

LAKELAND BANCORP INC
Form DEF 14A
April 03, 2018
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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 Rule 14a-12

LAKELAND BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Consent 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.

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- (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:

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LAKELAND BANCORP, INC.

250 OAK RIDGE ROAD

OAK RIDGE, NEW JERSEY 07438

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD WEDNESDAY, MAY 9, 2018

To our Shareholders:

You are invited to attend the Annual Meeting of Shareholders of Lakeland Bancorp, Inc. (the Company or Lakeland) to be held at the Knoll Country Club West, 12 Knoll Drive, Boonton, New Jersey 07005 on Wednesday, May 9, 2018, at 5:00 p.m., and at any adjournments thereof, to vote on the following matters:

1. The election of three directors of the Company for the terms described in the proxy statement;
2. Approval of the Company s 2018 Omnibus Equity Incentive Plan;
3. Approval of an amendment to the Company s restated certificate of incorporation to increase the number of authorized shares of common stock from 70,000,000 to 100,000,000;
4. Approval, on an advisory basis, of the executive compensation of the Company s named executive officers as described in this proxy statement;
5. Voting, on an advisory basis, on how often the Company will conduct an advisory vote on executive compensation (every year, every two years or every three years);
6. Ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2018; and
7. The transaction of any other business as may properly come before the Annual Meeting and/or any adjournment or adjournments of the Annual Meeting.

Only shareholders of record at the close of business on March 22, 2018 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or adjournments thereof.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please sign and return the enclosed proxy card as promptly as possible, in the envelope provided to you, or vote by telephone or the Internet as

instructed on the enclosed proxy card.

Sincerely,

Timothy J. Matteson

Executive Vice President,

Chief Administrative Officer,

General Counsel and Corporate Secretary

April 9, 2018

Important notice regarding the availability of proxy materials for the Annual Meeting of Shareholders to be held on May 9, 2018: This proxy statement and our 2017 Annual Report are available at www.lakelandbank.com.

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LAKELAND BANCORP, INC.

PROXY STATEMENT FOR ANNUAL MEETING

OF SHAREHOLDERS TO BE HELD ON MAY 9, 2018

Approximate Mailing Date is April 9, 2018

This proxy statement is being furnished to shareholders of Lakeland Bancorp, Inc. (the Company or Lakeland) in connection with the solicitation by the Company's Board of Directors of proxies to be used at the Annual Meeting of Shareholders (the Annual Meeting) to be held at the Knoll Country Club West, 12 Knoll Drive, Boonton, New Jersey 07005 on Wednesday, May 9, 2018, at 5:00 p.m., and at any adjournments thereof.

About the Annual Meeting

Q: What matters will be voted on at the Annual Meeting?

A: You will be asked to vote on the following proposals:

1. The election of three directors of the Company for the terms described in the proxy statement;
2. Approval of the Company's 2018 Omnibus Equity Incentive Plan (the Plan);
3. Approval of an amendment to the Company's restated certificate of incorporation to increase the number of authorized shares of common stock from 70,000,000 to 100,000,000;
4. Approval, on an advisory basis, of the executive compensation of the Company's named executive officers as described in this proxy statement;
5. Voting, on an advisory basis, on how often the Company will conduct an advisory vote on executive compensation;
6. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018; and
7. The transaction of any other business as may properly come before the Annual Meeting and/or any adjournment or adjournments of the Annual Meeting.

Q: Who is entitled to vote at the Annual Meeting?

A: Holders of record of the Company's common stock as of the close of business on March 22, 2018, the record date for the Annual Meeting, are entitled to receive notice of, and to vote at, the Annual Meeting. On the record date, a total of 47,455,865 shares of our common stock were outstanding and entitled to vote, each of which is entitled to one vote with respect to each matter to be voted on at the Annual Meeting.

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Q: How do I vote my shares?

A: If you are a record shareholder of the Company's common stock (that is, if you hold common stock in your own name as of March 22, 2018 on the Company's stock records maintained by our transfer agent, American Stock Transfer and Trust Company), you may vote by proxy or in person at the Annual Meeting. To vote by proxy, you may use one of the following methods:

Telephone voting, by dialing the toll-free number and following the instructions on your proxy card.

Internet voting, by accessing the Internet at the web address stated on the proxy card and following the instructions.

Mail, by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Q: Can I attend the Annual Meeting and vote in person?

A: Yes. If you attend the Annual Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the Annual Meeting.

Q: What if I own my shares in street name ?

A: If your shares are registered in the name of a broker or other nominee, the voting form your broker or other nominee sent you will provide voting instructions.

Q: Can I change my vote after I return my proxy card?

A: Any shareholder of record has the power to revoke his or her proxy at any time before it is voted. You may revoke your proxy before it is voted at the Annual Meeting by:

voting again by telephone or the Internet, or completing a new proxy card with a later date your latest vote will be counted;

filing with the Secretary of the Company written notice of such revocation; or

appearing at the Annual Meeting and giving the Secretary written notice of your intention to vote in person.

Q: What is the deadline for voting by telephone or through the Internet?

A: The deadline for voting by telephone or through the Internet as a shareholder of records is 11:59 p.m., local time on May 8, 2018. If your shares are registered in the name of a broker or other nominee, you should consult the voting instructions provided by your broker or other nominee for information about the deadline for voting by telephone or

through the Internet.

Q: What constitutes a quorum for purposes of the Annual Meeting?

A: The presence at the Annual Meeting in person or by proxy of the holders of a majority of the voting power of all outstanding shares of common stock entitled to vote shall constitute a quorum for the transaction of business. Proxies marked as abstaining (including proxies containing broker non-votes) on any matter to be acted upon by shareholders will be treated as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on such matters.

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Q: What vote is required to approve each proposal?

A: The election of directors (Proposal 1) requires the affirmative vote of a plurality of the votes cast at the Annual Meeting by shares represented in person or by proxy and entitled to vote for the election of directors. There is no cumulative voting. Approval of Proposal 2 (approval of the Plan), Proposal 3 (approval of the amendment to the Company's restated certificate of incorporation to increase the number of authorized shares of common stock), Proposal 4 (approval, on an advisory basis, of the executive compensation of the Company's named executive officers as described in this proxy statement) and Proposal 6 (ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018) will require the affirmative vote of a majority of the votes cast with respect to each such proposal. The vote on Proposal 5 (advisory vote on the frequency of the advisory votes on executive compensation) has three possible substantive responses (every year, every 2 years or every 3 years), and the response that receives the highest number of votes cast will be the frequency of the vote on the compensation of our named executive officers that has been approved by the shareholders on an advisory basis.

Q: How does the Board recommend that I vote my shares:

A: The Board recommends that you vote **FOR** the Board's nominees for director, **FOR** proposals 2, 3, 4 and 6 and, with respect to proposal 5, **FOR** an annual vote on executive compensation.

With respect to any other matters that properly come before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion in the best interests of the Company. As of the date this proxy statement, the Board of Directors had no knowledge of any business other than the proposals described in this proxy statement that would be presented for consideration at the Annual Meeting.

Q: What if I return my signed proxy card but do not provide instructions on how to vote?

A: 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 of Directors.

Q: Who will bear the costs of soliciting proxies?

A: The Company will bear the entire cost of this solicitation. Officers and regular employees of Lakeland may also, but without additional compensation, solicit proxies by further mailings, personal conversations, telephone, facsimile or e-mail. Lakeland will make arrangements with brokerage houses, custodians, nominees and fiduciaries for the forwarding of proxy solicitation materials to beneficial owners of shares held of record by these brokerage houses, custodians, nominees and fiduciaries and Lakeland will reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in connection with the solicitation.

PROPOSAL 1

ELECTION OF DIRECTORS

Board Composition and Qualifications

The Board's Nominating and Corporate Governance Committee is charged with reviewing the composition of the Board and refreshing it as appropriate. The Board believes that the Company benefits by fostering a mix of experienced directors with a deep understanding of the banking industry and the communities served by Lakeland Bank.

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Diversity

The Company's Board does not have a formal policy of considering diversity in identifying potential director candidates. However, since the Board believes that its membership should broadly reflect the banking community served by Lakeland, it has an informal practice of considering a nominee's age, race, ethnicity, national origin, gender, and geographic location in addition to such nominee's qualifications for Board service. See Nominating and Corporate Governance Committee Matters Qualifications.

Compliance with regulatory requirements

The Nominating and Corporate Governance Committee considers regulatory requirements affecting directors, including potential competitive restrictions, as well as the other positions the director has held, including other board memberships. No member of the Company's Board may serve on the board of another financial institution or bank or savings and loan holding company in the Company's market area.

Shareholder Candidates

The charter of the Nominating and Corporate Governance Committee provides that there will be no differences in the manner in which the Nominating and Corporate Governance Committee evaluates nominees recommended by shareholders and nominees recommended by the Committee or by management, except that no specific process shall be mandated with respect to the nomination of any individuals who have previously served on the Board.

Age Limits

The Company maintains a mandatory retirement age for its directors. Any director who turns 72 during his or her term must retire at the next annual meeting of shareholders. In accordance with this policy, Edward B. Deutsch, Joseph P. O'Dowd and Stephen R. Tilton, Sr., who served as directors of the Company and Lakeland Bank during 2017 and in prior years, are retiring as of the Annual Meeting. We thank them for their years of service.

Stock Ownership Guidelines for Directors; Anti-Pledging Policy

Although the Company's by-laws provide that the minimum value of Lakeland common stock to be held by directors is \$1,000, the Board has adopted Corporate Guidelines which established a goal that directors own or otherwise control, at a minimum, the number of shares or share equivalents of Lakeland common stock equal to approximately five times (5x) the director annual retainer fee, with new directors attaining that goal within five years. The Compensation Committee periodically reviews this stock ownership goal, and has determined that all directors have attained the prescribed goal.

In March 2013, Lakeland's Board adopted an anti-pledging policy that prohibits future pledging of Lakeland common stock by Lakeland's executive officers and directors. The policy does not require existing pledges to be unwound.

Code of Ethics

The Company is required to disclose whether it has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. We have adopted such a code of ethics and have posted a copy of the code on our Company's website www.lakelandbank.com.

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Shareholder Communication with the Board

The Board of Directors has established a procedure that enables shareholders to communicate in writing with members of the Board. Any such communication should be addressed to the Chairman of the Board and should be sent to such individual c/o Lakeland Bank, 250 Oak Ridge Road, Oak Ridge, New Jersey 07438. Any such communication must state, in a conspicuous manner, that it is intended for distribution to the entire Board of Directors. Under the procedures established by the Board, upon the Chairman's receipt of such a communication, Lakeland's Secretary will send a copy of such communication to each member of the Board, identifying it as a communication received from a shareholder. Absent unusual circumstances, at the next regularly scheduled meeting of the Board held more than two days after such communication has been distributed, the Board will consider the substance of any such communication.

Board members are encouraged, but not required by any specific Board policy, to attend Lakeland's Annual Meeting. All of the Board members attended the Company's 2017 Annual Meeting of Shareholders.

Nominating and Corporate Governance Committee Matters

Nominating and Corporate Governance Committee Charter. The Board has adopted a Nominating and Corporate Governance Committee charter to govern such Committee. A copy of the current Nominating and Corporate Governance Committee charter is available to shareholders on the Company's website, www.lakelandbank.com.

Independence of Nominating and Corporate Governance Committee Members. All members of the Nominating and Corporate Governance Committee of the Board of Directors have been determined to be independent directors pursuant to the definition contained in Rule 4200(a)(15) of the National Association of Securities Dealers' Marketplace Rules.

Procedures for Considering Nominations Made by Shareholders. The Nominating and Corporate Governance Committee's charter describes procedures for nominations to be submitted by shareholders and other third parties, other than candidates who have previously served on the Board or who are recommended by the Board. The charter states that a nomination must be delivered to the Secretary of the Company at the principal executive offices of the Company not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made by the Company. The public announcement of an adjournment or postponement of an annual meeting will not commence a new time period (or extend any time period) for the giving of a notice as described above. The charter requires a nomination notice to set forth as to each person whom the proponent proposes to nominate for election as a director: (a) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and (b) information that will enable the Nominating and Corporate Governance Committee to determine whether the candidate or candidates satisfy the criteria established pursuant to the charter for director candidates.

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Qualifications. The charter describes the minimum qualifications for nominees and the qualities or skills that are necessary for directors to possess. Each nominee:

must satisfy any legal requirements applicable to members of the Board;

must not serve on the board of any other financial institution or bank or savings and loan holding company in the Company's market area;

must have business or professional experience that will enable such nominee to provide useful input to the Board in its deliberations;

must have a willingness and ability to devote the time necessary to carry out the duties and responsibilities of Board membership;

must have a desire to ensure that the Company's operations and financial reporting are effected in a transparent manner and in compliance with applicable laws, rules and regulations;

must have a dedication to the representation of the best interests of the Company and all of its shareholders;

must have a reputation, in one or more of the communities serviced by Lakeland and its subsidiaries, for honesty and ethical conduct;

must have a working knowledge of the types of responsibilities expected of members of the board of directors of a public corporation and particularly, a bank holding company; and

must have experience, either as a member of the board of directors of another public or private corporation or in another capacity that demonstrates the nominee's capacity to serve in a fiduciary position.

Identification and Evaluation of Candidates for the Board. Candidates to serve on the Board will be identified from all available sources, including recommendations made by shareholders. As indicated above, the Nominating and Corporate Governance Committee's charter provides that there will be no differences in the manner in which the Committee evaluates nominees recommended by shareholders and nominees recommended by the Committee or management, except that no specific process shall be mandated with respect to the nomination of any individuals who have previously served on the Board. The evaluation process for individuals other than existing Board members includes:

a review of the information provided to the Nominating and Corporate Governance Committee by the proponent;

a review of reference letters from at least two sources determined to be reputable by the Nominating and Corporate Governance Committee; and

a personal interview of the candidate,
together with a review of such other information as the Nominating and Corporate Governance Committee shall determine to be relevant.

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Shareholder Recommendations. In connection with the 2018 Annual Meeting, the Nominating and Corporate Governance Committee did not receive any nominations from any shareholder or group of shareholders which owned more than 5% of the Company's common stock for at least one year.

Our Nominees and Continuing Directors

Unless a shareholder either indicates withhold authority on his proxy or indicates on his proxy that his shares should not be voted for certain nominees, it is intended that the persons named in the proxy will vote for the election as directors of the three persons named in Table I below to serve for the terms specified in the Table and thereafter until their successors shall have been duly elected and shall have qualified. Each of Messrs. Bohuny and Flynn and Ms. Deacon has been nominated to serve for a three year term. Each of the Board's nominees has consented to be named in this proxy statement and to serve as a director of the Company if elected. Discretionary authority is also solicited to vote for the election of a substitute for any of said nominees who, for any reason presently unknown, cannot be a candidate for election.

The first table sets forth the names and ages of the nominees for election to the Board of Directors, the principal positions held by each such person during the past five years, the year each such person began serving as a director of the Company, the expiration of their respective terms if elected, and the principal committees on which he or she serves. The second table sets forth comparable information with respect to those directors whose terms of office will continue beyond the date of the Annual Meeting. Additional information about the nominees and continuing directors is set forth under *Qualifications of our Board Members and Nominees* below.

Board Nominees

Name	Age	Director since	Expiration of Term if Elected	Primary Occupation & Other Public Company Boards	Committee Memberships		
					A	G	C
Bruce D. Bohuny	49	2007	2021	President, Brooks Builders		G	C
Mary Ann Deacon	66	1995	2021	Chairman, Lakeland Bancorp, Inc. and Lakeland Bank; Secretary/Treasurer of Deacon Homes, Inc.			
Brian Flynn	58	2010	2021	Partner, PKF O Connor Davies, LLP	A	G	

Continuing Directors

Name	Age	Director since	Expiration of Term	Primary Occupation & Other Public Company Boards	Committee Memberships		
					A	G	C
Lawrence R. Inserra, Jr.	60	2016	2019	Chairman of the Board and CEO and			C

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				President of Inserra Supermarkets, Inc.		
Thomas J. Marino	70	2013	2019	Retired Partner, CohnReznick LLP	A	G
Robert E. McCracken	60	2004	2019	Sole managing member and owner of REM, LLC; owner/manager of Wood Funeral Home and Smith-McCracken Funeral Home		G C

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Name	Age	Director since	Expiration of Term	Primary Occupation & Other Public Company Boards	Committee Memberships		
					A	G	C
Thomas J. Shara	60	2008	2019	President and CEO of Lakeland Bancorp, Inc. and Lakeland Bank			
Mark J. Fredericks	57	1994	2020	President of each of Fredericks Fuel and Heating Service, Keil Oil Company and F&B Trucking; Managing Member of several real estate companies			
Janeth C. Hendershot	63	2004	2020	Retired; Former insurance industry executive with several publicly traded companies	A		
Robert B. Nicholson, III	53	2003	2020	President and Chief Executive Officer of Northern Resources Corporation; President and CEO of Eastern Liquids, LLC; and President and CEO of Landmark America Corporation	A	G	C

INDEPENDENCE

All directors other than the CEO are independent pursuant to SEC and NASDAQ rules.

ATTENDANCE

All directors attended at least 75% of the meetings of the Board and committees on which they served in 2017.

A Audit Committee

G Nominating and Corporate Governance Committee

C Compensation Committee

Chair

Financial Expert

Qualifications of our Board Members and Nominees

The Board considered the following attributes of its nominees and continuing directors in determining that each is qualified to serve as a director of the Company:

With respect to our nominees:

Mr. Bohuny's over 20 years of experience in the residential and commercial construction and real estate development fields, and his prior work experience in the equity and fixed income markets and service on various educational and philanthropic boards including the StonyBrook School, Eastern Christian School, Christian Healthcare Center and the New Canaan Society, led the Board to conclude that this individual should serve as a director of Lakeland and Lakeland Bank.

Ms. Deacon's over 30 years of extensive experience in the real estate development process, building contracting, property management and sales, her service to a number of community associations, her reputation in the broader

business community as well as in the local real estate markets and her dedication to Lakeland and Lakeland Bank led the Board to conclude that this individual should serve as a director of Lakeland. Ms. Deacon is responsible for the planning and administration of numerous operating companies and four condominium associations. Her past participation in the state and local real estate associations includes leadership positions and committee experience in ethics, professional standards, strategic planning and governance. Ms. Deacon is committed to enhancing her professional participation as a director of Lakeland and frequently attends

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continuing education seminars and institutes applicable to directors of banks and bank holding companies. During her 20 year tenure at Lakeland, she has served on every committee of the Board. In January 2010, she was elected Vice Chairman of the Board of Lakeland and Lakeland Bank and in May 2011, she was elected Chairman of the Board of Lakeland and Lakeland Bank.

Mr. Flynn is a Partner at PKF O Connor Davies, LLP, one of the largest regional accounting firms in the tri-state area. He received his Bachelor of Science Degree, cum laude, from Monmouth College. With over 30 years of experience as a practicing CPA, Mr. Flynn brings in-depth knowledge of generally accepted accounting principles and auditing standards to our Board. He has worked with audit committees and boards of directors in the past, including previously serving on the Boards of TD Banknorth, Inc. and Hudson United Bancorp, and provides Lakeland's Board of Directors and its Audit Committee with extensive experience in auditing and preparation of financial statements. For these reasons, the Board has concluded that this individual should serve as a director of Lakeland and Lakeland Bank.

With respect to our continuing directors:

Mr. Inserra joined the Lakeland and Lakeland Bank Boards of Directors upon the closing of the mergers with Pascack Bancorp, Inc. and Pascack Community Bank on January 7, 2016. He had previously served as a director of Pascack Bancorp, Inc. and Pascack Community Bank. Mr. Inserra is Chairman of the Board and CEO of Inserra Supermarkets, Inc., a family owned business founded in 1954 and one of the largest supermarket chains in th