

SUSSEX BANCORP  
Form DEF 14A  
March 19, 2018

**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  
☐ Soliciting Material Pursuant to §240.14a-12

**SUSSEX BANCORP**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.  
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:  
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(1) Amount Previously Paid:

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March 27, 2018

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 25, 2018, at 10:00a.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 25, 2018

**TIME** 10:00 a.m. Eastern time

**PLACE** Sussex Bancorp  
100 Enterprise Drive, Suite 700  
Rockaway, New Jersey 07866  
(1)

**ITEMS OF BUSINESS** **Election of the four nominees named in the attached proxy statement as directors to serve on the Board of Directors for a three-year term.**  
(2)

Ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.  
(3)

Consideration and approval of a non-binding advisory resolution on the compensation of our named executive officers.  
(4)

Consideration and approval of an amendment to our Restated Certificate of Incorporation to change the name of our Company from Sussex Bancorp to SB One Bancorp.  
(5)

**RECORD DATE** Consideration of any other business properly brought before the Annual Meeting, or at any adjournment or postponement thereof.  
The record date for the Annual Meeting is March 1, 2018. 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 27, 2018

**IMPORTANT NOTICE REGARDING THE AVAILABILITY  
OF PROXY MATERIALS FOR  
THE SHAREHOLDER MEETING TO BE HELD ON  
APRIL 25, 2018.**

This proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available free of charge at <http://www.snl.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  
2018 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 25, 2018**

**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 2018 Annual Meeting of Shareholders. This proxy statement and proxy card are being mailed to shareholders on or about March 27, 2018. 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 2018 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 1, 2018 will be entitled to vote at the Annual Meeting. On this date, there were 7,926,308 shares of common stock issued and outstanding and entitled to vote.

**Shareholder of Record: Shares Registered in Your Name**

If on March 1, 2018, 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 1, 2018, 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 four 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, 2018 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.

*Proposal 4: Consideration and approval of an amendment to our Restated Certificate of Incorporation to change the name of our Company from Sussex Bancorp to SB One Bancorp.* The approval of the amendment to our Restated Certificate of Incorporation to change the name of our Company from Sussex Bancorp to SB One Bancorp 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.

## **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, 3 and 4 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:

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FOR the election of the four 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, 2018;

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

FOR the approval of an amendment to our Restated Certificate of Incorporation to change the name of our Company from Sussex Bancorp to SB One Bancorp.

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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.

## 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, 3 and 4 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.

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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 2019 Annual Meeting of Shareholders?**

If you wish to submit proposals to be included in our proxy statement for the 2019 annual meeting of shareholders, we must receive them on or before November 22, 2018, 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 2019 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 December 27, 2018 and January 25, 2019; provided, however, that in the event that the 2019 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 10<sup>th</sup> day following the day on which such notice of the date of the 2019 annual meeting was mailed or such public disclosure of the date of the 2019 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, 2017 (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](http://www.sec.gov) and on our website at [www.sussexbank.com](http://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 four 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 2021 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
Dominick J. D Agosta	2021	Director
Mark J. Hontz	2021	Director
Walter E. Loeffler	2021	Director
Peter A. Michelotti	2021	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 four 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 four 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.**

TABLE OF CONTENTS**INFORMATION ABOUT OUR BOARD OF DIRECTORS**

Our Board currently consists of 11 directors. Mr. Timothy Marvil resigned effective January 21, 2018. Effective January 4, 2018 upon consummation of the merger of Community Bank of Bergen County, NJ with and into Sussex Bank, the Board appointed Mr. Dominick J. D Agosta, Mr. Walter E. Loeffler and Mr. Peter A. Michelotti. Set forth below are the names, ages and length of service of each of the members of our Board.

Nominees	Age <sup>(1)</sup>	Term Expires	Position(s) Held	Director Since
Dominick J. D Agosta	76	2021	Director	2018
Mark J. Hontz	51	2021	Director	1998
Walter E. Loeffler	69	2021	Director	2018
Peter A. Michelotti	49	2021	Senior Executive Vice President and Chief Operating Officer; Director	2018
Continuing Directors	Age <sup>(1)</sup>	Term Expires	Position(s) Held	Director Since
Richard Branca	70	2019	Director	2005
Katherine H. Caristia	64	2019	Director	2010
Anthony Labozzetta	54	2019	President and Chief Executive Officer; Director	2010
Robert McNerney	59	2019	Director	2011
Patrick E. Brady	64	2020	Director	2005
Edward J. Leppert	57	2020	Chairman of the Board	2001
Michael X. McBride	64	2020	Director	2017

(1) At March 1, 2018.

The principal occupation, education and business experience, where applicable, of each nominee for election as a director and each continuing and retiring director are set forth below. Unless otherwise indicated, principal occupations shown for each director have extended for five or more years.

**Nominees**

**Mr. Dominick J. D Agosta** is retired and a banking industry veteran who began his career in 1959 at First Jersey National Bank. Over the course of nearly 55 years, Mr. D Agosta has held senior management positions with various financial institutions (many of which have merged or consolidated), including National Westminster Corporation, Summit Bank Corporation, Fleet Bank Boston, Bank of America and Capital One. Mr. D Agosta continues to serve the community through non-profit work. Currently, he is the Chairman of Youth Consultation Services (YCS) in Hackensack, New Jersey. He was past Chairman of both the Hudson County and Meadowlands Chambers of Commerce, and he is a Board Member, and past Chair, for the Hudson/Bergen County Workforce Investment Board.



Mr. D Agosta previously held Chair positions with the New Jersey City University Foundation and the Bon Secours Health Systems NJ with hospitals in Jersey City and Hoboken.

**Mr. Mark J. Hontz** is a partner in the Newton, New Jersey based law firm of Hollander, Strelzik, Pasculli, Hinkes, Wojcik, Gacquin, Vandenberg & Hontz, L.L.C. and has been a practicing lawyer since 1992. His experience counseling various clients and business entities has given him insight into many of the issues we deal with, including risk mitigation and corporate governance.

**Mr. Walter E. Loeffler** is a certified public accountant and managing member of Walter E. Loeffler, CPA, LLC, a CPA firm since 1986. Mr. Loeffler is also the President of Business Valuation Associates, Inc. since 1995. Mr. Loeffler's experience includes consulting services for closely-held corporations, business valuations, forensic and traditional accounting services as well as tax return preparation. Mr. Loeffler was a Board member of Community Bank of Bergen County, NJ and the Chairman of their Audit Committee.

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**Mr. Peter A. Michelotti** has been our Chief Operating Officer and Senior Executive Vice President since January 2018. He is a certified financial planner and he was previously the President and Chief Executive Officer as well as a Board member of Community Bank of Bergen County, NJ since January 2009. He held various other positions with Community Bank Bank of Bergen County, NJ since 1987. He also has held several officer and director positions with banking related associations. Mr. Michelotti has more than 30 years of banking experience, including strategic planning, lending, regulatory compliance, risk management and operations.

## Continuing Directors

**Mr. Patrick E. Brady** has been the Chief Executive Officer of Heath Alliance for Care of Hackettstown, New Jersey, a not for profit corporation providing housing and services for the elderly, since 1995. Heath Alliance for Care, Inc. is parent to Heath Village, Inc. and Canterbury Village, Inc. Mr. Brady was also formerly a trustee of Cathedral Healthcare Systems. As a Chief Executive Officer, Mr. Brady has experience in many of the issues we deal with, including financial and strategic planning, technology and government relations.

**Mr. Richard Branca** is the owner and President of Bergen Engineering Company, East Rutherford, New Jersey. He is also the President of Branca Properties, which owns and manages over 1.3 million square feet of office, warehouse and retail space. Mr. Branca also serves as a Principal of Concord Hospitality, an entity which owns or operates over 84 full and select service hotels throughout the United States and Canada. Mr. Branca's broad based business experience has provided him with insight and understanding of many of the same issues that both our small business customers and we deal with today, including financial and strategic planning, capital allocation and management development.

**Ms. Katherine H. Caristia** is a certified public accountant and has served as the Chief Operating Officer/Chief Financial Officer of the Jan Group of Companies of Randolph, New Jersey since 2001. She was previously the Controller of the Jan Group of Companies. Her accounting and prior business positions have given Ms. Caristia experience in the service, retail and financial sectors. Ms. Caristia's financial and accounting background allow her to provide insight to the Board on many of the issues we deal with on a daily basis. In addition, Ms. Caristia's accounting experience qualifies her to serve on our Audit Committee.

**Mr. Anthony Labozzetta** has been our President and Chief Executive Officer since January 2010. He was previously an Executive Vice President of TD Bank from 2006 to 2010. Prior to joining TD Bank, Mr. Labozzetta served as the Senior Executive Vice President and COO of Interchange Financial Services Corporation until its acquisition by TD Bank in 2006. Mr. Labozzetta also previously served as the Chief Financial Officer of Interchange Financial Services Corporation. He was formerly a certified public accountant with Deloitte & Touche. With more than 30 years of banking experience, including strategic planning and growth, regulatory compliance, investor relations, risk management, mergers and acquisitions and management development, Mr. Labozzetta has extensive and diverse knowledge of the banking business.

**Mr. Edward J. Leppert** is a certified public accountant and founder of Leppert Group LLC, and has been in public practice since 1986. Effective January 1, 2012, he was elected Chairman of the Board of both the Company and Sussex Bank. He previously served as Vice Chairman of the Board and has also served as the Chairman of the Audit, Executive, and Nominating and Corporate Governance Committees. His experience with financial and corporate governance matters and knowledge of the customers and communities in the northern New Jersey marketplace are

beneficial to us.

**Mr. Michael X. McBride, Esq.** is an attorney and partner at Connell Foley LLP ( Connell Foley ) in Roseland, New Jersey. His practice focuses on real estate and construction. From 2010 through 2015, Mr. McBride served as Connell Foley's Managing Partner. He is admitted to the New York State Bar and the New Jersey State Bar. He is a graduate of Stanford University and Georgetown University Law Center. Mr. McBride's knowledge of the customers and communities in the northern New Jersey marketplace are beneficial to us and provides us valuable insight into the current market.

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**Mr. Robert McNerney** has been the owner of a real estate company, McNerney & Associates, Inc., since 1981.

McNerney & Associates, Inc. provides appraisal, management, brokerage and development services throughout northern New Jersey and New York. He is a licensed appraiser and real estate broker in NJ and NY and holds an MAI and SRA designation from the Appraisal Institute. He holds a CRE designation from the Counselors of Real Estate, which is awarded to individuals nominated by their peers who possess extensive experience in the commercial real estate business. Mr. McNerney's extensive experience in the real estate markets and as a business owner provides us valuable insight into the current market.

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## INFORMATION ABOUT OUR EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

The following are our executive officers who are not also members of the Board and therefore are not listed above:

**Mr. Steven M. Fusco**, age 51, has served as Chief Financial Officer and Senior Executive Vice President since 2010. Mr. Fusco also has served as the Chief Financial Officer of Sussex Bank since June 2010. Mr. Fusco has over 30 years of banking experience, including managing accounting and treasury functions, strategic planning, risk management, regulatory compliance, operations, mergers and acquisitions and consulting. Prior to joining the Company and Sussex Bank, Mr. Fusco served as a Vice President and Treasury Manager with Investors Bank and as the Chief Financial and Operating Officer and Executive Vice President of Mariner's Bancorp and Mariner's Bank. Mr. Fusco also served as the Treasurer and First Vice President for Interchange Bank during his 10 years at the bank. Mr. Fusco also serves on two non-profit Boards, including being Vice Chairman of the Board for Financial Managers Society, Inc., which services financial professionals from community banks, thrifts, and credit unions.

**Mr. George Lista**, age 58, has served as the President and Chief Executive Officer of our subsidiary, Tri-State Insurance Agency, since 2001. Mr. Lista joined Sussex Bank when we acquired Tri-State Insurance Agency in 2001. Mr. Lista served as Chief Operating Officer of Tri-State prior to its acquisition. Mr. Lista has 37 years of experience in the insurance industry.

**Mr. Vito Giannola**, age 41, has served as Senior Executive Vice President and Chief Banking Officer of Sussex Bank since March 2018 and has been with the Bank since September 2010. Mr. Giannola has over 16 years of experience in retail, small business and government banking. Prior to joining Sussex Bank, Mr. Giannola served as Retail Market Manager and Senior Vice President with TD Bank, where he held various positions throughout the bank. Mr. Giannola also held various positions with Chase and First Union (Wells Fargo).

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## **CORPORATE GOVERNANCE**

### **Board of Directors**

The Board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the Board does not involve itself in our day-to-day operations. Our executive officers and management oversee the day-to-day operations. Our directors fulfill their duties and responsibilities by attending regular meetings of the Board, which are held on a monthly basis. Our directors also discuss business and other matters with the Chairman, the President and Chief Executive Officer, other key executives and our principal external advisers (legal counsel, auditors, financial advisors and other consultants).

The Board held 4 regularly scheduled meetings and 8 special meetings during the year ended December 31, 2017. Each incumbent director attended at least 75% of the total of (i) the meetings of the Board held during the period for which he or she has been a director and (ii) the meetings of the committee(s) on which that particular director served during such period.

It is our policy to encourage directors and nominees to attend the Annual Meeting. At the 2017 annual meeting of shareholders, all members then serving on the Board were in attendance.

### **Board of Directors Independence**

Rule 5605 of the NASDAQ Listing Rules requires that independent directors compose a majority of a listed company's board of directors. In addition, the NASDAQ Listing Rules require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act.

Compensation committee members must also satisfy independence criteria set forth in Rule 10C-1 under the Exchange Act. Under Rule 5605(a)(2) of the NASDAQ Listing Rules, a director will only qualify as an independent director if, in the opinion of our Board, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3 under the Exchange Act, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries. In addition to satisfying general independence requirements under the NASDAQ Listing Rules, members of a compensation committee must also satisfy independence requirements set forth in Rule 10C-1 under the Exchange Act and NASDAQ Listing Rule 5605(d)(2). Pursuant to Rule 10C-1 under the Exchange Act and NASDAQ Listing Rule 5605(d)(2), in affirmatively determining the independence of a member of a compensation committee of a listed company, the board of directors must consider all factors specifically relevant to determining whether that member has a relationship with the company which is material to that member's ability to be independent from management in connection with the duties of a compensation committee member, including: (a) the source of compensation of such member, including any consulting, advisory or other compensatory fee paid by the company to such member; and (b) whether such member is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company.

The Board consults with our legal counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent NASDAQ Listing Rules, as in effect from time to time. Consistent with these considerations, the Board has

affirmatively determined that all of its directors, including the director nominees, satisfy general independence requirements under the NASDAQ Listing Rules, other than Messrs. Labozzetta and Michelotti, and Mr. Ursin, who resigned from the board effective January 22, 2017. In making this determination, the Board found that none of the directors, other than Messrs. Labozzetta, Michelotti and Ursin, had a material or other disqualifying relationship with us that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and that each director, other than Messrs. Labozzetta, Michelotti and Ursin, is independent as that term is defined under Rule 5605(a)(2) of the NASDAQ Listing Rules. The Board determined that Mr. Labozzetta, our President and Chief Executive Officer, and Mr. Michelotti, our Senior Executive Vice President and Chief Operating Officer, are not

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independent directors by virtue of their respective current or former employment with us. Mr. Ursin was not an independent director due to certain related-person transactions in excess of \$120,000 for 2013 which are described in more detail under the section entitled Transactions with Related Persons found elsewhere in this proxy statement. The Board also determined that each member of the Audit, Compensation, and Nominating and Corporate Governance Committees satisfies the independence standards for such committees established by the SEC and the NASDAQ Listing Rules, as applicable.

## **Code of Ethics and Corporate Governance Guidelines**

We have a Code of Conduct, which applies to all our directors, officers and employees. We also have a Senior Management Code of Ethics, which applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions for us, and which requires compliance with the Code of Conduct. The Senior Management Code of Ethics meets the requirements of a code of ethics as defined by Item 406 of Regulation S-K.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of our Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, by posting such information on our website at the internet address set forth below. We did not amend or grant any waivers of a provision of our Code of Ethics during 2017.

The Board adopted Corporate Governance Guidelines to assure that it will have the necessary authority and practices in place to review and evaluate our business operations as needed and to make decisions that are independent of our management. The Corporate Governance Guidelines are also intended to align the interests of directors and management with those of our shareholders. The Corporate Governance Guidelines set forth the practices the Board intends to follow with respect to Board independence, composition and selection, Board meetings and involvement of senior executives, senior executive performance evaluation and succession planning, and Board committees and compensation.

The Code of Conduct, the Senior Management Code of Ethics and the Corporate Governance Guidelines are available on our website at [www.sussexbank.com](http://www.sussexbank.com). The inclusion of our website address here and elsewhere in this proxy statement does not include or incorporate by reference the information on our website into this proxy statement.

## **Board Leadership Structure and Role in Risk Oversight**

### **Board Leadership Structure**

The Board does not have a formal policy on separating the roles of Chairman of the Board and Chief Executive Officer and, if separate, whether the Chairman of the Board should be a non-employee director or an employee. The Board believes that no single, one-size fits all, board leadership model is universally or permanently appropriate. The Board prefers to retain the flexibility to structure its leadership from time to time in any manner that is in our best interest and that of our shareholders. The positions of our Chairman of the Board and Chief Executive Officer are currently separated. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman of the Board to lead our Board in its fundamental role of providing advice to and independent oversight of management. The Board recognizes the time, effort and energy that our Chief Executive Officer must devote to his position in the current business environment, as well as the commitment required to serve



as our Chairman, particularly as the Board's oversight responsibilities continue to grow. The Board also believes that this structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of our Board. The Board recognizes that depending on the circumstances other leadership models, such as combining the role of Chairman of the Board with the role of Chief Executive Officer, might be appropriate. Accordingly, our Board may periodically review its leadership structure.

TABLE OF CONTENTS**Board's Role in Risk Oversight**

Risk is an inherent part of the business of banking. Risks faced by us include credit risk relating to our loans and interest rate risk related to our balance sheet. The Board oversees these risks through the adoption of policies and by delegating oversight to certain Board committees, including the loan and asset-liability committees. These committees exercise oversight by establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability and compliance with all applicable laws and regulations.

**Committees of the Board of Directors**

The Board has established three committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The following table provides membership and meeting information for the year ended December 31, 2017, for each Board committee:

Name	Audit	Compensation	Nominating and Corporate Governance
Patrick E. Brady	X	X	
Richard Branca		X	
Katherine H. Caristia**	X		X
Dominick J. D'Agosta			
Mark J. Hontz	X	X*	X
Edward J. Leppert**	X		X*
Walter E. Loeffler**			
Timothy Marvil***	X*		
Robert McNerney			X
Michael X. McBride		X	X
<b>Total meetings in 2017</b>	<b>6</b>	<b>6</b>	<b>2</b>

\*

Committee Chair

\*\*

Financial Expert

\*\*\* Effective January 21, 2018, upon the resignation of Messrs. Marvil, Messrs. Leppert assumed the role Chairman of the Audit Committee.

Below is a description of each committee of the Board.

**Audit Committee**

During 2017, the Audit Committee was chaired by Messrs. Marvil with Ms. Caristia, Messrs. Brady, Hontz and Leppert as members. Effective January 21, 2018, upon the resignation of Messrs. Marvil, Messrs. Leppert assumed the role Chairman of the Audit Committee. Effective January 24, 2018, Mr. Loeffler was appointed to the Audit Committee. The purpose of the Audit Committee is to assist the Board's oversight of our accounting and financial reporting process, including our internal audit function and the audits of our financial statements.

The primary duties and responsibilities of the Audit Committee are to:

oversee and monitor the financial reporting process, internal audit function and internal controls and procedures;

appoint, compensate and oversee the work of the independent auditors;  
review and evaluate the audited financial statements with management and the independent auditors and report any substantive issues found during the audit to the Board;  
review and approve all transactions with related persons; and  
provide an open avenue of communication among the independent auditors, financial and senior management, the internal audit department and the Board.

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The Audit Committee is also responsible for the pre-approval of all audit, review, attest and non-audit services provided by our independent auditors. The Audit Committee pre-approved 100% of the services performed by the independent registered public accounting firm during 2017.

The Audit Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. Any decision of a subcommittee to pre-approve audit, review, attest or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting.

The Board reviews the definition of independence for Audit Committee members on an annual basis and has determined that all members of our Audit Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ Listing Rules and Rule 10A-3 under the Exchange Act). The Board has also determined that Ms. Caristia qualifies as an audit committee financial expert as defined in applicable SEC rules. The Audit Committee has a written charter, which is available on our website at [www.sussexbank.com](http://www.sussexbank.com).

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## AUDIT COMMITTEE REPORT<sup>(1)</sup>

The Audit Committee has reviewed and discussed the audited financial statements as of and for the fiscal year ended December 31, 2017 with management and our independent registered public accounting firm, BDO. The Audit Committee has discussed with BDO the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board, or PCAOB, in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from BDO required by applicable requirements of the PCAOB regarding BDO's communications with the Audit Committee concerning independence, and has discussed with BDO the firm's independence. Based on the foregoing, the Audit Committee recommended to the Board of Directors that the consolidated audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, for filing with the Securities and Exchange Commission.

**Sussex Bancorp  
Audit Committee**

*Edward J. Leppert, Chair  
Katherine H. Caristia  
Patrick E. Brady  
Mark Hontz  
Walter Loeffler*

(1) The material in this report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing we make under either the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

## Compensation Committee

During 2017, the Compensation Committee was chaired by Mr. Hontz, with Messrs. Brady, Branca and McBride as members. The purpose of the Compensation Committee is to review senior management's performance and determine compensation, and review and set guidelines for compensation of all employees.

The primary duties and responsibilities of the Compensation Committee are to:

annually review and approve corporate and/or individual goals and objectives relevant to the compensation of the President and Chief Executive Officer, evaluate performance in light of those goals and objectives, and recommend to the Board the compensation level based on this evaluation;

annually review and recommend to the Board for the President and Chief Executive Officer and the senior executives (i) annual base salary, (ii) any annual and long-term incentives, and (iii) any special or supplemental benefits;

make recommendations to the Board with respect to profit sharing and equity-based compensation plans; and review and adopt any necessary or desirable amendments or changes to any and all benefit, incentive compensation and equity-based plans.

The Compensation Committee has the authority to delegate its authority to subcommittees as it deems appropriate; provided, that any such subcommittee shall report to the entire Compensation Committee on its activities. The Compensation Committee also has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other

retention terms. During the past fiscal year, the Compensation Committee engaged BFS Group, a compensation consulting firm, to advise the Compensation Committee on executive SERP plans. The compensation consulting firm is reviewing SERPs for certain executive officers.

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The Board reviews the definition of independence for Compensation Committee members on an annual basis and has determined that all members of our Compensation Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ Listing Rules and Rule 10C-1 under the Exchange Act). The Compensation Committee has a written charter, which is available on our website at [www.sussexbank.com](http://www.sussexbank.com).

### **Nominating and Corporate Governance Committee**

During 2017, the Nominating and Corporate Governance Committee was chaired by Mr. Leppert, with Ms. Caristia and Messrs. Hontz, McBride and McNerney as members. The purpose of the Nominating and Corporate Governance Committee is to identify and evaluate individuals qualified to become directors, and periodically review our organizational documents and corporate governance policies.

The primary duties and responsibilities of the Nominating and Corporate Governance Committee are to:

- identify, review and evaluate candidates to serve as directors (consistent with criteria approved by the Board);
- recommend to the Board for selection candidates for election to the Board;
- review and evaluate incumbent directors;
- develop and oversee annual evaluations of the Board and its members, its committees and the Chief Executive Officer; and
- annually review our corporate governance guidelines and insider trading policies and procedures.

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. When we have an opening on the Board, we will always look at a diverse pool of candidates. It is the policy of the Nominating and Corporate Governance Committee to select individuals as director nominees who shall have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the shareholders. When considering candidates for the Board, the Nominating and Corporate Governance Committee takes into account the candidate's diversity, skills, such as an understanding of financial statements, financial reporting systems and our market area, and independence from management. We view and define diversity in its broadest sense, which includes gender, ethnicity, education, experience and leadership qualities. If the Nominating and Corporate Governance Committee believes a candidate would be a valuable addition to the Board, it will recommend to the full Board that candidate's election. The Nominating and Corporate Governance Committee also has the authority to retain any search firm to assist in the identification of director candidates. However, the Nominating and Corporate Governance Committee has not retained any such search firm, and we do not pay a fee to any third party to identify or evaluate director candidates.

The Nominating and Corporate Governance Committee will consider qualified nominations for directors recommended by shareholders. All shareholder recommendations are evaluated on the same basis as any recommendation from members of our Board or management. Recommendations should be sent to Linda Kuipers, Secretary, Sussex Bancorp, 100 Enterprise Drive, Suite 700, Rockaway, New Jersey 07866. Director nominations by shareholders should be received by the Secretary between December 27, 2018 and January 25, 2019 for the 2019 annual meeting of shareholders. For additional information about our director nomination requirements, please see our Amended and Restated By-laws. As of the date of this proxy statement, the Nominating and Corporate Governance Committee and the Secretary had not received any shareholder nominations or recommendations for nominees in connection with the Annual Meeting. All nominees were nominated by the Nominating and Corporate Governance Committee.

The Board reviews the definition of independence for Nominating and Corporate Governance Committee members on an annual basis and has determined that all members of our Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ Listing Rules). The Nominating and Corporate Governance Committee has a written charter, which is available on our website at [www.sussexbank.com](http://www.sussexbank.com).



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**Shareholder Communications with Our Board of Directors**

Shareholders wishing to communicate directly with the independent members of the Board may send correspondence to Edward J. Leppert, Chairman of the Board, One County Road 560, Sandyston, New Jersey 07826.

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## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis section is intended to help our shareholders understand the Company's compensation philosophy, objectives, components and practices. This section also describes the Committee's decisions made during 2017 as they relate to the compensation of our named executive officers (NEO). Their compensation is set forth in the Summary Compensation Table and other compensation tables contained in this Proxy Statement.

The following officers have been identified as our named executive officers:

Anthony Labozzetta	President and Chief Executive Officer
Steven M. Fusco	Senior Executive Vice President and Chief Financial Officer
George Lista	Chief Executive Officer, Tri-State Insurance Agency
Sergio Mussacchio <sup>(1)</sup>	Executive Vice President and Chief Lending Officer

Mr. Mussacchio separated employment with the Company effective December 31, 2017. The terms of separation (1) included salary continuation for the lesser of nine months or Mr. Mussacchio being employed with another company. In addition, the Company would pay for medical benefits for that term.

### **2017 Key Strategic and Financial Highlights**

The Company continues to execute its strategic goals driven by strong organic growth in each of our key business lines. Fiscal year 2017 represented the fifth consecutive year of successive increase in operating earnings and performance measures (e.g. ROA and ROE). The Company continued to achieve higher performance results driven by commercial lending growth, core deposit growth, market expansion, fee income driven by our insurance agency and further expanding and penetrating the northern NJ and metro NY markets. We are extremely proud of the following key Strategic and Financial highlights for 2017:

#### **Key Strategic Highlights:**

Announced the signing of a definitive merger agreement with Community Bank of Bergen County, NJ that would increase assets by approximately 40% and was projected to be accretive to both earnings per share and tangible book value. The transaction closed on January 4, 2018.

Raised over \$28 million in a common stock offering, which such offering was oversubscribed.

Continued market expansion into northern New Jersey and metro New York markets.

#### **Key Financial Highlights:**

Adjusted for merger related expenses and the impact from the enactment of the Tax Cut and Jobs Act, operating results for the year ended December 31, 2017 increased by 40% as compared to the prior year.

Adjusted for merger related expenses and the impact from the enactment of the Tax Cut and Jobs Act, operating earnings per diluted share for the year ended December 31, 2017 was \$1.42 as compared to \$1.19 for the same period last year.

Total assets grew 15.4% to \$979 million by the end of 2017; total loans and deposits organically grew 18.0% and 15.4%, respectively.

Continued strong growth of 18% in pre-tax income from our insurance subsidiary.

Declared cash dividends to common shareholders totaling \$0.24 per share.

## **Executive Compensation Philosophy and Objectives**

The Committee believes the success of the Company is driven through the attraction and retention of qualified executives who deliver on our strategic vision, embrace our culture and drive shareholder value. Our executive compensation program is designed to