration corporate governance principles and policies;
review stockholder nominations for candidacy to the Board, if any, and any stockholder proposals affecting corporate governance, and make recommendations to the Board accordingly; and
periodically review and report to the Board on the effectiveness of corporate governance procedures and the Board as a governing body, including conducting an annual self-assessment of the Board and its standing committees.

Policy with Regard to Stockholder Proposals and Director Recommendations

Our Nominating and Corporate Governance Commit