

BERKSHIRE HILLS BANCORP INC

Form DEF 14A

April 06, 2018

TABLE OF CONTENTS

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Berkshire Hills Bancorp, Inc.

(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:

N/A

(2)

Aggregate number of securities to which transaction applies:

N/A

(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):

N/A

(4)

Proposed maximum aggregate value of transaction:

N/A

(5)

Total fee paid:

N/A

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)

Amount Previously Paid:

N/A

(2)

Form, Schedule or Registration Statement No.:

N/A

(3)

Filing Party:

N/A

(4)

Date Filed:

N/A

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

April 6, 2018

Dear Berkshire Hills Bancorp Shareholder:

It is our pleasure to invite you to attend the 2018 Annual Meeting of Shareholders, which will be held at:

Berkshire Plaza Hotel

One West Street

Pittsfield, Massachusetts 01201

Thursday, May 17, 2018

10:00 a.m., local time

Please see the Notice of Annual Meeting on the next page for more information about our admission procedures.

We urge you to vote your proxy online, or by telephone, or by completing and returning a proxy card by mail as soon as possible, even if you plan to attend the Annual Meeting.

Your vote is important to us. Thank you for your attention to the enclosed materials, and for your continued support of our company.

Michael P. Daly, Chief Executive Officer

William J. Ryan, Chairman of the Board of Directors

TABLE OF CONTENTS

Notice of Annual Meeting
of Shareholders

Notice of 2018 Annual Meeting of Shareholders of Berkshire Hills Bancorp, Inc.

When:	Where:	Record Date:
Thursday, May 17, 2018	Berkshire Plaza Hotel	March 22, 2018
10 a.m. local time	One West Street	
	Pittsfield, MA 01201	

We are holding this meeting for the following purposes:

1.
To elect as directors the nominees named in the Proxy Statement each to serve a one-year term or until their successors are duly elected and qualified;
2.
To amend Berkshire's Certificate of Incorporation to increase the Company's authorized common stock from 50 million to 100 million shares;
3.
To amend Berkshire's Certificate of Incorporation to increase the Company's authorized preferred stock from 1 million to 2 million shares;
4.
To approve the Berkshire Hills Bancorp, Inc. 2018 Equity Incentive Plan;
5.
To provide an advisory vote on executive compensation practices;
6.
To ratify the appointment of the Company's independent registered public accounting firm for fiscal year 2018; and
7.
To transact any other Company business that may properly come before the meeting.

The Board of Directors unanimously recommends that you vote "FOR" each of the proposed director nominees and "FOR" the proposals to be presented at the annual meeting.

Shareholders of record at the close of business on March 22, 2018, are entitled to vote at the meeting, either in person or by proxy. There are several ways to vote. You can vote your shares online, by telephone, by regular mail or in person at the annual meeting. To access your proxy materials and vote online, please visit www.proxyvote.com and follow the instructions. The notice previously provided to you contains the necessary codes required to vote online. If you wish to vote by telephone, please call 1-800-690-6903 using a touch-tone phone and follow the prompted instructions. You may also vote by mail by requesting a paper proxy card using the instructions provided to you in the

notice. Finally, you may vote in person at the annual meeting, even if you have previously submitted a proxy. Whatever method you choose, please vote in advance of the meeting to ensure that your shares will be voted as you direct.

Boston, Massachusetts

April 6, 2018

By order of the Board of Directors

Wm. Gordon Prescott, Corporate Secretary

Admission Procedures

The meeting is open to shareholders of Berkshire Hills Bancorp, Inc. Everyone attending the meeting should bring a photo ID. If your shares are registered in the name of a bank, broker, or other holder of record, please also bring documentation of your stock ownership as of March 22, 2018 (such as a brokerage statement).

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 17, 2018:

The Notice of Annual Meeting, 2018 Proxy Statement, and Annual Report to Shareholders for fiscal 2017 are each available at www.proxyvote.com.

BERKSHIRE HILLS BANCORP, INC. | 2018 Proxy Statement

TABLE OF CONTENTS

Table of Contents	
<u>Proxy Summary</u>	<u>2</u>
<u>Proposal 1 — Election of Directors</u>	<u>9</u>
<u>Information Regarding Directors and Director Nominees</u>	<u>10</u>
<u>Corporate Governance</u>	<u>19</u>
<u>Director Compensation</u>	<u>28</u>
<u>Proposal 2 — Amendment to Berkshire’s Certificate of Incorporation to Increase the Company’s Authorized Common Stock from 50 Million to 100 Million Shares</u>	<u>30</u>
<u>Proposal 3 — Amendment to Berkshire’s Certificate of Incorporation to Increase the Company’s Authorized Preferred Stock from 1 Million to 2 Million Shares</u>	<u>32</u>
<u>Proposal 4 — Approval of the Berkshire Hills Bancorp, Inc. 2018 Equity Incentive Plan</u>	<u>34</u>
<u>Proposal 5 — Advisory (Non-Binding) Vote on Executive Compensation</u>	<u>43</u>
<u>Compensation Discussion and Analysis</u>	<u>44</u>
<u>Compensation Committee Report</u>	<u>73</u>
<u>Executive Compensation</u>	<u>74</u>
<u>Summary Compensation and Other Tables</u>	<u>74</u>
<u>Proposal 6 — Ratification of the Appointment of the Independent Registered Public Accounting Firm</u>	<u>83</u>
<u>Audit Committee Report</u>	<u>85</u>
<u>Additional Information</u>	<u>87</u>
<u>Stock Ownership</u>	<u>87</u>
<u>Information About Voting</u>	<u>89</u>
<u>Other Information Relating to Directors and Executive Officers</u>	<u>92</u>
<u>Submission of Business Proposals and Shareholder Nominations</u>	<u>94</u>
<u>Shareholder Communications</u>	<u>94</u>
<u>Miscellaneous</u>	<u>95</u>
<u>Other Matters</u>	<u>95</u>
<u>Appendix A</u>	<u>A-1</u>
<u>Summary of and Reconciliation of Certain Non-GAAP Financial Measures</u>	<u>A-1</u>
<u>Appendix B</u>	<u>B-1</u>
<u>Form of Amendments to the Certificate of Incorporation if both Proposal 2 and 3 are Passed</u>	<u>B-1</u>
<u>Appendix C</u>	<u>C-1</u>
<u>Form of Amendment to the Certificate of Incorporation if Proposal 2, and Not Proposal 3, is Passed</u>	<u>C-1</u>
<u>Appendix D</u>	<u>D-1</u>

Form of Amendment to the Certificate of Incorporation if Proposal 3, and Not Proposal 2, is Passed

D-1

Appendix E

E-1

Berkshire Hills Bancorp, Inc. 2018 Equity Incentive Plan

E-1

1

BERKSHIRE HILLS BANCORP, INC. | 2018 Proxy Statement

TABLE OF CONTENTS

Berkshire Hills Bancorp, Inc.

Proxy Statement

Proxy Summary

This summary gives you an overview of selected information in this year's proxy. We encourage you to read the entire proxy statement carefully before voting. We have also provided you with the 2017 Summary Annual Report and the 2017 Annual Report on SEC Form 10-K.

Annual Meeting of Shareholders

Time and Date: 10:00 a.m. local time, Thursday, May 17, 2018

Place: Berkshire Plaza Hotel, One West Street, Pittsfield, Massachusetts 01201

Record Date: Shareholders as of the close of business on March 22, 2018 are entitled to vote

Proposals to be Voted on by Shareholders

Proposal	Board's Voting Recommendation	Page References (for more information)
<u>1 — Election of Directors</u>	<u>FOR</u> <u>(all nominees)</u>	pp. <u>9-29</u>
<u>2 — Amendment to Berkshire's Certificate of Incorporation to Increase the Company's Authorized Common Stock from 50 Million to 100 Million Shares</u>	<u>FOR</u>	pp. <u>30-31</u>
<u>3 — Amendment to Berkshire's Certificate of Incorporation to Increase the Company's Authorized Preferred Stock from 1 Million to 2 Million Shares</u>	<u>FOR</u>	pp. <u>32-33</u>
<u>4 — Approval of the Berkshire Hills Bancorp, Inc. 2018 Equity Incentive Plan</u>	<u>FOR</u>	pp. <u>34-42</u>
<u>5 — Advisory Vote on Executive Compensation</u>	<u>FOR</u>	pp. <u>43</u>
<u>6 — Ratification of the Appointment of the Independent Registered Public Accounting Firm</u>	<u>FOR</u>	pp. <u>83-86</u>

We are providing this proxy statement to you in connection with the solicitation of proxies for the 2018 Annual Meeting of Shareholders and to transact any other business that may properly come before the meeting. In this proxy statement, we also refer to Berkshire Hills Bancorp, Inc. as "Berkshire" or the "Company". We also refer to its subsidiary, Berkshire Bank, as the "Bank". We are mailing a notice of the annual meeting to shareholders of record as of March 22, 2018, beginning on April 6, 2018.

2

BERKSHIRE HILLS BANCORP, INC. | 2018 Proxy Statement

TABLE OF CONTENTS

Proxy Statement • Proxy Summary

Summary of Proposals for 2018

1 — Election of Directors. This year, Berkshire has 9 (out of 13) directors up for election, each to serve a one-year term if elected. The Company's Board of Directors has nominated Messrs. Bossidy, Brunelle, Curley, Daly, Mahoney, Murphy, Ryan, Templeton and Ms. Massad for election in 2018.

2 — Amendment of Berkshire's Certificate of Incorporation to Increase the Company's Authorized Common Stock from 50 Million to 100 Million Shares. Berkshire's Certificate of Incorporation authorizes 50 million shares of common stock, of which 45,360,369 shares are outstanding. An increase to 100 million shares of authorized common stock increases our flexibility to issue common stock in a variety of circumstances.

3 — Amendment of Berkshire's Certificate of Incorporation to Increase the Company's Authorized Preferred Stock from 1 Million to 2 Million Shares. Berkshire's Certificate of Incorporation authorizes 1 million shares of preferred stock, of which 522,000 shares are outstanding. An increase to 2 million shares of authorized preferred stock increases our flexibility to issue such stock in a variety of circumstances.

4 — Approval of the Berkshire Hills Bancorp, Inc. 2018 Equity Incentive Plan. There are a limited number of shares remaining under Berkshire's current equity plan. Approval of the 2018 Equity Incentive Plan will give the Company the flexibility it needs to continue to attract, motivate and retain highly qualified officers, employees and directors by offering a competitive compensation program that is linked to the performance of our common stock.

5 — Advisory Vote on Executive Compensation. This advisory vote is for the approval of the Company's Named Executive Officer compensation as set forth within this proxy statement. Berkshire strives to promote shareholder value and sound risk management by aligning executive pay and company performance.

6 — Ratification of Independent Registered Public Accounting Firm. This advisory vote ratifies the selection of Crowe Horwath LLP ("Crowe") as the Company's independent registered public accounting firm for fiscal year 2018.

Corporate Governance Highlights

Our commitment to good corporate governance is illustrated as follows:

Independent Oversight	Shareholder Orientation	Good Governance
Majority independent directors (11 of 13); median tenure of 5 years	Rigorous board and committee self-assessments conducted annually	Diverse board membership (skills, tenure, age); annual director education
Strong and engaged independent chairman of the board	Robust stock-ownership guidelines	Annual evaluation of CEO and senior management and review of succession plans
All key committees are fully independent	Annual shareholder engagement program	Directors attended 99% of all Board and Committee meetings in 2017
Regular executive sessions of independent directors	Majority voting, with director resignation policy for uncontested elections	Risk oversight by full board and committees
Chair of Corporate Governance or Chairman can call special meeting of the Board at any time for any reason	No poison pill in place; annual election of all directors beginning in 2019	Formal ethics code, reporting hotline and ethics training to all employees

3

BERKSHIRE HILLS BANCORP, INC. | 2018 Proxy Statement

TABLE OF CONTENTS

Proxy Statement • Proxy Summary

Shareholder Engagement and Responsiveness

We have an active engagement program that focuses on gathering feedback from the governance teams of our largest institutional shareholders. Based on these ongoing discussions, in the last year we made several enhancements to our governance programs which include:

- Declassified the Board of Directors
- Added a relative total shareholder return (“TSR”) measure to the long-term incentive plan
- Increased disclosure around compensation policies, procedures and decisions
- Increased disclosure relating to the Board of Directors’ composition, recruiting and nominating practices
- Introduced an anti-hedging policy and increased disclosure around our restrictive pledging policy
- Eliminated geographical residency requirement for eligibility to serve on the Board

Since the implementation of “Say-on-Pay”, we have received support above 90% for our Advisory Vote on Executive Compensation. In 2016 we received 67% of votes in favor of the Company’s executive compensation. In 2017, we improved to 75% of vote in favor, but we continue to strive to improve the shareholder approval. As a result, the Board of Directors has taken action over the past year to further engage shareholders to better understand their views and make enhancements to our compensation and governance practices.

What We Did:

- Proactively reached out to our largest institutional shareholders, representing 75% of our institutional ownership, to solicit their feedback.
- Had extensive dialogue with a diverse group of our shareholders during the year and obtained additional feedback from advisors and other knowledgeable third parties.
- Solicited feedback and answered questions about our executive compensation programs and Board governance practices.

What We Heard and How We Responded:

- Shareholders were pleased with the changes we made in the last year, particularly the declassified board and increased disclosures.
-

We continued to enhance our proxy statement disclosure this year to include more detail on director qualifications, the board evaluation process, risk management, gender diversity and sustainability.

- There was general support for the design of the compensation plans. The importance of aligning goals with shareholder returns was reinforced and some of the shareholders desired more disclosure around individual incentive awards.
- The Compensation Committee changed the long-term incentive plan goals in 2017 to include a relative TSR measure, along with a cumulative core EPS goal. The Committee feels that this combination will drive executive performance that is both favorable to the shareholders and to the Company's long term strategic plans. We also continued to enhance the disclosures tied to the Compensation Committee's philosophy and process in determining goals and individual awards.
- Some shareholders suggested adopting a proxy access provision, majority voting standards, and/or the right to call a special meeting in our bylaws.
- The Board has had extensive conversations about each of these items and will continue to evaluate potential future action.

TABLE OF CONTENTS

Proxy Statement • Proxy Summary

Our Compensation Philosophy

We seek to provide an executive compensation program that is consistent with promoting sound risk management and long-term value creation for our shareholders. The key principles that support our philosophy are:

Attract and retain highly talented executives committed to our success

Pay for performance

Align executive interests with those of our shareholders

Manage risk through oversight and compensation design features and practices

Key Elements of our Compensation Programs

Compensation Mix

Target Mix

•

Direct compensation is made up of base salary, short-term cash incentive (“STI”) and long-term equity incentive (“LTI”)

•

Target mix is 57% performance based for CEO and 47% performance-based for other NEOs

Long-Term/Equity Compensation