

SUSSEX BANCORP
Form DEF 14A
March 23, 2017

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(RULE 14a-101)**

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
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SUSSEX BANCORP

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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March 23, 2017

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Sussex Bancorp, the holding company for Sussex Bank, to be held on April 26, 2017, at 10:00 a.m., Eastern time, at the office of Sussex Bancorp, located at 100 Enterprise Drive, Suite 700, Rockaway, New Jersey 07866.

The attached Notice of Annual Meeting of Shareholders and proxy statement describe the formal business that we will transact at the Annual Meeting.

The Board of Directors of Sussex Bancorp has determined that an affirmative vote on each matter to be considered at the Annual Meeting is in the best interest of Sussex Bancorp and its shareholders and unanimously recommends a vote FOR all such matters considered at the Annual Meeting.

Please complete, sign and return the enclosed proxy card promptly, whether or not you plan to attend the Annual Meeting. **Your vote is important regardless of the number of shares you own. Voting by proxy will not prevent you from voting in person at the Annual Meeting, but will assure that your vote is counted if you cannot attend.**

On behalf of the Board of Directors and the employees of Sussex Bancorp and Sussex Bank, we thank you for your continued support and look forward to seeing you at the Annual Meeting.

Sincerely yours,

Anthony Labozzetta
President and Chief Executive Officer

IF YOU HAVE ANY QUESTIONS, PLEASE CALL US AT (844) 256-7328

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SUSSEX BANCORP
100 Enterprise Drive, Suite 700
Rockaway, New Jersey 07866

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE	Wednesday, April 26, 2017
TIME	10:00 a.m. Eastern time
PLACE	Sussex Bancorp 100 Enterprise Drive, Suite 700 Rockaway, New Jersey 07866 (1)
ITEMS OF BUSINESS	<p>Election of the three nominees named in the attached proxy statement as directors to serve on the Board of Directors for a three-year term. (2)</p> <p>Ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. (3)</p> <p>Consideration and approval of a non-binding advisory resolution on the compensation of our named executive officers. (4)</p> <p>Consideration of any other business properly brought before the Annual Meeting, or at any adjournment or postponement thereof.</p>
RECORD DATE	The record date for the Annual Meeting is March 2, 2017. Only shareholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment thereof.
PROXY VOTING	You are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please submit the enclosed proxy or voting instructions by mail. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Submitting a proxy or voting instructions will not prevent you from attending the Annual Meeting and voting in person. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a proxy issued in your name from that record holder. By Order of the Board of Directors,

Linda Kuipers
Secretary
Rockaway, New Jersey
March 23, 2017

**IMPORTANT NOTICE REGARDING THE AVAILABILITY
OF PROXY MATERIALS FOR
THE SHAREHOLDER MEETING TO BE HELD ON
APRIL 26, 2017.**

This proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are available free of charge at <http://www.snل.com/irweblinkx/GenPage.aspx?IID=4015338&GKP=203214>.

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SUSSEX BANCORP
100 Enterprise Drive, Suite 700
Rockaway, New Jersey 07866
(844) 256-7328

PROXY STATEMENT FOR THE
2017 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 26, 2017

QUESTIONS AND ANSWERS ABOUT THE ANNUAL
MEETING

Why am I receiving these materials?

We have sent you this proxy statement and the enclosed proxy card because the Board of Directors, or the Board, of Sussex Bancorp is soliciting your proxy to vote at the 2017 Annual Meeting of Shareholders. This proxy statement and proxy card are being mailed to shareholders on or about March 23, 2017. As used in this proxy statement, we, us, our and Company refer to Sussex Bancorp and/or its subsidiaries, depending on the context. The term Annual Meeting, as used in this proxy statement, means the 2017 annual meeting of shareholders and includes any adjournment or postponement of such meeting.

Who can vote at the Annual Meeting?

Only shareholders of record as of the close of business on March 2, 2017 will be entitled to vote at the Annual Meeting. On this date, there were 4,780,655 shares of common stock issued and outstanding and entitled to vote.

Shareholder of Record: Shares Registered in Your Name

If on March 2, 2017, your shares were registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, then you are a shareholder of record. As a shareholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card by mail to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on March 2, 2017, your shares were held not in your name but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the

shareholder of record for purposes of voting at the Annual Meeting.

As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. Simply complete and mail the proxy card and voting instructions to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or bank, if applicable. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shareholders holding at least a majority of our outstanding shares entitled to vote at the Annual Meeting are present at the Annual Meeting in person or represented by proxy.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the Annual Meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

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What am I voting on and how many votes are needed to approve each proposal?

Proposal 1: Election of Directors. Directors will be elected by a plurality of the votes cast at the Annual Meeting by the holders of shares present in person or represented by proxy and entitled to vote on the election of directors.

Plurality means that the individuals who receive the largest number of FOR votes cast are elected as directors up to the maximum number of directors to be chosen at the Annual Meeting. Accordingly, the three nominees receiving the most FOR votes will be elected as directors. Abstentions and broker non-votes will not affect the outcome of the election of directors. You may not vote your shares cumulatively for the election of directors.

Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm. The ratification of BDO USA, LLP, or BDO, as our independent registered public accounting firm for the fiscal year ending December 31, 2017 will require FOR votes from a majority of the votes cast at the Annual Meeting by the holders of shares present in person or represented by proxy and entitled to vote on this proposal. Abstentions are not counted as votes cast and they will have no effect on the vote. Similarly, broker non-votes will have no effect on the vote.

Proposal 3: Consideration and Approval of a Non-binding Advisory Resolution on the Compensation of Our Named Executive Officers. The approval of the non-binding advisory resolution on the compensation of our named executive officers will require FOR votes from a majority of the votes cast at the Annual Meeting by the holders of shares present in person or represented by proxy and entitled to vote on this proposal. Abstentions are not counted as votes cast and they will have no effect on the vote. Brokers do not have discretionary authority to vote shares on this proposal without direction from the beneficial owner. Therefore, broker non-votes will have no effect on the vote.

What are broker non-votes?

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee may vote the shares with respect to matters that are considered to be routine, but may not vote the shares with respect to non-routine matters. The election of directors is no longer considered routine. Proposals 1 and 3 are considered non-routine and Proposal 2 is considered routine under The NASDAQ Marketplace Rules, or the NASDAQ Listing Rules.

How does the Board recommend that I vote my shares?

Unless you give other instructions on your proxy card, the persons named as proxies on the card will vote in accordance with the recommendations of the Board. The Board's recommendation for each proposal, together with the description of each proposal, are set forth in this proxy statement. The Board recommends a vote:

FOR the election of the three nominees to the Board;

FOR the ratification of the appointment of BDO as our independent registered public accounting firm for the fiscal year ending December 31, 2017; and

FOR the approval of the non-binding advisory resolution on the compensation of our named executive officers.

With respect to any other matter that properly comes before the Annual Meeting, the proxies will vote as recommended by the Board or, if no recommendation is given, in their own discretion in the best interest of the Company and its shareholders. As of the date of this proxy statement, the Board had no knowledge of any business

other than that described herein that would be presented for consideration at the Annual Meeting.

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How do I vote?

For Proposal 1, you may either vote **FOR** all the nominees to the Board or you may **WITHHOLD** your vote for any nominee you specify. For any other matter to be voted on, you may vote **FOR** or **AGAINST** or abstain from voting.

The procedures for voting are as follows:

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record, you may (a) vote in person at the Annual Meeting or (b) vote by proxy using the enclosed proxy card, in each case as described below. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive. To vote by proxy, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, the designated proxy holders will vote your shares as you direct.

If you sign the proxy card but do not make specific choices, your proxy will vote your shares **FOR Proposals 1, 2 and 3 as set forth in the Notice of Annual Meeting of Shareholders.**

If any other matter is presented at the Annual Meeting, the proxies will vote as recommended by the Board or, if no recommendation is given, in their own discretion in the best interest of the Company and its shareholders. As of the date of this proxy statement, we know of no other matters that may be presented at the Annual Meeting, other than those listed in the Notice of Annual Meeting of Shareholders.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card and voting instructions to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or bank, if applicable. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

May I change my vote after submitting my proxy card?

Yes. You may revoke your proxy at any time before the final vote at the Annual Meeting. If you are the shareholder of record of your shares, you may revoke your proxy in any one of the following three ways:

 filing a timely written revocation of the proxy with our Secretary;
 submitting a signed proxy card bearing a later date; or
 attending the Annual Meeting and voting in person.

If your shares are not registered in your own name, you will need appropriate documentation from the shareholder of record to vote personally at the Annual Meeting. Examples of such documentation include a broker's statement, letter or other document that will confirm your ownership of the shares. If your shares are held by your broker, bank or another party as a nominee or agent, you should follow the instructions provided by such party.

Your personal attendance at the Annual Meeting does not revoke your proxy. Your last vote, prior to or at the Annual Meeting, is the vote that will be counted.

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Who will bear the expense of soliciting proxies?

We will bear the cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to shareholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of our common stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by our directors, officers or other regular employees. No additional compensation will be paid to directors, officers or other regular employees for such services.

When are shareholder proposals due for the 2018 Annual Meeting of Shareholders?

If you wish to submit proposals to be included in our proxy statement for the 2018 annual meeting of shareholders, we must receive them on or before November 23, 2017, pursuant to the proxy soliciting regulations of the Securities and Exchange Commission, or the SEC. Nothing in this paragraph shall be deemed to require us to include in our proxy statement and proxy card for such meeting any shareholder proposal which does not meet the requirements of the SEC in effect at the time. Any such proposal will be subject to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

In addition, under our Amended and Restated By-laws, if you wish to nominate a director for the 2018 annual meeting of shareholders, the following criteria must be met: (i) you must be a shareholder of record; (ii) you must have given timely notice in writing to our Secretary; and (iii) your notice must contain specific information required in Section 3.23 of our Amended and Restated By-laws. To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at our principal executive offices between November 23, 2017 and December 23, 2017; provided, however, that in the event that the 2018 annual meeting of shareholders is called for a date that is not within 30 days before or after the anniversary date of the Annual Meeting, notice by the shareholder in order to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the 2018 annual meeting was mailed or such public disclosure of the date of the 2018 annual meeting was made, whichever first occurs. For additional information about our director nomination requirements, please see our Amended and Restated By-laws.

Obtaining an Annual Report on Form 10-K

We will provide a copy of our Annual Report on Form 10-K for the year ended December 31, 2016 (without exhibits) without charge, upon written request, to any registered or beneficial owner of common stock entitled to vote at the Annual Meeting. Requests should be made in writing to Linda Kuipers, Secretary, Sussex Bancorp, 100 Enterprise Drive, Suite 700, Rockaway, New Jersey 07866. The Annual Report on Form 10-K is also available on the SEC's website at www.sec.gov and on our website at www.sussexbank.com by clicking on Investors SEC Filings.

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PROPOSAL 1

ELECTION OF DIRECTORS

Upon the recommendation of the Nominating and Corporate Governance Committee, our Board has nominated the three individuals listed in the table below for election as directors at the Annual Meeting. If you elect the nominees listed below, they will hold office until the annual meeting of shareholders in 2020 or until their successors have been duly elected and qualified. All nominees are currently serving on our Board and have consented to being named in this proxy statement and to serve if elected.

If for any reason these nominees prove unable or unwilling to stand for election or cease to qualify to serve as directors, the Board will nominate alternates or reduce the size of the Board to eliminate the vacancies. If any nominee is unable or does not qualify to serve, you or your proxy may vote for another nominee proposed by the Board. The

Board has no reason to believe that any of the nominees would prove unable to serve if elected. There are no arrangements or understandings between us and any nominee, pursuant to which such person was nominated to be a director.

Nominees	Term Expires	Position(s) Held
Patrick E. Brady	2020	Director
Edward J. Leppert	2020	Director
Michael X. McBride	2020	Director

Vote Required

Directors are elected by a plurality of the votes cast at the Annual Meeting by the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The three nominees receiving the highest number of FOR votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named above. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee proposed by our Board. Abstentions and broker non-votes will not affect the outcome of the election of directors. You may not vote your shares cumulatively for the election of directors.

Our Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES SET FORTH ABOVE.

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INFORMATION ABOUT OUR BOARD OF DIRECTORS

Our Board currently consists of 9 directors. Mr. Charles A. Musilli and Mr. John E. Ursin resigned effective December 21, 2016 and January 25, 2017, respectively. Effective February 22, 2017, the Board appointed Mr. Michael X. McBride to fill the vacancy created when Mr. Musilli resigned. The Board did not fill the vacancy created by Mr. Ursin's resignation because on January 25, 2017, the Board reduced the size of the Board by one seat. Set forth below are the names, ages and length of service of each of the members of our Board.

Nominees	Age ⁽¹⁾	Term Expires	Position(s) Held	Director Since
Patrick E. Brady	63	2017	Director	2005
Edward J. Leppert	56	2017	Chairman of the Board	2001
Michael X. McBride	63	2017	Director	2017

Continuing Directors