

FIRST INTERSTATE BANCSYSTEM INC
Form DEF 14A
March 16, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION
(Rule 14a-101)

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 §240.14a-12

FIRST INTERSTATE BANCSYSTEM, 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):

- 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:
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 - 4) Proposed maximum aggregate value of transaction:
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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.
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 - 3) Filing Party:
 - 4) Date Filed:
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FIRST INTERSTATE BANCSYSTEM, INC.

401 North 31st Street

P.O. Box 30918

Billings, Montana 59116-0918

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
OF FIRST INTERSTATE BANCSYSTEM, INC.

To Be Held on Wednesday, May 2, 2018

at 4:00 p.m., Mountain Daylight Time

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Shareholders of First Interstate BancSystem, Inc. will be held at First Interstate Bank, Operations Center, 1800 Sixth Avenue North, Billings, Montana, on Wednesday, May 2, 2018, at 4:00 p.m., Mountain Daylight Time, for the following purposes:

1. To elect six directors to serve three-year terms, or until their respective successors have been elected and appointed;
2. To ratify the appointment by the Board of Directors of two former Cascade Bancorp directors;
3. To ratify the appointment of RSM US LLP as our independent registered public accounting firm for the year ending December 31, 2018; and
4. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only shareholders of record as of the close of business on March 8, 2018 are entitled to notice of and to vote at the annual meeting and any adjournments or postponements thereof.

YOUR VOTE IS IMPORTANT TO US. Whether or not you plan to attend the annual meeting, we urge you to vote. Registered holders may vote:

By Internet - access <http://www.voteproxy.com> and follow the on-screen instructions;

By telephone - call 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 in foreign countries from any touch-tone telephone and follow the instructions;

By mail - sign, date and mail your proxy card in the envelope provided as soon as possible; or,

In person - vote your shares in person by attending the annual meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Kirk D. Jensen
Corporate Secretary

Billings, Montana
March 16, 2018

2017 EXECUTIVE SUMMARY

The following is a summary of certain key disclosures in our proxy statement. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review the proxy statement in its entirety.

When we refer to the “Company,” “we,” “our,” and “us” in this proxy statement, we mean First Interstate BancSystem, Inc. and our consolidated subsidiaries, unless the context indicates that we refer only to the parent company, First Interstate BancSystem, Inc. When we refer to the “Bank” in this proxy statement, we mean First Interstate Bank, our bank subsidiary.

Annual Meeting

Time and Date: 4:00 p.m. Mountain Daylight Time, Wednesday, May 2, 2018

Place: First Interstate Bank Operations Center
1800 Sixth Avenue North
Billings, Montana 59101

Record Date: Close of business on March 8, 2018

Shareholders of record as of the record date are entitled to vote. Each share of Class A common stock is entitled to one vote and each share of Class B common stock is entitled to five votes on all matters submitted to a vote of shareholders.

Attendance: If you plan to attend the Annual Meeting in person, you must bring the Notice of Internet Availability of Proxy Materials. If your shares are not registered in your name, you will need a legal proxy, account statement, or other documentation confirming your First Interstate BancSystem, Inc. holdings from the broker, bank, or other institution that holds your shares. You will also need a valid, government-issued picture identification that matches your Notice of Internet Availability of Proxy Materials, legal proxy or other confirming documentation.

Agenda and Voting Recommendations

Proposal	Description	Board Recommendation
1	Election of Six Directors	"FOR" each nominee
2	Ratification of Appointed Directors	"FOR"
3	Ratification of Appointment of Independent Registered Public Accounting Firm	"FOR"

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Visit the website listed on your proxy card

* BY MAIL

Sign, date and return your proxy card in the enclosed envelope

BY TELEPHONE

Call the telephone number on your proxy card

J IN PERSON

Attend the Annual Meeting in Billings

Commitment to Good Corporate Governance

We have structured our corporate governance program to promote the long-term interests of shareholders, strengthen the accountability of our Board of Directors ("Board") and management, and help build public trust in the Company.

Highlights include:

- Separation of the chair of the Board and chief executive officer roles;
- Appointment of a lead independent director;
 - Independent directors serve as chairs of our Audit, Governance & Nominating, Risk, and Compensation Committees;
- Regular executive sessions of independent directors;
- Annual Board and committee self-evaluations;
- Stock ownership guidelines for directors and executive officers; and
- Cash and equity awards with clawback provisions.

2017 Performance

2017 was a transformational year for First Interstate BancSystem, Inc. In January, we acquired the sole use of the First Interstate name and brand from Wells Fargo & Company. This was a noteworthy accomplishment as we prepared to acquire Cascade Bancorp ("CACB"), a bank holding company that wholly-owned Bank of the Cascades, a \$3.1 billion Oregon-based community bank with 46 banking offices across Idaho, Oregon, and Washington. The acquisition closed in May and we successfully completed the conversion in August. Our expansion into these dynamic markets in the northwest added diversity to our loan portfolio and enhanced growth opportunities for our franchise.

As we progressed through 2017, we delivered to each of our stakeholders in meaningful and compelling ways ...

• For our employees ... We believe our employees are our most valuable asset, and we provide them with a compelling work environment and benefits to support their financial and personal wellness.

• For our clients ... We continue to invest in systems and strengthen our business processes in order to operate more efficiently and effectively, resulting in an improved operating efficiency ratio and higher customer satisfaction ratings.

• For our communities ... We remain committed to our communities, including giving back 2% of our pre-tax earnings and encouraging employee volunteerism.

For our shareholders ... We have consistently reported net income to shareholders for the last 30 years, and have paid over 23 years of consecutive quarterly dividends. We reported earnings of \$106.5 million, or \$2.05 per diluted share. During 2017, we increased quarterly dividends by 9.1% to \$0.24 per common share.

Executive Compensation Highlights

Our executive compensation program is aligned with our business strategy and is designed to maximize long-term shareholder value.

What We Pay and Why: Goals and Elements of Compensation:

- Emphasis on pay for performance;
- Attract, retain, and motivate talented and experienced executives within the banking industry;
- Recognize and reward executives whose skill and performance are critical to our success;
- Align interests of our executives with our shareholders; and
- Discourage inappropriate risk taking.

Key Features of our Executive Compensation Program:

What we do ...

- Emphasize pay for performance
- Use multiple performance measures and caps on potential incentive payments
- Use independent compensation consultant
- Require minimum stock ownership for Directors and Executive Officers (EOs)
- Maintain a clawback policy to recapture incentive payments
- Discourage risk taking by reserving the right to use discretion in the payout of all incentives

What we don't do ...

- No short-selling or hedging of Company securities
- No single-trigger vesting of equity awards upon change in control
- No excessive perquisites
- No excise tax gross-ups
- No repricing or recycling of shares
- No trading in Company securities during designated black-out periods, except under valid trading plans

Elements of Total Compensation

Using a consistent and calibrated pay for performance approach across the Company, we reward results, discourage undue risk taking, and drive long-term shareholder value. To promote a culture that aligns the interests of management with those of our shareholders, our executive compensation program focuses on an appropriate mix of fixed and variable compensation.

We have three primary elements of compensation:

1. Base salary: Competitive fixed base cash compensation determined by individual factors, such as scope of responsibility, experience, and strategic impact
2. Annual short-term cash incentive: Performance-based awards aligned with the achievement of individual and Company financial and strategic growth objectives and determined by established thresholds.
3. Long-term equity award incentive: Incentives to engage and retain executive officers, with an emphasis on long-term Company performance compared to peers.

PROPOSAL ONE - ELECTION OF DIRECTORS

A total of six directors will be elected at the annual meeting to serve three-year terms, or until their respective successors have been elected and appointed. The Board has nominated for election as directors:

- David L. Jahnke
- James R. Scott
- Kevin P. Riley
- John M. Heyneman, Jr.
- Ross E. Leckie
- Teresa A. Taylor

All of the director nominees are current members of the Board, with the exception of John M. Heyneman, Jr.

Unless authority to vote is withheld, the persons named in the enclosed proxy will vote the shares represented by such proxy for the election of the nominees named above. If, at the time of the annual meeting, any nominee becomes unavailable for any reason for election as a director, the persons entitled to vote the proxy will vote for the election of such substitute(s) as the Board may recommend. At this time, the Board knows of no reason why any nominee might be unavailable to serve.

Nominees

The following tables set forth certain information regarding the nominees for election at the annual meeting and the directors continuing in office after the annual meeting.

Name and Age	Director Since	Principal Occupation
James R. Scott, 68	1971	Chair of the Board, First Interstate BancSystem, Inc.
Kevin P. Riley, 58	2015	President and Chief Executive Officer, First Interstate BancSystem, Inc.
David L. Jahnke, 64	2011	Retired Partner, KPMG
John M. Heyneman, Jr, 51	N/A ⁽¹⁾	Executive Director, Plank Stewardship Initiative
Ross E. Leckie, 60	2009	Retired Executive Vice President, Allianz SE
Teresa A. Taylor, 54	2012	Owner and Chief Executive Officer, Blue Valley Advisors, LLC

A majority of votes are needed to elect a director. This means that the six nominees for director must each respectively receive affirmative votes of 50% or more of the votes cast to be elected.

⁽¹⁾ Due to term limits that require certain Scott family members to have a break in service after serving two consecutive three-year terms, John M. Heyneman, Jr.'s most recent term ended in May of 2016. Mr. Heyneman first became a director of the Company in 1998.

The Board recommends a vote “FOR” each of the nominees named above.

Directors Continuing in Office After Annual Meeting

Name and Age	Director Since	Term Expires	Principal Occupation
James R. Scott, Jr., 40	2015	2019	Commercial Loan Manager, First Interstate Bank, Medford
Jonathan R. Scott, 43	2013	2019	President, First Interstate Bank, Jackson
William B. Ebzery, 68	2001	2019	Owner, Cypress Capital Management, LLC, and Certified Public Accountant-retired
Charles E. Hart, M.D., 68	2008	2020	Retired President and Chief Executive Officer, Regional Health, Inc.
Dana L. Crandall, 53	2014	2020	Vice President-Service Delivery, Comcast
Dennis L. Johnson, 63	2017	2020	President and Chief Executive Officer, United Heritage Financial Group
Patricia L. Moss, 64	2017	2020	Retired President and Chief Executive Officer, Cascade Bancorp
Peter I. Wold, 70			