

AVALON HOLDINGS CORP  
Form DEF 14A  
March 15, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

(Amendment No. )

Filed by the Registrant

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 167;240.14a-12

**AVALON HOLDINGS CORPORATION**

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(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)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(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):

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(1) Amount Previously Paid:

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(3) Filing Party:

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**AVALON HOLDINGS  
CORPORATION**

**Notice of Annual Meeting**

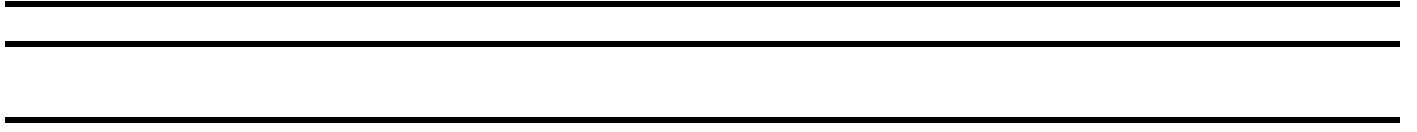
**of Shareholders**

**April 25, 2019**

**and**

**Proxy Statement**

**Avalon Holdings Corporation • One American Way • Warren, Ohio 44484-5555**



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 25, 2019**

To the Shareholders of Avalon Holdings Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Avalon Holdings Corporation will be held at The Avalon Inn, located at 9519 East Market Street, Warren, Ohio, on Thursday, April 25, 2019 at 10:00 A.M., local time, for the following purposes:

1. To elect five Directors, two of whom will be Class A Directors elected by the holders of Class A Common Stock, and three of whom will be Class B Directors elected by the holders of Class B Common Stock, such Directors to hold office until the next Annual Meeting of Shareholders and until their successors are elected and qualified;
2. To conduct an advisory vote on executive compensation;
3. To conduct an advisory vote on the frequency of future advisory votes on executive compensation;
4. To approve the Avalon Holdings Corporation 2019 Long-Term Incentive Plan; and
5. To transact such other business as may properly come before the meeting and any adjournment thereof;

all in accordance with the accompanying Proxy Statement.

The Board of Directors has fixed the close of business on Friday, March 1, 2019, as the record date for the determination of the shareholders entitled to notice of and to vote at such meeting or any adjournment thereof. Only those shareholders of record at the close of business on such date will be entitled to vote at the meeting or any adjournment thereof.

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Your prompt action in voting your proxy will be greatly appreciated. Whether or not you plan to attend the annual meeting, we urge you to cast your vote. You can vote via the internet, by telephone or by returning the proxy card. If you are voting by returning the proxy card, an envelope is provided for your use which requires no postage if mailed in the United States. If you have more than one shareholder account, you are receiving a proxy for each account. Please vote all proxies you receive.

Additionally, the Notice of Meeting, Proxy Statement and our Annual Report to Shareholders for the fiscal year ended December 31, 2018 are available on the internet at <http://www.proxyvote.com>.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Bryan P. Saksa

Bryan P. Saksa

*Secretary*

Warren, Ohio

March 15, 2019

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## **PROXY STATEMENT**

### **ANNUAL MEETING OF SHAREHOLDERS**

**April 25, 2019**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Avalon Holdings Corporation (the “Company”) of proxies in the form enclosed herewith to be voted at the Annual Meeting of Shareholders to be held at The Avalon Inn, located at 9519 East Market Street, Warren, Ohio, on Thursday, April 25, 2019, at 10:00 A.M., local time, and at any adjournment thereof (the “Annual Meeting”), for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. This Proxy Statement is being sent to each holder of the issued and outstanding shares of Class A Common Stock, \$.01 par value, (“Class A Common Stock”) and Class B Common Stock, \$.01 par value, (“Class B Common Stock,” and together with the Class A Common Stock, the “Common Stock”) of the Company entitled to vote at the meeting in order to furnish information relating to the business to be transacted at the meeting. The Company’s Annual Report to Shareholders for the fiscal year ended December 31, 2018, including financial statements, is being mailed to shareholders, together with this Proxy Statement and the accompanying form of proxy, beginning on or about March 18, 2019. Additionally, the Notice of Meeting, Proxy Statement and our Annual Report to Shareholders for the fiscal year ended December 31, 2018 are available on the internet at <http://www.proxyvote.com>.

Any shareholder giving a proxy will have the right to revoke it at any time prior to the voting thereof by giving written notice to the Secretary of the Company, by voting in person at the Annual Meeting, or by execution of a subsequent proxy provided that such action is taken in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken. Shares of Common Stock represented by the proxies in the form enclosed, properly executed, will be voted in the manner designated, or if no applicable instructions are indicated, in favor of the Directors named therein and in favor of the Board recommendations. The persons named in the enclosed form of proxy are authorized to vote, in their discretion, upon such other business as may properly come before the meeting and any adjournment thereof. Only those shares represented at the Annual Meeting in person or by proxy shall be counted for purposes of determining the number of votes required for any proposals upon which shareholders of the Company shall be called upon to vote. If shareholders do not give their brokers instructions as to how to vote shares held in street name, the brokers have discretionary authority to vote those shares on “routine” matters, but not on “non-routine” proposals, such as the election of directors, the advisory votes regarding executive compensation and the long-term incentive plan. As a result, if you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is sometimes called a “broker non-vote.” Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers will be counted as present for the purposes of determining whether there is a quorum at the annual meeting, but will not be counted or deemed to be present in person or by proxy for the purposes of determining whether our shareholders have approved that matter. Abstentions and “broker non-votes” shall not be counted as votes for or against



any matter upon which shareholders of the Company shall be called upon to vote. The Articles of Incorporation of the Company do not permit cumulative voting in the election of Directors.

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Board of Directors has fixed the close of business on March 1, 2019, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. Only shareholders of record at the close of business on that date will be entitled to vote at the meeting or any adjournment thereof. At the Annual Meeting, the holders of Class A Common Stock will be entitled, as a class, to elect two Directors (“Class A Directors”) and the holders of Class B Common Stock will be entitled, as a class, to elect three Directors (“Class B Directors,” and together with the Class A Directors, the “Directors”).

Except for the election of Directors and as otherwise required by the provisions of the Company’s Articles of Incorporation or by law, holders of the Class A Common Stock and Class B Common Stock will vote or consent as a single class on all matters with each share of Class A Common Stock having one vote per share and each share of Class B Common Stock having ten votes per share. In the event that the outstanding shares of Class B Common Stock constitute less than 50% of the total voting power of the issued and outstanding shares of Class A Common Stock and Class B Common Stock, the holders of the Class A Common Stock (one vote per share) and Class B Common Stock (ten votes per share) will vote as a single class for the election of Directors. At the close of business on March 1, 2019, the Company had 3,263,647 shares of Class A Common Stock outstanding entitling the holders thereof to 3,263,647 votes in the aggregate and 611,784 shares of Class B Common Stock outstanding entitling the holders thereof to 6,117,840 votes in the aggregate.

Each share of Class B Common Stock is convertible at any time, at the option of the shareholder, into one share of Class A Common Stock. Shares of Class B Common Stock are also automatically converted into shares of Class A Common Stock on the transfer of such shares to any person other than the Company, another holder of Class B Common Stock or a “Permitted Transferee” as defined in the Company’s Articles of Incorporation. The Class A Common Stock is not convertible.

The following table sets forth information with respect to beneficial ownership of the Class A Common Stock and Class B Common Stock by each person known to the Company to be the beneficial owner of more than five percent of either class of Common Stock. This information is as of December 31, 2018, unless noted that it is based upon Schedules 13-D or 13-G filed with the Securities and Exchange Commission (the “Commission”).

Name	Class A Common Stock		Class B Common Stock		Percent of all Common Stock	Percent of Total Voting Power
	Number of Shares	Percent of Class	Number of Shares	Percent of Class		

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Ronald E. Klingle (1)(2)	170,417	5.2	%	611,133	99.9	%	20.2	%	67.0	%
Anil C. Nalluri, M.D., Inc. Profit Sharing Plan and Trust (3) c/o Anil C. Nalluri, M.D., Inc. 5500 Market Street, Suite 128 Youngstown, OH 44512	745,934	22.9	%	-	-		19.2	%	8.0	%
Dimensional Fund Advisors LP (4) Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	165,986	5.1	%	-	-		4.3	%	1.8	%

Includes 14,296 shares of Class B Common Stock and 397 shares of Class A Common Stock owned by Mr. (1)Klingle's spouse, the beneficial ownership of which is disclaimed. Mr. Klingle has sole voting power and sole investment power over 170,020 shares of Class A Common Stock and 596,837 shares of Class B Common Stock.

- (2) Ronald E. Klinge is an employee, executive officer and director of the Company. The address for Mr. Klinge is c/o Avalon Holdings Corporation, One American Way, Warren, Ohio 44484-5555.
- (3) Based upon the latest available information contained in Schedule 13D/A filed with the Commission on August 28, 2018. Mr. Nalluri has sole voting power and sole dispositive power over all of the shares listed.

Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the "Funds"). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") may possess voting and/or investment power over the securities of the Issuer that are (4) owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, all securities reported in Dimensional's Scheduled 13G/A schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities. In addition, the filing of Dimensional's Schedule 13G/A shall not be construed as an admission that the reporting person or any of its affiliates is the beneficial owner of any securities covered by Dimensional's Schedule 13G/A for any other purposes than Section 13(d) of the Securities Exchange Act of 1934. Per the Schedule 13G/A filed with the Commission, Dimensional has sole voting power and sole dispositive power over 165,986 shares. This information is as of December 31, 2018 and based upon information contained in Schedule 13G/A filed with the Commission on February 8, 2019.

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

It is intended that the proxies will be voted for the election of the five nominees named below to hold office as Directors until the next succeeding annual shareholders' meeting and until their respective successors are duly elected and qualified. Specifically, the holders of Class A Common Stock are entitled, as a class, to elect two Class A Directors and the holders of Class B Common Stock are entitled, as a class, to elect three Class B Directors. It is the intention of the persons named in the enclosed forms of proxy to vote such proxies as specified and if no specification is made, to vote such proxies for the election as Directors of the nominees for Class A Directors and Class B Directors listed below. All such nominees have consented to serve if elected. While management has no reason to believe that any of the nominees will not be available to serve as a Director, if for any reason any of them should become unavailable, the proxies will be voted for such substitute nominees as may be designated by the Board of Directors. The two nominees for Class A Directors receiving the greatest number of votes from the holders of shares of Class A Common Stock eligible to be cast at the meeting will be elected Class A Directors; and, the three nominees for Class B Directors receiving the greatest number of votes from the holders of shares of Class B Common Stock eligible to be cast at the meeting will be elected Class B Directors. Set forth below is certain information about the nominees for Class A Directors and Class B Directors:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Title</b>	<b>Term</b>
<b>Nominees for Class A Directors:</b>				
Kurtis D. Gramley	56	2007	Director	1 year
Stephen L. Gordon	77	1998	Director	1 year
<b>Nominees for Class B Directors:</b>				
Ronald E. Klinge	71	1998	Chairman of the Board, Chief Executive Officer and Director	1 year
Bryan P. Saks	42	2015	Chief Financial Officer, Treasurer and Secretary	1 year
David G. Bozanich	61	2007	Director	1 year

Set forth below is information concerning each nominee for election as a director, including such nominee's principal occupation.

**Kurtis D. Gramley** has been a director of the Company since April 2007. He has been Chairman of the Board of Directors and Chief Executive Officer of Edgewood Surgical Hospital located in Transfer, Pennsylvania since 2004.

From 2002 to present, Mr. Gramley has served as President and Chief Executive Officer of Kapital Development, LLC which is the founding entity of Edgewood Surgical Hospital. Mr. Gramley has been involved in the development and management of healthcare related facilities and the medical profession since 1992. He was President of Shenango Inn Enterprises, Inc. and David Mead Inn Enterprises, Inc. from 1992 to 2000. Mr. Gramley received his Bachelor of Science degree in Accounting and Finance from the University of Virginia in 1985 and has been a Certified Public Accountant since 1986 and previously worked for PriceWaterhouseCoopers, a national public accounting firm. Mr. Gramley will serve as the financial expert on the audit committee.

*Director Qualifications:*

Leadership and financial experience – Mr. Gramley is Chairman of the Board of Directors and Chief Executive Officer of Edgewood Surgical Hospital and a Certified Public Accountant. The Board benefits from Mr. Gramley’s executive leadership and management experience as a CEO. The Board also benefits from his work experience and education in accounting, finance and auditing.

**Stephen L. Gordon** has been a director of the Company since June 1998. He was a Deputy Attorney General for the State of New Jersey and subsequently held a number of positions in the New York State Department of Environmental Conservation. He has been a partner in the law firm of Beveridge & Diamond, P.C. since 1982. Mr. Gordon received his Bachelor of Arts degree from Rutgers University and his Doctor of Jurisprudence degree from the University of Pennsylvania.

*Director Qualifications:*

Leadership and industry experience – Mr. Gordon has practiced Environmental Law since 1970. He advises clients on energy and land use law, hazardous and non-hazardous waste issues, water and groundwater issues, air emissions issues, as well as, issues dealing with the construction and operation of electric generation and electric transmission facilities. Mr. Gordon brings to the Board extensive experience in the waste industry which helps provide our Company with sales and marketing strategy, identifying opportunities in the waste business and risk management.

**Ronald E. Klinge** has been a director and Chairman of the Board of the Company since June 1998. He was Chief Executive Officer from June 1998 until December 2002. He reassumed and held the position of Chief Executive Officer from March 15, 2004 until February 28, 2010 and reassumed the position again on February 16, 2011. Mr. Klinge has over 40 years of environmental experience and received his Bachelor of Engineering degree in Chemical Engineering from Youngstown State University. Mr. Klinge is the spouse of Frances R. Klinge who is the Chief Administrative Officer of the Company.

*Director Qualifications:*

Leadership and industry experience – Mr. Klinge is the Chairman and Chief Executive Officer of the Company. He holds over 50% of the voting power of the Company, directly aligning his interests with those of our shareholders. He was co-founder of American Waste Services, Inc., the Company's predecessor, which was involved in owning and operating landfills, waste transportation and environmental consulting and engineering. He has extensive executive leadership and management experience and continues to lead the development and execution of our businesses.

**Bryan P. Saksa** was appointed Chief Financial Officer and Treasurer of the Company in December 2014. He has been a director of the Company since April 2015 and was appointed Secretary in November 2015. Mr. Saksa previously held financial accounting and reporting positions at Myers Industries, Inc. and TransDigm Group, Inc. Mr. Saksa received his Bachelor of Business Administration degree in Accounting from Cleveland State University and has been a Certified Public Accountant since 2001 and previously worked for Grant Thornton LLP, a national accounting firm.

*Director Qualifications:*

Leadership and financial experience – Mr. Saksa, the Company’s Chief Financial Officer, has expertise in corporate finance, financial reporting and accounting, having served in various roles for over 17 years and has extensive management experience. He is a Certified Public Accountant and has held various positions in accounting and finance throughout his career.

**David A. Bozanich** has been a director of the Company since April 2007. Mr. Bozanich is a Financial Consultant. He was Director of Finance for the City of Youngstown from 2002 to 2017. Prior to the position of Director of Finance, he was Deputy Director of Finance for the City of Youngstown overseeing economic development. Mr. Bozanich has extensive experience in economic development and governmental procurement. He directly participated in structuring over 125 public/private projects totaling in excess of \$2 billion. Mr. Bozanich received his Bachelor of Science degree in Business from the Youngstown State University.

*Director Qualifications:*

Government and financial experience - Mr. Bozanich, as former Director of Finance for the City of Youngstown, Ohio, has extensive experience in dealing with local, state and federal government agencies. The Board benefits from his knowledge and experience of dealing with those governmental agencies when considering bidding on government projects. The Board also benefits from his finance experience.



### **Board Leadership Structure**

The Company does not have a policy on whether the roles of Chairman of the Board and Chief Executive Officer should be separate. The Board believes that it should be free to make a choice from time to time in any manner that is in the best interests of the Company and its shareholders.

### **Director Independence**

Avalon Holdings Corporation is a controlled company because over 50% of the voting power of the Company is held by Mr. Klinge. As such, the Company does not require the majority of its directors to be independent. The Board of Directors has determined that the three members of the Audit Committee, Mr. Gramley, Mr. Gordon and Mr. Bozanich, are independent as defined by the Securities and Exchange Commission and NYSE Amex.

**STOCK OWNERSHIP OF MANAGEMENT**

The following table sets forth information as of December 31, 2018, with respect to beneficial ownership of the Class A Common Stock and Class B Common Stock by: (i) the Company’s directors, including nominees, and certain named officers of the Company, and (ii) all executive officers and directors, including nominees, as a group. See “Voting Securities and Principal Holders Thereof.”

Name of Shares	Class A Common Stock Number	Class B Common Stock	Percent	Percent
			of all	of Total