

Bank of Marin Bancorp
Form DEF 14A
April 04, 2012

UNITED STATES
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 under §240.14a-12

Bank of Marin Bancorp

(Name of registrant as specified in its charter)

[^]

(Name of person(s) filing proxy statement, if other than the registrant)

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

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 the transaction applies:
^

(2) Aggregate number of securities to which the transaction applies:

^

(3) Per unit price or other underlying value of the 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 the transaction:

^

(5) Total fee paid:

^

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.

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

(1) Amount Previously Paid:

^

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

^

(3) Filing Party:

^

(4) Date Filed:

^

Notice of Annual Meeting of Shareholders

Marin Showcase Theatre at the Marin Center

10 Avenue of the Flags

San Rafael, California

Tuesday, May 15, 2012 6:00 p.m.

To Our Shareholders:

Notice is hereby given of the Annual Meeting of Shareholders of Bank of Marin Bancorp. The meeting will be held at **6:00 p.m. on Tuesday, May 15, 2012, at the Marin Showcase Theatre at the Marin Center, San Rafael, California**. To enable our employee owners to attend the meeting, the branches will close at 5:00 p.m. on May 15. **A reception at the Marin Showcase Theatre will immediately follow the Annual Meeting.**

At the Annual Meeting you will be asked (1) to elect eleven directors of Bank of Marin Bancorp to serve for the coming year and until their successors are duly elected and qualified, (2) to vote, on an advisory basis, to approve the Company's executive compensation for Named Executive Officers, (3) to ratify the selection of independent auditors, and (4) to act on such other business as may properly come before the meeting. You are urged to read the accompanying Proxy Statement carefully. It contains a detailed explanation of all matters on which you will be asked to vote.

Only shareholders of record as of the close of business on March 19, 2012 are entitled to receive notice of and to vote at this meeting.

It is very important that as many shares as possible be represented at the meeting. To assure your representation at the meeting, you are urged to mark, sign and date, and return the enclosed proxy card as promptly as possible in the postage-paid envelope enclosed for that purpose. If after signing and returning the proxy you come to the meeting, you may vote in person even though you have previously sent in a proxy card. Additionally, you may vote by Internet or telephone. If you wish to vote by Internet or by telephone you will need your Shareholder Control Number, which is located in the lower right corner of the enclosed proxy card, and the website address and/or toll-free telephone number, which are shown on the proxy card. No other personal information will be required in order to vote in this manner.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
MEETING OF SHAREHOLDERS TO BE HELD ON MAY 15, 2012**

Copies of the Annual Meeting Proxy Material, including the Proxy Statement, Proxy Card and Annual Report to Shareholders, are also available at: <http://www.cfpproxy.com/6265>.

We encourage you to attend the annual meeting. Please RSVP by marking the appropriate box on the proxy card, or by contacting the Company by May 8, 2012 by telephone at (415) 884-5348, or register at www.bankofmarin.com.

Our bylaws provide that nominations for election to the board of directors of the Company may be made by the board of directors or by any shareholder of the Company's stock entitled to vote for the election of directors. Nominations, other than those made by or on behalf of the existing management of the Company, must be made in writing and delivered or mailed to the chairperson of the board or the chief executive officer not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors.

The notification of nomination should contain the following information to the extent known by the notifying shareholder: (a) name and address of the proposed nominee(s); (b) principal occupation of the proposed nominee(s); (c) total number of shares that will be voted for the proposed nominee(s); (d) name and residence address of the notifying shareholder; and (e) number of shares owned by the notifying shareholder. Nominations not made in accordance with this section may be disregarded by the chairperson of the meeting, and upon instruction, the inspectors of election shall disregard all votes cast for each such nominee.

One copy of the Annual Report and Proxy Statement is being delivered to multiple shareholders sharing an address unless the Company has received contrary instructions from one or more of the shareholders. The

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

Company will deliver promptly upon written or oral request a separate copy of the annual report and proxy statement to a shareholder at a shared address to which a single copy of the document was delivered. If a shareholder wishes to receive a separate copy or has received multiple copies at one address and would like to receive a single copy in the future, please contact Registrar and Transfer Company by phone at (800) 368-5948 or by written request to Bank of Marin Bancorp c/o Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016.

By order of the Board of Directors

Nancy Rinaldi Boatright

Corporate Secretary

April 4, 2012

<u>PURPOSE OF MEETING</u>	2
<u>GENERAL PROXY STATEMENT INFORMATION</u>	2
<u>Revocability of Proxies</u>	3
<u>Person Making the Solicitation</u>	3
<u>Voting Rights</u>	3
<u>PROPOSAL NUMBER 1: ELECTION OF DIRECTORS</u>	4
<u>Board of Directors</u>	4
<u>Director Compensation</u>	9
<u>CORPORATE GOVERNANCE</u>	10
<u>Director Independence</u>	10
<u>Board Meetings and Committees</u>	10
<u>Indebtedness and Other Transactions with Directors and Executive Officers</u>	11
<u>Board Leadership Structure</u>	12
<u>Board's Role in Risk Oversight</u>	12
<u>EXECUTIVE COMPENSATION</u>	13
<u>Executive Officers</u>	13
<u>Compensation Discussion and Analysis</u>	13
<u>Compensation Committee Report</u>	19
<u>Summary Compensation Table</u>	20
<u>Securities Authorized for Issuance Under Equity Compensation Plans</u>	20
<u>Nonqualified Deferred Compensation for 2011</u>	23
<u>Potential Payments Upon Termination or Change in Control</u>	23
<u>Employment Contracts</u>	25
<u>Employee Stock Ownership Plan and 401(k) Plan</u>	25
<u>Discretionary Bonus</u>	25
<u>SECURITY OWNERSHIP AND REPORTING</u>	26
<u>Security Ownership of Certain Beneficial Owners and Management</u>	26
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	27
<u>PROPOSAL NUMBER 2: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION</u>	28
<u>PROPOSAL NUMBER 3: INDEPENDENT AUDITORS</u>	29
<u>Audit Fees</u>	29
<u>Audit-Related Fees</u>	29
<u>Tax Fees</u>	29
<u>All Other Fees</u>	29
<u>Preapproval of Services by Principal Accountant</u>	29
<u>AUDIT COMMITTEE REPORT</u>	30
<u>OTHER MATTERS</u>	31
<u>Shareholder Proposals</u>	31
<u>Shareholder Communication</u>	31
<u>Form 10-K</u>	31

PROXY STATEMENT

OF

BANK OF MARIN BANCORP

504 Redwood Boulevard, Suite 100

Novato, California 94947

These proxy materials are furnished in connection with the solicitation by the Board of Directors of Bank of Marin Bancorp (the "Company"), of proxies for use at the Annual Meeting of Shareholders of the Company to be held on Tuesday, May 15, 2012, at 6:00 p.m. at the Marin Showcase Theatre at the Marin Center, 10 Avenue of the Flags, San Rafael, California, and at any adjournment thereof.

PURPOSE OF MEETING

The matters to be considered and voted upon at the meeting will be:

Proposal 1: The election of eleven directors to serve until the next Annual Meeting of Shareholders and until their successors are elected and qualified.

Proposal 2: An advisory vote to approve the Company's executive compensation for Named Executive Officers.

Proposal 3: The ratification of the selection of independent auditors.

Transacting such other business as may properly come before the meeting and any adjournments thereof.

GENERAL PROXY STATEMENT INFORMATION

Bank of Marin Bancorp, a corporation existing and organized under the laws of the State of California, is authorized to issue up to 15,000,000 shares of common stock and 5,000,000 shares of preferred stock. All of the outstanding shares are voting common shares and are entitled to vote at the Annual Meeting. Only those common shareholders of record as of March 19, 2012 (the "Record Date") will be entitled to notice of, and to vote at, the meeting. On that date, 5,348,882 shares of common stock were outstanding. The determination of shareholders entitled to vote at the meeting and the number of votes to which they are entitled was made on the basis of the Company's records as of the Record Date. The presence in person or by proxy (including web and telephone voting) of a majority of the outstanding shares of stock entitled to vote at the Annual Meeting will constitute a quorum for the purpose of transacting business at the meeting. Abstentions, shares as to which voting authority has been withheld from any nominee and broker non-votes (as defined below), will be counted for purposes of determining the presence or absence of a quorum.

A broker or nominee holding shares for beneficial owners may vote on certain matters at the meeting pursuant to discretionary authority or instructions from the beneficial owners, but with respect to other matters for which the broker or nominee may not have received instructions from the beneficial owners and may not have discretionary voting power under the applicable rule of the New York Stock Exchange or other self-regulatory organizations to which the broker or nominee is a member, the shares held by the broker or nominee may not be voted. Such unvoted shares are called "broker non-votes." The rules of the New York Stock Exchange and other self-regulatory organizations generally permit a broker or nominee, in the absence of instructions, to deliver a proxy to vote for routine items, such as the ratification of independent auditors. Consequently, shares held by a broker or nominee will constitute "broker non-votes" regarding non-routine items, such as the election of directors and the matters regarding executive compensation.

Revocability of Proxies

A proxy for use at the meeting is enclosed. Any shareholder who executes and delivers such proxy has the right to revoke it at any time before it is exercised by filing with the Corporate Secretary of the Company an instrument revoking it or by filing a duly executed proxy bearing a later date. In addition, the powers of the proxy holder will be revoked if the person executing the proxy is present at the meeting and elects to vote in person by advising the chairman of the meeting of such election. Subject to such revocation or suspension, all shares represented by a properly executed proxy received in time for the meeting will be voted by the proxy holders in accordance with the instructions on the proxy.

IF NO INSTRUCTION IS SPECIFIED WITH REGARD TO A MATTER TO BE ACTED UPON, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS FOR THE ELECTION OF ALL NOMINEES FOR DIRECTOR LISTED HEREIN, FOR THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION, AND FOR RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS.

Person Making the Solicitation

This solicitation of proxies is being made by the Board of Directors of the Company. The expense of preparing, assembling, printing, and mailing this proxy statement and the material used in the solicitation of proxies for the meeting will be borne by the Company. It is contemplated that proxies will be solicited principally through the use of the mail, but officers, directors, and employees of the Company and Bank of Marin may solicit proxies personally or by telephone, without receiving special compensation therefor. Although there is no formal agreement to do so, the Company may reimburse banks, brokerage houses, and other custodians, nominees, and fiduciaries for their reasonable expense in forwarding these proxy materials to their principals.

Voting Rights

In connection with the election of directors, in accordance with California law, each shareholder entitled to vote may vote the shares owned by such shareholder as of the Record Date cumulatively if a shareholder present at the meeting has given notice at the meeting, prior to the voting, of his or her intention to vote cumulatively. If any shareholder has given such notice, then all shareholders entitled to vote for the election of directors may cumulate their votes for candidates properly nominated. Under cumulative voting, each share carries as many votes as the number of directors to be elected, and the shareholder may cast all of such votes for a single nominee or may distribute them in any manner among as many nominees as desired. In the election of directors, the eleven nominees receiving the highest number of votes will be elected.

On all other matters submitted to the vote of the shareholders, each shareholder is entitled to one vote for each share of common stock owned on the books of the Company as of the Record Date.

PROPOSAL NUMBER 1:

ELECTION OF DIRECTORS

Board of Directors

At the Annual Meeting eleven (11) directors of the Company are to be elected to serve until the next Annual Meeting of Shareholders and until their successors are elected and qualified. All of the nominees are currently members of the Board of Directors. The Bylaws of the Company provide for not fewer than nine (9) or more than seventeen (17) directors. By resolution, the Board of Directors has fixed the number of directors at eleven (11). Currently, the Company has eleven (11) directors, including all of the nominees for election.

The persons named below are nominated by the Board of Directors and, unless the shareholder marks the proxy to withhold the vote, the enclosed proxy, if returned and not subsequently revoked, will be voted in favor of their election as directors. If for any reason any such nominee becomes unavailable for election, the proxy holders will vote for such substitute nominee as may be designated by the Board of Directors. The proxy holders reserve the right to cumulate votes for the election of directors and to cast all of such votes for any one or more of the nominees, to the exclusion of the others, and in such order of preference as the proxy holders may determine in their discretion if cumulative voting is involved as described above under "Voting Rights."

The following table sets forth the names of the persons nominated by the Board of Directors for election as directors and certain additional information as of March 19, 2012 including biographical information, qualifications, business experience and directorships with other public companies of each nominee covering at least the last five years.

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
Russell A. Colombo President, CEO and Director	Mr. Colombo has been President, CEO and Director since 2006, a member of the Executive Committee and the Bank's Asset/Liability Management Committee since 2006, and a member of the Bank's Wealth Management and Trust Services Committee since 2007. Mr. Colombo joined Bank of Marin in March 2004 as Executive Vice President and Branch Administrator and was appointed Executive Vice President and Chief Operating Officer in July 2005. As of July 1, 2006 he assumed the position of President and Chief Executive Officer. He has thirty-seven years of banking experience including positions as Senior Vice President and Group Manager of the San Francisco office of Comerica Bank and as Senior Vice President and Regional Manager during his nineteen year career with Union Bank of California. He received a Bachelor of Science degree in Agricultural Economics & Business Management from University of California, Davis and an MBA in Banking & Finance from Golden Gate University. Mr. Colombo serves on the Boards of Hanna Boys Center and Western Independent Bankers Association, is a member of College of Marin's President's Circle, and is Chairman of the Citizens Oversight Committee of SMART. In addition to his proven exemplary leadership of the Company and his experience in relationship banking, we believe Mr. Colombo's extensive knowledge of the financial markets and the markets in which the Company serves well qualifies him to serve as CEO and President and serve on our Board.	59
Thomas M. Foster Director	Mr. Foster has been a Director since 2008 and has served as the Audit Committee's financial expert since 2008 and as a member of the Compensation Committee since 2009. Mr. Foster is a retired Certified Public Accountant (CPA) and independent financial consultant with over 40 years of banking and financial experience. From 1968 to 1988, Mr. Foster held positions in Arthur Andersen & Co's accounting and auditing divisions. He was a member of Arthur Andersen's National Banking Team, ran the	69

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
Robert Heller Director	<p>Financial Services group of the San Francisco office, and spent 10 years as a partner supervising complex audit examinations of multinational corporations, including banks. From 1988 to 1992, he served as chief financial officer and director of a bank formed for the purpose of working out approximately \$1.1B in non-performing assets. Mr. Foster negotiated the buy-in of a 50% interest in a privately-held database company and from 1989 to 1992 served as the chief operating officer. Mr. Foster has also worked as an independent financial consultant advising large banks on restructuring, internal audit, and accounting issues. Most recently, Mr. Foster served as director of Bay View Capital Corporation from 1993 through 2006. He has an MBA from Stanford University, with an emphasis in accounting. We believe that Mr. Foster's extensive experience in accounting and finance, his understanding of internal controls and procedures for financial reporting, his experience in heading other bank audit and asset/liability committees, and his in depth knowledge of complex audit principles well qualifies him to serve on the Board and as the Audit Committee's financial expert.</p>	72
Norma J. Howard Director	<p>Dr. Heller has been a Director since 2005 and has served as a member of the Compensation Committee and the Bank's Wealth Management and Trust Services (WMTS) Committee since 2006, serving as Chair of the WMTS Committee since 2008. Dr. Heller received his Ph.D. in Economics from the University of California at Berkeley. In 1974 he was named as Chief of the Financial Studies Division of the International Monetary Fund in Washington, DC. In 1978, he joined Bank of America in San Francisco as Director of International Economic Research. In 1986 he was appointed as a member of the Board of Governors of the Federal Reserve System. In 1989, Dr. Heller joined VISA International and starting in 1991 served as President and CEO of VISA USA until 1993. From 1995 to 2002, he was Executive Vice President and a member of the Board of Directors of the Fair Isaac Corporation (NYSE:FIC). He currently serves on the Board of Sonic Automotive, Inc (NYSE:SAH) as well as several private companies. He is now a Staff Commodore of The San Francisco Yacht Club. He has served as the Chairman of the Board of Marin General Hospital and on the boards of many educational and cultural institutions, including the World Affairs Council of Northern California, the Romberg Center for Environmental Studies of San Francisco State University and the Institute for International Education in San Francisco. We believe that Dr. Heller's experience as the president and chief executive officer of a large public company, his leadership role with the Federal Reserve System, and his extensive financial expertise well qualifies him to serve on our Board.</p>	62

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
Stuart D. Lum Director	<p>Automobile Association, ACA Holdings Inc., a subsidiary of CSAA, and Canal Alliance. She has also served as president of the San Rafael Chamber of Commerce and on numerous other boards. We believe that Ms. Howard's high level of understanding of the Company and the Board's roles and responsibilities developed during her long tenure on the Company's Board of Directors as well as her executive leadership experience and her communications and public relations experience well qualifies her to serve on our Board.</p> <p>Mr. Lum has been a Director since 1999 and has served as a member of the Audit Committee since 2003, and as Chair of the Committee since 2005. Concurrently, he is a member of the Bank's Asset/Liability Management Committee (ALCO) since 1999, and served as Chair of ALCO from 2001 to 2005. He has also served as a member of the Executive and Nominating and Governance Committees since 2009. Since 2004, Mr. Lum has been President and CEO of Edgewood Pacific, Inc., an investment company engaged in private equity mortgage lending, real estate and venture development in Hawaii and California. From 1999 to 2004, Mr. Lum was vice president and founder of Veracast Communications, an internet communications company. Prior to this, he was an executive director and financial officer of a publicly held Hong Kong-based company engaged in the financing, ownership, development and operation of real estate, energy and transportation infrastructure projects in Hong Kong, southern China and southeast Asia. He is a graduate of Stanford University with master degrees in Business and Health Services Administration. Mr. Lum serves as President of the Stanford Club of Marin and is active in other community affairs. We believe that Mr. Lum's extensive experience in corporate development and finance, his knowledge of the Bank's credit, investment and risk management practices, as well as his executive leadership experience with a publicly held company qualifies him to serve on our Board.</p>	60
Joseph D. Martino Director	<p>Mr. Martino has been a Director since 2000 and has served as a member of the Audit Committee since 2000 and as a member of the Bank's Asset/Liability Management Committee (ALCO) since 2001, serving as Chair of ALCO since 2005. He has also been a member of the Executive and Nominating and Governance Committees since 2009. Mr. Martino has an extensive background in banking, retiring in 1997 from a 42-year banking career. Fifteen years of his career were spent managing a major bank's branch network in Marin and the Redwood Empire, and he was subsequently responsible for a major bank's statewide branch banking operations. He graduated from San Francisco City College, the American Institute of Banking and the Graduate School of Credit and Financial Management at Stanford University. Mr. Martino has been a resident of Marin County since 1969. He is Past President of the Salesian Boys and Girls Club, is President of the Nazareth House Retirement Home Advisory Board and an Advisory Board Member of the Marin History Museum Board. He has served on numerous other boards including United Way of the Bay Area, Ecumenical Association for Housing, San Rafael Rotary Club and Marin Tennis Club. In addition to Mr. Martino's extensive banking career, which brings an in-depth knowledge of operational matters, we believe that his executive leadership experience and his knowledge of the Company's market area well qualifies him to serve on our Board.</p>	79

Edgar Filing: Bank of Marin Bancorp - Form DEF 14A

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
William H. McDevitt, Jr. Director	<p>Mr. McDevitt has been a Director since 2007 and has served on the Bank's Asset/Liability Management Committee since 2009. He has also served on the Bank's Wealth Management and Trust Services Committee from 2008 to 2009 and the Compensation Committee from 2007 to 2008. He is a Marin native and has been a resident of Petaluma since 1979. Mr. McDevitt began his career in the construction industry in 1971, and is currently president of McDevitt & McDevitt Construction Corp., which he founded in 1976. He also invests in and manages commercial real estate in Marin & Sonoma Counties. In 1987, Mr. McDevitt became a founding director of Bank of Petaluma and held that position until the Bank was sold in 2000. Mr. McDevitt currently serves on the Finance, Nominating, and Workforce Development Committees of North Coast Builders Exchange and is a past President. He has previously been active in the Petaluma Boys & Girls Club, Carousel Fund and the United Way Southern Sonoma. We believe that Mr. McDevitt's strong business experience and relationships, his high level of understanding of the Board's roles and responsibilities based on his service on another bank board, and his extensive knowledge of the Company's market areas, well qualifies him to serve on our Board.</p>	59
Joel Sklar, MD Chairman of the Board	<p>Dr. Sklar is Chairman of the Board of Bank of Marin and Bank of Marin Bancorp, having been appointed to the positions effective July 2007, and was last reelected by shareholders in 2011. He is a founding Director of Bank of Marin and has served on the Board since its inception in 1989. He has been a member of the Audit Committee since 1992 and served as Chair of the committee from 1997 through 2005. Dr. Sklar has also served as Chair of the Executive and Nominating and Governance Committees since 2007. He graduated cum laude with a Bachelor of Arts degree from Williams College in Williamstown, Massachusetts and received his medical degree from the University of California at San Diego. He trained in internal medicine at U.C. Medical Center in San Diego and in cardiology at the University of Colorado Health Sciences Center. Dr. Sklar is currently the Chief Medical Officer at Marin General Hospital and a cardiologist with Cardiovascular Associates of Marin and San Francisco. He is a director of Marin Hospitalist Medical Group and Marin Medical Practice Concepts, and is an Assistant Clinical Professor at the University of California at San Francisco. Dr. Sklar serves as a director of the California Film Institute. We believe that Dr. Sklar's high level of understanding of the Company and the Board's roles and responsibilities developed during his long tenure on the Company's Board of Directors as well as his extensive leadership experience in the Marin medical community well qualifies him to serve as Chairman of the Board.</p>	62
Brian M. Sobel Director	<p>Mr. Sobel has been a Director since 2001 and has been a member of the Compensation Committee since 2003, serving as Chair since 2008, and a member of the Executive and Nominating Governance Committees since 2009. Since 1987, he has been the principal consultant of Sobel Communications of Petaluma, a media relations firm. Mr. Sobel spent ten years as a city council member in Petaluma. He has served as chair of the Sonoma County Transportation Authority, president of a nonprofit housing group, corporate officer and trustee of the Cedars Foundation of Ross, and president of the Petaluma Area Chamber of Commerce. Educated at San Francisco State University, he has authored two books and prior to 1987</p>	57

Name and Relationship With Company	Position, Principal Occupation, Business Experience and Directorships	Age
J. Dietrich Stroeh Director	worked for a major corporation as a writer, training consultant and video producer. He currently serves as a board member of the Golden Gate Bridge, Highway and Transportation District and is a governor's appointee to the 4th Agricultural District Board of Directors. We believe that Mr. Sobel's media relations experience and his extensive knowledge of the Company's market area, particularly Sonoma County, well qualifies him to serve on our Board.	75
Jan I. Yanehiro Director	Mr. Stroeh has been a Director since 1997 and has been a member of the Bank's Asset/Liability Management Committee since 2001. He served as a member of the Audit Committee from 1997 to 1999. Mr. Stroeh is a partner in the consulting civil engineering firm of CSW/Stuber-Stroeh. He received his BS in Civil Engineering from the University of Nevada. Mr. Stroeh has served as General Manager of the Marin Municipal Water District and is a member-emeritus of the Marin County Economic Commission. He is currently a director of the Golden Gate Bridge and Transportation District, the College of Marin's President's Circle, Marin Conservation Corp. California Earthquake Authority, Marin County Flood Control Board, and Novato Building Code Enforcement. Mr. Stroeh is also active in other various community organizations. Mr. Stroeh is a native of Marin County and we believe that his extensive knowledge of the Company's market area and his leadership experience well qualifies him to serve on our Board.	64

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS

A VOTE FOR EACH OF THE DIRECTORS NOMINATED FOR RE-ELECTION

IN PROPOSAL ONE.

Director Compensation

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director who served on the Board of Directors in 2011.

Name	Fees earned and paid in Cash	Stock Awards	Option Awards	All Other Compensation	Total
	(\$)(1)	(\$)(1)	(\$)		(\$)
Thomas M. Foster	20,000	20,000	0	0	40,000
Robert Heller	24,000	20,000	0	0	44,000
Norma J. Howard	20,000	20,000	0	0	40,000
Stuart D. Lum	26,000	20,000	0	0	46,000
Joseph D. Martino	26,000	20,000	0	0	46,000
William H. McDevitt Jr.	20,000	20,000	0	0	40,000
Joel Sklar, MD	39,000	20,000	0	0	59,000
Brian M. Sobel	24,000	20,000	0	0	44,000
J. Dietrich Stroeh	20,000	20,000	0	0	40,000
Jan I. Yanehiro	20,000	20,000	0	0	40,000

- (1) During 2011, each member of the Board who is not also an officer or employee of the Company received a director fee of \$40,000; approximately \$20,000 in Company stock and approximately \$20,000 cash. Compensation for service for incumbent directors is paid semi-annually in arrears in July and January. The \$20,000 stock based compensation to each director for service in 2011 was paid in Company common stock having that market value at time of issue, with fractional shares being paid in cash. The Chairs of the Executive, Compensation, and the Bank's Wealth Management and Trust Services committees receive an additional annual cash payment of \$4,000. The Chairs of the Audit and the Bank's Asset/Liability Management committees receive an additional annual cash payment of \$6,000. The Chairman of the Board receives an additional annual cash payment of \$15,000. If a director retires from the Board before earned director compensation is paid, that individual receives payment in cash rather than in stock. The stock portion of the fees was awarded from the 2010 Director Stock Plan.

CORPORATE GOVERNANCE

Director Independence

For the year 2011, each of the persons nominated for election as a director, except for Russell A. Colombo (the CEO and President of the Company) and William H. McDevitt, Jr. was independent within the meaning of Nasdaq's listing rules.

Board Meetings and Committees

There were seven (7) meetings of the Board of Directors of the Company during 2011. Each director standing for re-election to the Board attended at least 75% of the aggregate number of meetings of the Board of Directors and meetings held by all committees of the Board on which he/she served.

The Board of Directors is responsible for the overall affairs of the Company. To assist it in carrying out this responsibility, the Board has delegated certain authority to several Company committees, the duties of which and membership at the end of 2011 were as follows:

Name of Director	Executive	Compensation	Audit	Nominating and Governance
Russell A. Colombo	X			(1)
Thomas M. Foster		X	X	
Robert Heller		X		
Norma J. Howard		X		
Stuart D. Lum	X		C	X
Joseph D. Martino	X		X	X
Joel Sklar, MD	C		X	C
Brian M. Sobel	X	C		X
Jan I. Yanehiro			X	

C = Chairman X = Committee Member

(1) While Mr. Colombo is a member of the Committee and does participate in the recommendation process, he ultimately abstains from voting in the Committee on formal recommendations of director nominees to the board. Formal selection of director nominees is made solely by the independent members of the Board after consideration of Committee recommendations. Non-independent directors are excused from this process.

Members of the Board of Directors also participate in monthly Bank of Marin Board meetings and various committees of Bank of Marin.

The Executive Committee, subject to the provisions of law and certain limits imposed by the Board of Directors, may exercise any of the powers and perform any of the duties of the Board of Directors. The Committee met seven (7) times in 2011.

The Nominating and Governance Committee assists the Board in carrying out its duties and functions regarding corporate governance oversight and Board membership nominations. Subject to the standards required by applicable Nasdaq listing rules, the Committee is composed of no fewer than four independent directors. The Committee will consider suggestions or recommendations for Board membership received from shareholders. Shareholders who wish to make such suggestions or recommendations should forward their written suggestions to the Chairman of the Nominating & Governance Committee addressed to Bank of Marin Bancorp, Attn: Corporate Secretary, 504 Redwood Boulevard, Suite 100, Novato, CA 94947. Whether a person is recommended for Board membership by a shareholder or by a director of the Company, the standards and qualifications to be considered for Board membership include local community involvement, sound reputation, and business or educational experience that will be beneficial to the Company. The Committee also considers each candidate's

contribution to the diversity of t