

SMITH MIDLAND CORP
Form DEF 14A
August 01, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
Information Required In Proxy Statement
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant x
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Check the appropriate box:

.. Preliminary Proxy Statement
 .. Confidential, For Use of the Commission Only (As Permitted by Rule
14a-6(e)(2))
 x Definitive Proxy Statement
 .. Definitive Additional Materials
 .. Soliciting Material Pursuant to Section 240.14a-12

SMITH-MIDLAND 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):

x No fee required
 .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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(3) Filing Party:

(4) Date Filed:

SMITH-MIDLAND CORPORATION
5119 Catlett Road
Midland, Virginia 22728

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held on Wednesday, September 17, 2008

TO THE STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of SMITH-MIDLAND CORPORATION (the "Company"), a Delaware corporation, will be held on Wednesday, September 17, 2008 at 5:00 pm at the Company's Corporate Headquarters, located at 5119 Catlett Road, Midland, Virginia 22728 for the following purposes:

1. To elect four (4) members to the Board of Directors;
2. To adopt the Smith-Midland Corporation 2008 Stock Option Plan; and
3. To consider and act upon any matters incidental to the foregoing and any other matters that may properly come before the meeting or any and all adjournments thereof.

The Board of Directors has fixed the close of business on July 21, 2008 as the record date for the determination of Stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment or adjournments thereof.

We hope that all stockholders will be able to attend the Annual Meeting in person. In order to assure that a quorum is present at the Annual Meeting, please date, sign and promptly return the enclosed proxy whether or not you expect to attend the Annual Meeting. A postage-prepaid envelope has been enclosed for your convenience. If you attend the Annual Meeting, your proxy will, at your request, be returned to you and you may vote your shares in person.

By Order of the Board of
Directors

Rodney I. Smith
President

Midland, Virginia
July 31, 2008

SMITH-MIDLAND CORPORATION
5119 Catlett Road
Midland, Virginia 22728

PROXY STATEMENT
For the Annual Meeting of Stockholders
To be held on Wednesday, September 17, 2008

The enclosed proxy is solicited by the Board of Directors of SMITH-MIDLAND CORPORATION (the "Company") for use at the Annual Meeting of Stockholders to be held on Wednesday, September 17, 2008 at 5:00 PM at the Company's Corporate Headquarters, located at 5119 Catlett Road, Midland, Virginia 22728 and at any adjournment or adjournments thereof.

Stockholders of record at the close of business on July 21, 2008 will be entitled to vote at the Annual Meeting or any adjournment thereof. On or about that date, 4,629,962 shares of the Company's Common Stock, \$.01 par value per share ("Common Stock"), were issued and outstanding. The Company has no other outstanding voting securities.

Each share of Common Stock entitles the holder to one vote with respect to all matters submitted to Stockholders at the Annual Meeting. A quorum for the Annual Meeting is a majority of the shares outstanding. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting for the purpose of determining whether a quorum is present. Broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker does not receive voting instructions from the beneficial owner and (2) the broker lacks discretionary authority to vote the shares. Directors will be elected by plurality vote. The proposal with respect to the adoption of the Smith-Midland Corporation 2008 Stock Option Plan requires the affirmative vote of the majority of the shares present in person or by proxy at the Annual Meeting. An abstention will be counted as a vote against this proposal and broker non-votes will have no effect on the vote.

Abstentions or broker non-votes or failures to vote will have no effect in the election of directors, who will be elected by a plurality of the affirmative votes cast.

An Annual Report, containing the Company's audited financial statements for the years ended December 31, 2007 and December 31, 2006, is being mailed to all stockholders entitled to vote. This Proxy Statement and the accompanying proxy were first mailed to Stockholders on or about July 31, 2008.

Execution of a proxy will not in any way affect a Stockholder's right to attend the Annual Meeting and vote in person. The proxy may be revoked at any time before it is exercised by written notice to the Secretary prior to the Annual Meeting, or by giving to the Secretary a duly executed proxy bearing a later date than the proxy being revoked at any time before such proxy is voted, or by appearing at the Annual Meeting and voting in person. The shares represented by all properly executed proxies received in time for the Annual Meeting will be voted as specified therein. In the absence of a special choice, shares will be voted in favor of the election of Directors of those persons named in this Proxy Statement and in favor of the adoption of the 2008 Stock Option Plan.

The Board of Directors knows of no other matter to be presented at the Annual Meeting. If any other matter should be presented at the Annual Meeting upon which a vote may be taken, such shares represented by all proxies received by the Board of Directors will be voted with respect thereto in accordance with the judgment of the persons named as attorneys in the proxies. The Board of Directors knows of no matter to be acted upon at the Annual Meeting that would give rise to appraisal rights for dissenting stockholders.

Proposal #1**ELECTION OF DIRECTORS**

Four Directors, constituting the entire Board of Directors, are to be elected at the Annual Meeting. Each Director of the Company is elected at the Company's Annual Meeting of Stockholders and serves until his successor is elected and qualified. Vacancies and newly created directorships resulting from any increase in the number of authorized Directors may be filled by a majority vote of Directors then remaining in office. Officers are elected by and serve at the discretion of the Board of Directors.

Shares represented by all proxies received by the Board of Directors and not so marked as to withhold authority to vote for an individual Director, or for all Directors, will be voted (unless one or more nominees are unable or unwilling to serve) for the election of the nominees named below. The Board of Directors knows of no reason why any such nominee should be unwilling to serve, but if such should be the case, proxies will be voted for the election of some other person or for fixing the number of Directors at a lesser number.

The Board unanimously recommends that Stockholders vote FOR election of the four nominees for Director.

The following table sets forth certain information concerning each nominee for election as a Director of the Company:

Name	Age	Director Since	Position
Rodney I. Smith	69	1970	Chief Executive Officer, President and Chairman of the Board of Directors
Ashley B. Smith	46	1994	Vice President of Sales and Marketing and Director
Wesley A. Taylor	60	1994	Vice President of Administration and Director
Andrew G. Kavounis	83	1995	Director

Background

The following is a brief summary of the background of each nominee for Director of the Company:

Rodney I. Smith. *Chairman of the Board of Directors, Chief Executive Officer and President.* Rodney I. Smith co-founded the Company in 1960 and became its President and Chief Executive Officer in 1965. He has served on the Board of Directors and has been its Chairman since 1970. Mr. Smith is the principal developer and inventor of the Company's proprietary and patented products. Mr. Smith is the past President of the National Precast Concrete Association. Mr. Smith has served on the Board of Trustees of Bridgewater College in Bridgewater, Virginia since 1986.

Ashley B. Smith. *Vice President of Sales and Marketing and Director.* Ashley B. Smith has served as Vice President of Sales and Marketing of the Company since 1990 and as a Director since December 1994. Mr. Smith holds a Bachelor of Science degree in Business Administration from Bridgewater College. Mr. Ashley B. Smith is the son of Mr. Rodney I. Smith.

Wesley A. Taylor. *Vice President of Administration and Director.* Wesley A. Taylor has served as Vice President of Administration of the Company since 1989 and as a Director since December 1994, and previously held positions as Controller and Director of Personnel and Administration. Mr. Taylor holds a Bachelor of Arts degree from Northwestern State University.

Andrew G. Kavounis. *Director.* Andrew Kavounis has served as a Director of the Company since December 1995. Mr. Kavounis was President of Core Development Co., Inc., a privately held construction and development concern, from 1991 until he retired in 1995. From 1989 to 1991, Mr. Kavounis was the Executive Vice President of the Leadership Group, a Maryland based builder and developer. Prior to that time, Mr. Kavounis spent 37 years as an executive at assorted construction and development companies, which included a position as the National Vice President of Ryland Homes, a privately held company, in which capacity he was directly responsible for the construction of 17,000 homes annually, nationwide. Mr. Kavounis received a Bachelor of Science degree in Chemical Engineering from Presbyterian College, a Bachelor of Science degree in Civil and Mechanical Engineering from Wofford College, and a Master's degree in Business Administration from the University of South Carolina.

GENERAL INFORMATION RELATING TO THE BOARD OF DIRECTORS AND OFFICERS

Director Independence

Andrew G. Kavounis is the only independent director of the Company as determined under the NASDAQ Marketplace Rules. The other Directors are not considered independent in view of their positions as executive officers of the Company.

Meetings and Committees of the Board of Directors

The Board of Directors has a Compensation Committee. The Compensation Committee consists of Andrew Kavounis and Wesley A. Taylor. The Compensation Committee was established to set and administer the policies that govern annual compensation for the Company's executives. Following review and approval by the Compensation Committee of the compensation policies, all issues pertaining to executive compensation are submitted to the Board of Directors for approval. The Compensation Committee negotiates and approves compensation arrangements for officers, employees, consultants and directors of the Company, including, but not limited to, the grant of options to purchase the Common Stock pursuant to the Company's 2004 Stock Option Plan or other plans which may be established. The Compensation Committee did not meet during 2007. Instead, the Board of Directors as a whole addressed these matters. The Company also does not have a Compensation Committee charter.

The Company believes that a standing nominating committee is not necessary or cost efficient for a company its size. All directors participate in the consideration of director nominees, including Andrew Kavounis, who is the Company's independent director. The Company does not have a formal nominating committee charter. For at least the past five years, the Board of Directors has not received a recommendation from a stockholder as to a candidate for nomination to the Board of Directors and therefore has not previously formed a policy with respect to consideration of such a candidate. However, it is the Board's intent to consider any stockholder nominees that may be put forth in the future. The Board has not identified any specific minimum qualifications or skills that it believes must be met by a nominee for director. It is the intent of the Board to review from time to time the appropriate skills and characteristics of directors in the context of the current make-up of the Board and the requirements and needs of the Company at a given time. Given the current composition, stability and size of the Board of Directors of the Company, the fact that all director-nominees are standing for re-election and that the Board has received no nominee candidates from stockholders, the Board has not considered other candidates for election at the upcoming annual meeting of stockholders.

The Board of Directors met formally four times during 2007 and met informally on a number of occasions, voting on corporate actions, in some cases, by written consent. All of the Company's current directors attended all of the meetings of the Board of Directors either in person or by telephone.

With the exception of Rodney I. Smith and Ashley B. Smith, who are father and son, respectively, no Director or executive officer of the Company is related by blood, marriage, or adoption to any of the Company's other Directors or

executive officers.

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Audit Committee

The Company does not have an audit committee, or a committee performing functions similar to an audit committee. The entire Board of Directors acts as the audit committee. The Company also does not have an audit committee charter. The Board of Directors has determined that the Company does not have a person serving on its Board that qualifies as an "Audit Committee Financial Expert", as defined by Securities and Exchange Commission Rules.

The Board of Directors reviewed and discussed our audited financial statements as of and for the year ended December 31, 2007 with management.

The Board of Directors reviewed and discussed with representatives of BDO Seidman, LLP, our independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU §380), as amended. The Board of Directors has also received and reviewed the written disclosures and the letter from BDO Seidman, LLP required by Independence Standard No. 1, "Independence Discussions with Audit Committees," as amended by the Independence Standards Board, and has discussed with BDO Seidman, LLP their independence.

Communication Between Stockholders and the Board of Directors

Stockholders wishing to communicate with members of the Board of Directors should send a letter to the Secretary of the Company with instructions as to which director(s) is to receive the communication. The Secretary will forward the written communication to each member of the Board of Directors identified by the stockholder or, if no individual director is identified, to all members of the Board of Directors. The Company has not in the past required members of the Board of Directors to attend each annual meeting of the stockholders because the formal meetings have been attended by very few stockholders, and have generally been brief and procedural in nature. All of the Company's directors, however, attended the 2006 and 2007 annual meetings of stockholders. The Board will continue to monitor stockholder interest and attendance at future meetings and re-evaluate this policy as appropriate.

Compensation of Directors

All non-employee Directors receive \$1,000 per meeting attended as compensation for their services as Directors and are reimbursed for expenses incurred in connection with the performance of their duties. All employee Directors, except Rodney I Smith, receive \$250 per meeting attended as compensation for their services and are reimbursed for expenses incurred in connection with the performance of their duties. Rodney I. Smith receives no compensation as a Director, but is reimbursed for expenses incurred in connection with the performance of his duties as a Director. For the twelve months ended December 31, 2007, total payments made to all Directors were \$55,300.

Director Compensation Table for 2007

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Nonqualified			Total (\$)
				Non-Equity Incentive Plan Compensation	Deferred Compensation	All Other Compensation	
Rodney I. Smith (2)	—	—	29,000	—	—	—	29,000
Andrew G. Kavounis (3)	4,500	—	—	—	—	—	4,500
Ashley B. Smith (4)	750	—	10,150	—	—	—	10,900
Wesley A. Taylor (5)	750	—	10,150	—	—	—	10,900

(1) Also disclosed in the "Summary Compensation Table" below.

(2)

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240,000 options were outstanding as of December 31, 2007, of which 200,000 were exercisable as of December 31, 2007.

(3) 4,000 options were outstanding as of December 31, 2007, of which 3,000 were exercisable as of December 31, 2007.

(4) 65,800 options were outstanding as of December 31, 2007, of which 50,800 were exercisable as of December 31, 2007.

(5) 30,667 options were outstanding as of December 31, 2007, of which 15,667 were exercisable as of December 31, 2007.

EXECUTIVE OFFICERS

The executive officers and a key employee of the Company are:

Name	Age	Officer Since	Position
Rodney I. Smith	69	1970	Chief Executive Officer, President, and Chairman of the Board of Directors
Ashley B. Smith	46	1994	Vice President of Sales and Marketing
Wesley A. Taylor	60	1994	Vice President of Administration and Secretary
Steve Ott	42	2005	Vice President of Engineering Smith-Midland Corp. (Virginia Operations)

Steve Ott. *Vice President of Engineering, Smith Midland Corp.(Virginia).* Mr. Ott joined the Company in October 2005. Prior to joining the Company, Mr. Ott served as Engineering Manager for the Shockey Precast Group in Fredericksburg, Virginia from June 2001 to October 2005. Mr. Ott worked at Shockey Precast Group's Winchester plant from 1998 to 2001. From 1991 through 1997 Mr. Ott worked in Belgium for a consulting structural engineering firm and for a precast concrete manufacturer. From 1988 to 1991 Mr. Ott worked at Brandow and Johnston Structural Engineers in Los Angeles California. Mr. Ott holds a Bachelor of Science degree in Structural Engineering from the University of California at San Diego and a Masters of Business Administration from the University of Mary Washington.

For the biographies of Messrs. Rodney I. Smith, Ashley B. Smith, and Wesley A. Taylor, please see "Proposal 1—Election of Directors".

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth, as of June 30, 2008, certain information concerning ownership of the Company's Common Stock by (i) each person known b