

YORK WATER CO  
Form DEF 14A  
March 18, 2015  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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    
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

The York Water Company  
(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:

(5) Total fee paid:

Edgar Filing: YORK WATER CO - Form DEF 14A

Fee paid previously with preliminary materials.

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.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

---

THE YORK WATER COMPANY  
130 EAST MARKET STREET  
YORK, PENNSYLVANIA 17401  
March 23, 2015

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF THE YORK WATER COMPANY

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of The York Water Company will be held at The Strand-Capitol Performing Arts Center, 50 North George Street, York, Pennsylvania, on Monday, May 4, 2015, at 1:00 p.m. for the purpose of taking action upon the following proposals:

- (1) To elect four (4) Directors to three-year terms of office;
- (2) To ratify the appointment of Baker Tilly Virchow Krause, LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2015; and
- (3) To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on February 27, 2015, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting, and at any adjournment or adjournments thereof.

It is important that your shares be represented and voted at the Annual Meeting regardless of the size of your holdings. Whether or not you plan to attend the Annual Meeting, we encourage you to vote your shares in advance of the Annual Meeting by using one of the methods described below:

By mail – If you received a printed proxy card, mark, sign, date and mail the proxy card (see instructions on the Proxy Materials Notice on how to request a printed proxy card);

By phone – Call the toll-free telephone number listed on your Proxy Materials Notice or on your proxy card;

By Internet – Visit the website shown on your Proxy Materials Notice or on the proxy card to vote via the Internet; or

In Person – Shareholders of record may deliver their completed proxy card in person at the Annual Meeting of Shareholders or by completing a ballot available upon request at the meeting. Beneficial shareholders whose shares are held in the name of a bank, broker or other nominee must obtain a legal proxy from the holder of record (that is, your bank, broker or nominee) to be able to vote in person at the Annual Meeting.

If you plan on attending the meeting, a boxed lunch will be provided beginning at 12:00 p.m. Please RSVP to Bonnie at (717)718-2942 or e-mail [bonnier@yorkwater.com](mailto:bonnier@yorkwater.com) if you will be joining us for lunch.

Thank you for your continued interest and support of The York Water Company!

By order of the Board of Directors,

/s/ Bruce C. McIntosh  
Secretary

---

TABLE OF CONTENTS

<u>Proxy Statement</u>	1
<u>Purpose of the Meeting</u>	1
<u>Voting at the Meeting</u>	1
<u>Security Ownership of</u>	
<u>Certain Beneficial</u>	2
<u>Owners and Management</u>	
<u>Proposal 1: Election of</u>	3
<u>Directors</u>	
<u>Executive Officers of the</u>	7
<u>Company</u>	
<u>Corporate Governance</u>	8
<u>Board Selection</u>	8
<u>Director Independence</u>	8
<u>Board Leadership</u>	9
<u>Structure</u>	
<u>Board Role in Risk</u>	9
<u>Oversight</u>	
<u>Board Committees and</u>	9
<u>Functions</u>	
<u>Related Party</u>	10
<u>Transactions</u>	
<u>Communication With</u>	10
<u>the Board of Directors</u>	
<u>Executive Sessions of</u>	10
<u>the Board</u>	
<u>Stock Ownership</u>	11
<u>Code of Ethics</u>	11
<u>Section 16(a) Beneficial</u>	
<u>Ownership Reporting</u>	11
<u>Compliance</u>	
<u>Report of the Audit</u>	11
<u>Committee</u>	
<u>Proposal 2: Ratification</u>	
<u>of Appointment of</u>	
<u>Independent Registered</u>	
<u>Public Accounting Firm</u>	12
<u>Compensation of</u>	
<u>Directors and Executive</u>	13
<u>Officers</u>	
<u>Compensation</u>	13
<u>Discussion and Analysis</u>	
<u>Compensation</u>	18
<u>Committee Report</u>	
<u>Compensation Risk</u>	18
<u>Assessment</u>	
<u>Compensation</u>	
<u>Committee Interlocks</u>	18
<u>and Insider Participation</u>	

<u>Summary Compensation</u>	19
<u>Table</u>	
<u>2014 Grants of Plan</u>	20
<u>Based Awards</u>	
<u>2014 Pension Benefits</u>	21
<u>2014 Nonqualified</u>	22
<u>Deferred Compensation</u>	
<u>Payout of Deferred</u>	22
<u>Compensation Accounts</u>	
<u>Potential Payments</u>	
<u>Upon Termination or</u>	24
<u>Change in Control</u>	
<u>2014 Director</u>	29
<u>Compensation</u>	
<u>Discretionary Authority</u>	29
<u>Shareholder Proposals</u>	
<u>and Nominations for</u>	30
<u>Directors</u>	
<u>Other Matters</u>	30

---

THE YORK WATER COMPANY  
130 EAST MARKET STREET  
YORK, PENNSYLVANIA 17401

March 23, 2015

## PROXY STATEMENT

This Proxy Statement and the accompanying form of proxy are being furnished to the shareholders of The York Water Company (hereinafter referred to as the "Company") in connection with the solicitation of proxies by the Board of Directors of the Company, whereby shareholders would appoint Cynthia A. Dotzel, CPA, Jeffrey S. Osman, and Steven R. Rasmussen, CPA and each of them, as Proxies on behalf of the shareholders, to be used at the Annual Meeting of the Shareholders of the Company to be held at 1:00 p.m. at The Strand Capitol Performing Arts Center, 50 North George Street, York, Pennsylvania, Monday, May 4, 2015 (the "Annual Meeting"), and at any adjournment thereof.

Solicitation of proxies will be made by mail, telephone and via the internet. Those shareholders who previously opted out of printed copies of the proxy materials will receive a Notice Regarding the Availability of Proxy Materials (the "Notice") by mail. The Notice will instruct you as to how you may access and review the proxy materials. The Notice also instructs you as to how you may submit your proxy over the Internet or by telephone. If you previously opted out of printed copies of the proxy materials but would like to receive a printed copy of such materials, or vote by telephone, you should follow the instructions included in the Notice. Those shareholders who have requested printed copies and some of those who have not specifically opted out of printed copies of the proxy materials will be provided printed copies. It is anticipated that proxy materials will first be mailed and made available on the internet on March 23, 2015.

The expense of this solicitation will be paid by the Company. If necessary, some of the officers of the Company and regular employees of the Company may solicit proxies personally or by telephone for no additional pay. Banks, brokerage houses and other institutions and fiduciaries will be requested to forward the proxy materials to beneficial owners and to obtain authorization for the execution of proxies.

A shareholder who submits a proxy electronically, by telephone, or completes and forwards the enclosed proxy is not precluded from attending the Annual Meeting and voting his or her shares in person, and may revoke the proxy by delivering a later dated proxy or by written notification at any time before the proxy is exercised.

## PURPOSE OF THE MEETING

At the Annual Meeting, shareholders of the Company will consider and vote upon two proposals: (i) to elect four (4) Directors to serve for a term of three (3) years; and (ii) to ratify the appointment of Baker Tilly Virchow Krause, LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2015. Shareholders may also consider and vote upon such other matters as may properly come before the Annual Meeting or any adjournment thereof.

## VOTING AT THE MEETING

The outstanding securities of the Company entitled to vote at the meeting consist of 12,695,417 shares of our common stock. The presence at the Annual Meeting in person or by proxy of shareholders entitled to cast a majority of the votes that all shareholders are entitled to cast will constitute a quorum for the Annual Meeting.

The record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting or at any adjournment or adjournments thereof was the close of business on February 27, 2015. Shareholders are entitled to one vote for each share on all matters coming before the meeting.

1

---

## Edgar Filing: YORK WATER CO - Form DEF 14A

In accordance with Pennsylvania law, a shareholder can withhold authority to vote for all nominees for Directors or can withhold authority to vote for certain nominees for Directors. Directors will be elected by a plurality of the votes cast, meaning that the four nominees who receive the most affirmative votes will be elected. Votes that are withheld will be excluded from the vote and will have no effect.

Any votes that are withheld on the proposal to ratify the appointment of the independent registered public accounting firm will not be counted for or against the proposal. If a signed proxy is returned with no markings for certain proposals, the votes will be counted as recommended by the Board of Directors.

Brokers who have received no voting instructions from their customers will not have discretion to vote with respect to election of directors, but will have the discretion to vote with respect to the proposal to ratify the appointment of the Company's auditors.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's common stock as of February 27, 2015, by (1) each director, director nominee and executive officer named in the summary compensation table included elsewhere herein; and (2) all executive officers, directors and director nominees as a group.

The information appearing in the following table with respect to beneficial ownership of common stock of the Company has been furnished to the Company by the four nominees, the five directors continuing in office and the six executive officers, all as of February 27, 2015.

The table includes shares owned or beneficially owned by the respective individuals as of February 27, 2015. No individual has a specific right to acquire beneficial ownership of any additional shares within 60 days.

No person or entity, so far as known to the Company, beneficially owns five (5) percent or more of the Company's outstanding common stock as of February 27, 2015.

	Number of Shares Beneficially Owned (1)	Percent of Total Shares Outstanding(2)
--	--	--

#### 1) Directors, director nominees and named executive officers:

Cynthia A. Dotzel, CPA	14,366	0.11
Michael W. Gang, Esq.	10,419	(3) 0.08
Joseph T. Hand	9,568	(4) 0.07
Jeffrey R. Hines, P.E.	53,378	(5) 0.42
George W. Hodges	4,476	(6) 0.03
George Hay Kain III	24,685	(7) 0.19
Bruce C. McIntosh	6,239	(8) 0.05
Kathleen M. Miller	6,916	0.05
Robert P. Newcomer	3,127	(9) 0.02
Jeffrey S. Osman	3,725	(10) 0.03
Steven R. Rasmussen, CPA	458	0.00

Edgar Filing: YORK WATER CO - Form DEF 14A

John H. Strine	5,904	(11)	0.05
			0.00
Ernest J. Waters	520		

2) All directors, director nominees and executive officers as a group

All Directors and Executive Officers as a group (15 persons)	144,713	(12)	1.13
--	---------	------	------

2

---

- Except as indicated in the footnotes below, directors and officers possessed sole voting power and sole investment
- (1) power with respect to all shares set forth in this column. All Directors and Officers can be reached through the executive offices of the Company.
  - (2) The percentage for each individual or group is based on 12,837,476 shares outstanding as of February 27, 2015.
  - (3) Mr. Gang shares voting and investment power on all held shares with his wife.
  - (4) Includes 9,036 shares owned jointly by Mr. Hand's wife for which he shares voting and investment power.
  - (5) Includes 532 shares held by Mr. Hand's children for which Mr. Hand disclaims beneficial ownership.
  - (6) Includes 8,689 shares held by Mr. Hines' wife, for which Mr. Hines disclaims beneficial ownership.
  - (7) Includes 3,560 shares held by the Hodges Family Foundation, for which Mr. Hodges claims indirect beneficial ownership.
  - (8) Includes 15,059 shares held by the estate of Mr. Kain's grandfather, for which he is one of three co-trustees and shares voting power and investment power.
  - (9) Mr. McIntosh shares voting and investment power on all held shares with his wife.
  - (10) Mr. Newcomer shares voting and investment power on all held shares with his wife.
  - (11) Includes 333 shares owned by Mr. Osman's wife, for which Mr. Osman disclaims beneficial ownership.
  - (12) Mr. Strine shares voting and investment power on all held shares with his wife.
  - (13) Includes shares owned by family members, unnamed executive officers and certain other shares, as to which some directors and officers disclaim any beneficial ownership and which are further disclosed in the notes above.

## PROPOSAL 1

### ELECTION OF DIRECTORS

The bylaws of the Company provide that the Board of Directors will consist of no less than eight Directors and no more than twelve directors, segregated into three classes, and elected to staggered three-year terms of office. During the majority of 2014, the Board consisted of nine directors. Each director class consists of two to four directors.

The Nomination and Corporate Governance Committee recommends that all the nominees, each of whom is currently serving as Director, be elected at the Annual Meeting, to serve for the ensuing three (3) years and until their respective successors have been elected and qualified. There were no nominee recommendations from shareholders or from any group of shareholders submitted in accordance with bylaw provisions. Each share represented by the enclosed proxy will be voted for each of the nominees listed, unless authority to do so is withheld. If any nominee becomes unavailable for any reason or if a vacancy should occur before the election (which events are not anticipated), the shares represented by the enclosed proxy may be voted as may be determined by the Proxies.

The four Directors are to be elected by a plurality of the votes cast at the Annual Meeting, meaning that the four directors receiving the most votes are elected, whether or not they receive a majority of the vote.

NOMINEES FOR ELECTION TO THREE YEAR TERMS EXPIRING IN 2018

Michael W. Gang, Esq. Age 64 Director since 1996  
 Mr. Gang is a principal with Post & Schell PC (P & S), Harrisburg, PA, a Pennsylvania-based law firm, concentrating in regulatory matters. Mr. Gang currently serves as Chairperson of the P & S Board of Directors and is P & S' Acting President & CEO. Mr. Gang was a partner in Morgan, Lewis & Bockius, Harrisburg, PA, an international law firm, from 1984 to 2005. Mr. Gang is counsel to numerous water, gas, and electric utilities which are regulated by the Pennsylvania Public Utility Commission and has represented public utilities over a broad range of financial and economic regulation, corporate governance and compensation issues for 37 years. P & S is currently regulatory counsel for the Company. The Board believes Mr. Gang's legal and regulatory knowledge, as well as his experience with the Pennsylvania Public Utility Commission will continue to be a great benefit to the Company's Board of Directors.

Jeffrey R. Hines, P.E. Age 53 Director since 2008  
 Mr. Hines has served as the President and Chief Executive Officer of the Company since 2008. He was Chief Operating Officer and Secretary from 2007 to 2008, and Vice President of Engineering from 1995 to 2006. Mr. Hines is a director and a member of the compensation, audit and corporate governance and nominating committees of Codorus Valley Bancorp in York, PA (a public company), and its wholly-owned subsidiary, Peoples Bank, York, PA. Mr. Hines is a director of Peoples Water Service Co. in Towson, MD (a private company). Mr. Hines is a trustee and corporate secretary of York College of Pennsylvania, a director of the National Association of Water Companies and the American Water Works Association, and serves as director or committee member of various community and non-profit organizations. Mr. Hines is a licensed Professional Engineer in PA and MD, and holds MBA and law degrees. The Board considered Mr. Hines' experience within the Company, his industry experience, and his educational background and determined that his continued service on the Board will be beneficial to the Company's Board of Directors.

George W. Hodges Age 64 Director since 2000  
 Mr. Hodges, now retired, served as non-executive Chairman of the Board of The Wolf Organization, regional distributor of kitchen and bath products and specialty building products, from 2008 to 2009. Prior to being Chairman, Mr. Hodges was a member of the Office of the President of The Wolf Organization from 1986 to 2006. Mr. Hodges is lead director, and a member of the audit, compensation and executive committees of Fulton Financial Corporation (a public company), in Lancaster, PA, and director, loan and trust committee member of Fulton Bank, a subsidiary of Fulton Financial Corporation. He also serves as a director and compensation committee chairman of The Wolf Organization, York, PA. Mr. Hodges is a director, as well as serving on the audit and nominating committees of Burnham Holdings, Lancaster, PA (a public company). Mr. Hodges is an NACD (National Association of Corporate Directors) Governance Fellow. He also serves and has served on the boards or committees of various non-profit and community organizations. The Board determined that Mr. Hodges' business experience and leadership in the community as well as his extensive board and committee service with various organizations will continue to benefit the Company's Board of Directors.

George Hay Kain III Age 66 Director since 1986  
 Mr. Kain has been an academic since 2007, and was a consultant from 2004 to 2007. Mr. Kain was an attorney from 1982 to 2003, handling pipeline condemnation cases for a local utility, and cases involving real estate, and estates and trusts. Mr. Kain was a solicitor for York County Children and Youth Services where he also practiced in juvenile court. Mr. Kain is also actively involved in various non-profit organizations. The Board considered Mr. Kain's legal experience as well as his commitment and contributions to the Company over the past 27 years and determined that his continued service will be beneficial to the Company's Board of Directors.

DIRECTORS WITH TERMS EXPIRING IN 2016

Cynthia A. Dotzel, CPA  
Age 60  
Director  
since 2009

Ms. Dotzel is a certified public accountant, and has been a Principal with SF & Company CPAs & Business Advisors since January 2009. Prior to her current position, Ms. Dotzel was a Founder, Secretary and Treasurer of Dotzel & Company, CPAs from 1980 to 2008. Ms. Dotzel serves as a director of Codorus Valley Bancorp, Inc., York, PA (a public company), and its wholly-owned subsidiary, Peoples Bank, York, PA, and is a member of the compensation, audit, executive, and corporate governance and nominating committees of both companies. Ms. Dotzel served as a director of Waypoint Bank and Waypoint Financial Corporation and its predecessor York Federal Savings and Loan from 1984 through 2005, and audit committee chairman from 1989 through 2005. She also serves and has served on the boards or committees of various non-profit organizations. The Board considered Ms. Dotzel's experience in auditing and financial matters, as well as her public company experience and community involvement, and determined that her continued service will be beneficial to the Company's Board of Directors.

Jeffrey S. Osman  
Age 72  
Director  
since 2001

Mr. Osman, now retired, served as President & CEO of the Company from 2003 to 2008, Vice President of Finance, Secretary and Treasurer from 1995 to 2002, and Controller from 1983 to 1995. Prior to joining the Company, Mr. Osman was a regulatory consultant for Gannett Fleming in Camp Hill, PA for 4 years. Prior to that, Mr. Osman worked at a regulated telephone utility for 15 years. During his tenure with the Company, Mr. Osman was a director with the National Association of Water Companies at both the state and national levels as well as Chairman of the Pennsylvania Chapter. He also has served with numerous community and non-profit organizations. The Board considered Mr. Osman's prior experience in the industry with regulatory and financial matters as well as his knowledge of and longstanding service to the Company in many capacities, and determined that his continued service will be beneficial to the Company's Board of Directors.

Steven R. Rasmussen, CPA  
Age 42  
Director  
since 2011

Mr. Rasmussen has been Chief Executive Officer and General Manager for Adams Electric Cooperative, Inc., an electric distribution cooperative in south-central Pennsylvania, since 2006. Mr. Rasmussen served as Accounting and Member Services Manager with the same organization from 1999 to 2006. Prior to joining Adams Electric, Mr. Rasmussen served in various other capacities including college faculty and auditor for various accounting firms. Mr. Rasmussen serves on the boards and executive committees of the Adams Utility Services Company, a wholly-owned subsidiary of Adams Electric, and Mid-Atlantic Cooperative Solutions, Inc. which does business as Aero Energy in New Oxford, PA (both private companies). He also serves and has served on the boards and committees of numerous community, non-profit and professional organizations. In addition to his utility experience, Mr. Rasmussen is a certified public accountant, and a leader in the community of some of the Company's recently added water systems. The Board views Mr. Rasmussen's utility experience, his financial and educational background, and his knowledge and visibility in the Adams County area as beneficial to the Company's Board of Directors.

DIRECTORS WITH TERMS EXPIRING IN 2017

Robert P. Newcomer  
Age 66  
Director  
since 2013

Mr. Newcomer has been President of Newcomer Consulting LLC, providing financial consulting services for public, private and not for profit organizations since 2003. Prior to starting his own business, Mr. Newcomer was with Glatfelter, York, PA, a public company and global manufacturer of specialty paper and engineered products from 1972 – 2003. He was an Executive Vice President for Glatfelter from 1993 – 2001, and President and Chief Operating Officer from 2001 – 2003. Mr. Newcomer also served as Dean of Business Affairs and CFO for York College of Pennsylvania from 2004 – 2006 and Interim President for York County Community Foundation from 2008 – 2009. He currently serves as a director and a member of the compensation and employee benefits committees at Burnham Corporation, Lancaster, PA, a public company; and a director, compensation committee and audit committee member of Glatfelter Insurance Group, York, PA, which is a private company. Mr. Newcomer also participates as an officer, Board or committee member with various community and non-profit organizations. The Board determined that Mr. Newcomer's experience leading a large public company, his financial background, board and committee experience with other organizations, as well as his familiarity with the community in which York Water serves, would continue to benefit the Company's Board of Directors.

Ernest J. Waters  
Age 65  
Director  
since 2007

Mr. Waters, now retired, served as Area Vice President and York Area Manager, Met-Ed, a FirstEnergy Company (an investor owned utility) from 1998 to 2009. In addition to management, Mr. Waters' experience includes public accounting, internal auditing and serving as an expert accounting witness in rate proceedings before the Pennsylvania Public Utility Commission, The Federal Energy Regulatory Commission, and the New York Public Service Commission. Mr. Waters was previously a Certified Public Accountant and holds an MBA degree. He serves as a director, chairman of the special joint compliance committee, vice chairman of the risk committee and member of the audit committee of Fulton Financial Corporation (a public company), and a director and chairman of the trust committee of Fulton Bank of Lancaster, PA (a subsidiary of Fulton Financial Corporation). Mr. Waters serves on the board of Wellspan Health (York Hospitals' parent corp.) and chairs the audit committee. He also serves and has served on the boards and committees of other nonprofit community organizations. Mr. Waters is an NACD Governance Fellow. The Board considered Mr. Waters' prior experience in the utility industry and with regulatory matters and his current public company director and committee experience to be valuable and determined that his continued service on the Board will be beneficial to the Company's Board of Directors.

The Board of Directors unanimously recommends a vote "FOR" each of the nominees.

## EXECUTIVE OFFICERS OF THE COMPANY

<u>Name</u>	<u>Positions and Offices Held</u>
Joseph T. Hand Age 52 Officer since 2008	Mr. Hand has been Chief Operating Officer for the Company since March 2008. Prior to his current position, Mr. Hand was Chief of the Navigation Branch, Baltimore District, for the U.S. Army Corps of Engineers from September 2006 to February 2008, and Deputy Commander and Deputy District Engineer for the Corps of Engineers from June 2003 to September 2006. Prior to the Army Corps, Mr. Hand held various positions in the U.S. Army.
Kathleen M. Miller Age 52 Officer since 2003	Ms. Miller has been Chief Financial Officer and Treasurer of the Company since January 2003. Prior to her current position, Ms. Miller was Controller and Assistant Treasurer of the Company from October 2001 to December 2002, and Accounting Manager from March 1996 to September 2001. Prior to joining the Company, Ms. Miller held a variety of accounting and financial positions with two large companies in the York County area.
Vernon L. Bracey Age 53 Officer since 2003	Mr. Bracey has been Vice President of Customer Service of the Company since March 2003. Prior to his current position, Mr. Bracey was Customer Service Manager from January 2000 to February 2003 and Meter Reading Manager from September 1998 to December 1999. Prior to joining the Company, Mr. Bracey held various positions in economic development, energy services and public and community relations at GPU Energy, A First Energy Company, from March 1983 through August 1998.
Bruce C. McIntosh Age 62 Officer since 1998	Mr. McIntosh has been Vice President-Human Resources, Secretary and Assistant Treasurer of the Company since March 2008. Prior to his current position, Mr. McIntosh was Vice President-Human Resources and Assistant Treasurer from January 2003 to February 2008, Vice President-Human Resources from May 1998 to December 2002 and Director of Human Resources from November 1996 to April 1998. Prior to joining the Company, Mr. McIntosh held various human resources positions in the healthcare industry.
Mark S. Snyder, P.E. Age 44 Officer since 2009	Mr. Snyder has been Vice President-Engineering since May 2009. Prior to his current position, Mr. Snyder was Engineering Manager from October 2007 to April 2009 and Engineer from December 2006 to October 2007. Prior to joining the Company, Mr. Snyder was a project engineer with Buchart Horn, Inc., York, PA, an international engineering firm from April 2001 to December 2006, and a project engineer for Rettew Associates, York, PA, a national engineering firm, from December 1996 to April 2001. Mr. Snyder is a licensed Professional Engineer in Pennsylvania.
John H. Strine Age 58 Officer since 2009	Mr. Strine has been Vice President-Operations since May 2009. Prior to his current position, Mr. Strine was Operations Manager from February 2008 to May 2009, Maintenance and Grounds Superintendent from August 1991 to February 2008, Assistant Superintendent from June 1985 to July 1991, and held various other positions with the Company prior to 1985.

## CORPORATE GOVERNANCE

The Board of Directors operates under specific corporate governance principles and guidelines based on the Company's Bylaws and Standing Resolutions. The Nomination and Corporate Governance Committee ("the Committee") monitors, develops and makes recommendations to the Board of Directors based on these principles and guidelines. Some of the principles and guidelines are listed below.

### Board Selection

The bylaws of the Company provide that the Board of Directors will consist of no less than eight Directors and no more than twelve directors, who are elected to staggered three-year terms of office. There is a mandatory retirement age of 73 for all directors.

The Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The Committee recommends to the Board the appropriate size, function and needs of the Board, so that the Board as a whole collectively possesses a broad range of skills, industry and other knowledge, and business and other experience useful to the effective oversight of the Company. Some of these skills include crisis management, accounting and finance, corporate governance, merger and acquisition, business development and risk management. The Committee also seeks Board members from diverse backgrounds, including professional experience, perspectives, education, skills, backgrounds, culture and work-style, with a reputation for integrity. In addition, Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based upon contributions that they can make to the Company. The Committee considers all of these qualities when selecting, subject to Board ratification, candidates for Director. No distinctions are made between internally recommended candidates and those recommended by shareholders.

### Director Independence

The Company's Common Stock is listed on the NASDAQ Global Select Market. NASDAQ listing rules require that a majority of the Company's directors be "independent directors" as defined by NASDAQ corporate governance standards. Generally, a director does not qualify as an independent director if the director has, or in the past three years has had, certain material relationships or affiliations with the Company, its external or internal auditors, or, is an employee of the Company. The Board has determined that directors Dotzel, Gang, Hodges, Kain, Newcomer, Osman, Rasmussen and Waters are independent directors under the NASDAQ listing standards. Mr. Hines, who is an employee of the Company, is not considered an independent director.

The Board based these determinations primarily on a review of the responses of the Directors and executive officers to an annual questionnaire regarding employment history, affiliations, family and other relationships, together with an examination of those companies with whom the Company transacts business.

In making the determination that Mr. Gang is independent under the NASDAQ rules, the Board considered payments of \$50,729 made to Post & Schell PC, a law firm in which Mr. Gang is Acting President & CEO. Post & Schell PC is the Company's regulatory counsel. The amounts paid represent less than 0.08% of Post & Schell PC revenue in 2014. The Company pays the same rates for services as the firm's comparable entities. Mr. Gang is not a controlling shareholder of the firm.

In addition to this relationship, the Company purchases from and sells services to certain directors or the organizations with which they are affiliated at rates that are either regulated or the same as those charged to the same class of customers.

The Board determined that the noted relationship does not create a conflict of interest or impair Mr. Gang's judgment with respect to Board member responsibilities. Directors who are involved with entities being discussed or voted upon at a meeting abstain from voting on that matter.

8

---

## Board Leadership Structure

The preference of the Board, per its Standing Resolutions, is for the Chairman of the Board to be an independent director as defined by NASDAQ. Generally, independent directors provide oversight and protect shareholder interests, and they offer more objective input and leadership to the Board. Due to the current composition of the Board, having one director who is a current Company employee and one director who is a previous employee of the Company, the Board believes it is in the best interest of shareholders to have an independent director as Chairman. The Chairman leads regular executive sessions of the Board's independent directors.

## Board Role in Risk Oversight

The Board and its Committees are responsible for oversight of the Company's risk management process. The Audit Committee is responsible for oversight of risks relating to the Company's financial statements, financial reporting processes, the evaluation of the effectiveness of internal control over financial reporting and compliance with certain of the Company's ethics policies.

The Compensation Committee is responsible for monitoring risks associated with the design and administration of the Company's compensation programs and performs the annual performance review of the CEO. Other risks such as regulatory risk, environmental risk, and strategic risk are monitored by the Executive Committee, the Nomination and Corporate Governance Committee, or the full Board.

Senior management of the Company is responsible for identifying risks, managing risks, and reporting and communicating risks and mitigation efforts back to the Board of Directors or the designated committee. While certain elements of risk are addressed at each Board meeting, management and the Board of Directors conduct a comprehensive analysis of risk on an annual basis. The Board believes a Chairman that is independent of management adds another layer of insight to the risk assessment process.

## Board Committees and Functions

The Company has an Executive Committee, an Audit Committee, a Compensation Committee, and a Nomination and Corporate Governance Committee, all of which are composed of members of the Board of Directors. The Audit, Compensation, and Nomination and Corporate Governance committees must be composed of at least three directors all of which are considered independent directors under the NASDAQ rules. Each of these three key committees has a charter which is reviewed periodically, and which is posted on the Company's website at [www.yorkwater.com](http://www.yorkwater.com) under "Investor Relations" then "Corporate Governance".

The Executive Committee is empowered to function as delegated by the Board of Directors. Their main focus is on budgeting, ratemaking, and debt and equity financing. The Executive Committee is composed of the following Directors appointed by the Board: George W. Hodges, Chairman; Michael W. Gang, Esq.; Jeffrey S. Osman; Cynthia A. Dotzel, CPA; and Jeffrey R. Hines, P.E. The Executive Committee held one (1) meeting during the fiscal year ended December 31, 2014.

The Audit Committee monitors the audit functions of the independent public accountants, and reviews the Company's financial reporting process and internal controls. The Audit Committee is composed of the following independent Directors appointed by the Board: Cynthia A. Dotzel, CPA, Chairperson; Steven R. Rasmussen, CPA; and Ernest J. Waters. Based on a review of the background and experience of the members of the Audit Committee, the Board of Directors has determined that all members of the Audit Committee are financially literate and are "audit committee financial experts" within the meaning of applicable SEC rules. The Audit Committee held five (5) meetings during the fiscal year ended December 31, 2014.

The Compensation Committee considers and makes recommendations to the Board of Directors concerning the appropriate compensation package for the corporate officers, Directors and members of the Committees of the Board of Directors of the Company, including incentives. Compensation for corporate officers is further explained in the Compensation Discussion and Analysis section of this proxy statement. Director and committee member compensation is based on a review of fees paid by peers and other public companies.

9

---

The Compensation Committee is composed of the following independent Directors appointed by the Board: Ernest J. Waters, Chairman; George Hay Kain III; and Robert P. Newcomer. The Compensation Committee held three (3) meetings during the fiscal year ended December 31, 2014.

The Nomination and Corporate Governance Committee recommends the appropriate Board structure, reviews the Company's succession planning, oversees the Board's annual evaluation of its performance and the performance of other Board Committees, evaluates corporate governance best practices, and makes recommendations to the Board of Directors for nominations for Directors and Officers of the Company. The Committee will consider nominees recommended by shareholders of the Company in accordance with the Company's bylaws.

The Nomination and Corporate Governance Committee is composed of the following independent Directors appointed by the Board: Michael W. Gang, Esq., Chairman; Cynthia A. Dotzel, CPA; and Steven R. Rasmussen, CPA. The Nomination and Corporate Governance Committee held three (3) meetings during the fiscal year ended December 31, 2014.

#### Related Party Transactions

The Board has adopted a written policy setting forth procedures for the review, approval and monitoring of transactions involving the Company and any related persons (directors, nominees for directors, 5% security holders, and executive officers or their immediate family members). Under the policy (and the Audit Committee Charter), the Audit Committee is responsible for reviewing and approving all transactions involving the Company in which any related person has a direct or indirect interest, regardless of amount. The Audit Committee intends to approve only those related party transactions that are on terms no less favorable to the Company than could be obtained from independent third parties and are otherwise in, or are not inconsistent with, the best interests of the Company and its shareholders.

In furtherance of this policy, the Company's Board of Directors has adopted a Code of Conduct applicable to all Directors, officers and employees, which generally requires that any transaction or opportunity that may constitute a conflict of interest, be reported to management so that it may be reviewed and avoided, if possible. The Code of Conduct is available on the Company's web site at [www.yorkwater.com](http://www.yorkwater.com) under "Investor Relations", then "Corporate Governance".

As noted on page 8 under Director Independence, the Company has a relationship with the law firm in which Mr. Gang is Chairman of the Board and Acting President & CEO. The Company primarily deals with attorneys other than Mr. Gang on regulatory matters. Mr. Gang does not have a direct material interest in the payment of such fees, but has an indirect interest as a member of the law firm. His indirect interest is also immaterial.

#### Communication with the Board of Directors

Shareholders who wish to communicate with the Board of Directors or specific individual Directors may do so by directing a written request addressed to such Directors or Director in care of the Secretary of The York Water Company, at the address appearing on the first page of this proxy statement. Communication(s) directed to members of the Board of Directors who are not non-management Directors will be relayed to the intended Board member(s) except to the extent that it is deemed unnecessary or inappropriate to do so pursuant to the procedures established by a majority of the independent Directors. Communications directed to non-management Directors will be relayed to the intended Board member(s) except to the extent that doing so would be contrary to the instructions of the non-management Directors. Any communication so withheld will nevertheless be made available to any non-management Director who wishes to review it.

#### Executive Sessions of the Board

The independent directors of the Board schedule regular executive sessions of independent directors in which they meet without management participation. The Chairman of the Board leads these sessions.

10

---

## Stock Ownership

Directors are required under the bylaws of the Company to own at least one share of stock. As part of the Company's Securities Trades Policy, directors, officers and selected employees are prohibited from trading in Company securities on a short-term basis, engaging in short sales, purchasing Company stock on margin, buying or selling puts or calls, pledging securities, or otherwise engaging in any type of hedging transactions involving Company securities.

## Code of Ethics

The Company's Board of Directors has adopted a Code of Conduct applicable to all Directors, officers and employees. The Code of Conduct constitutes a "code of ethics" as required by Item 406 of Regulation S-K. There were no waivers of the Code made for any Director, officer or employee during 2014. A copy of the Code of Conduct was filed with the Securities and Exchange Commission as Exhibit 14 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2014. The Code of Conduct is also available, free of charge, on the Company's website, [www.yorkwater.com](http://www.yorkwater.com), under "Investor Relations", then "Corporate Governance". The Company intends to disclose material amendments to, or Director, officer and employee waivers from, the Code of Conduct, if any, on its website, or by Form 8-K to the extent required.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Director Rasmussen reported an April 16, 2014 stock purchase on April 22, 2014.

Other than the aforementioned transaction, the Company believes that during the year ended December 31, 2014, all directors and executive officers timely complied with all applicable filing requirements of Section 16(a) of the Securities Exchange Act of 1934. The foregoing statement is based solely upon a review of copies of reports on Forms 3, 4 and 5 furnished to the Company and written representations of its Directors and executive officers that no other reports were required.

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee reviews the Company's financial reporting process on behalf of the Board, including reports to the Securities and Exchange Commission on Forms 10-Q and 10-K, the Company's internal control over financial reporting and releases of earnings. In addition, the Committee selects, subject to shareholder ratification, the Company's independent registered public accounting firm and evaluates the performance of the firm.

On October 1, 2014 the Company was notified that the audit practice of ParenteBeard LLC ("ParenteBeard"), an independent registered public accounting firm, was combined with Baker Tilly Virchow Krause LLP ("Baker Tilly") in a transaction pursuant to which ParenteBeard combined its operations with Baker Tilly and certain of the professional staff and partners of ParenteBeard joined Baker Tilly either as employees or partners of Baker Tilly. On October 1, 2014, ParenteBeard resigned as the auditors of the Company and with the approval of the Audit Committee of the Company's Board of Directors, Baker Tilly was engaged as its independent registered public accounting firm for the year ended December 31, 2014.

Prior to engaging Baker Tilly, the Company did not consult with Baker Tilly regarding the application of accounting principles to a specific completed or contemplated transaction or regarding the type of audit opinions that might be rendered by Baker Tilly on the Company's financial statements, and Baker Tilly did not provide any written or oral advice that was an important factor considered by the Company in reaching a decision as to any such accounting, auditing or financial reporting issue.

There were no disagreements with ParenteBeard on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures. The audit reports of ParenteBeard rendered  
11

---

through the date of resignation did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an integrated audit of the Company's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (United States) and to issue reports thereon. The Committee's responsibility is to monitor and oversee these processes.

In this context, the Committee has reviewed and discussed the audited financial statements with management; has discussed with the independent registered public accounting firm (Baker Tilly) the matters required to be discussed by Auditing Standards No. 16, as adopted by the Public Company Accounting Oversight Board; has received the written disclosures and the letter required by the PCAOB regarding independence communications; and has discussed Baker Tilly's independence with the firm and management.

Based upon the Committee's discussions with management and Baker Tilly and the Committee's review of the representations of management, and Baker Tilly's report to the Committee, the Committee recommended that the Board include the audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the SEC.

Cynthia A. Dotzel, CPA  
Chairperson  
Ernest J. Waters Steven R. Rasmussen, CPA  
Member Member

PROPOSAL 2  
RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has approved the appointment of Baker Tilly Virchow Krause, LLP, as the independent registered public accounting firm to audit the financial statements of the Company for the year 2015. Baker Tilly Virchow Krause, LLP audited the Company's financial statements for the years ended December 31, 2014, and 2013. There have been no disagreements between the Company and Baker Tilly Virchow Krause, LLP concerning the Company's financial statements. It is intended that, unless otherwise specified by the shareholders, votes will be cast pursuant to the proxy hereby solicited in favor of the appointment of Baker Tilly Virchow Krause, LLP.

Audit fees and all professional services to be rendered by Baker Tilly Virchow Krause, LLP are approved by the Company's Audit Committee. The Board considers the possible effect on auditors' independence of providing non-audit services prior to the service being rendered, but the Board does not anticipate significant non-audit services will be rendered during 2015.

The following table presents fees for services provided by Baker Tilly Virchow Krause, LLP for 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Audit Fees (1)	146,000	