

First Foundation Inc.
Form DEF 14A
April 26, 2019

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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 Section 240.14a-12
FIRST FOUNDATION INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Title of each class of securities to which transaction applies:

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

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- (4) Proposed maximum aggregate value of transaction:

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- (1) Amount Previously Paid:

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

 - (3) Filing Party:

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-

FIRST FOUNDATION INC.

April 26, 2019

Dear Fellow Stockholder:

The Board of Directors and I would like to extend you a cordial invitation to attend the Annual Meeting of Stockholders of First Foundation Inc. (the "Company"). The Annual Meeting will be held on May 28, 2019, at 8:00 A.M. Pacific Time, at 18101 Von Karman Avenue, 2nd Floor, Irvine, California 92612.

The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe in detail the matters to be acted on at the Annual Meeting. We also will be available to respond to questions regarding the operations of the Company and its wholly-owned subsidiaries, First Foundation Bank and First Foundation Advisors.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You will be able to vote your shares by telephone, over the Internet, or by completing and returning, by mail, a proxy or voting instruction card. Please review the instructions with respect to your voting options described in the accompanying Proxy Statement and on your proxy or voting instruction card.

At the time you vote your shares, please also let us know if you plan to attend our Annual Meeting by indicating your plans, when prompted, if you are voting on the Internet or by telephone, or by marking the appropriate box on the enclosed proxy card.

Thank you for your ongoing support. We look forward to seeing you at our Annual Meeting.

Sincerely:

Ulrich E. Keller, Jr.

Chairman of the Board

18101 Von Karman Avenue, Suite 700, Irvine, California 92612 (949) 202-4160

FIRST FOUNDATION INC.

18101 Von Karman Avenue, Suite 700,

Irvine, California 92612

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 28, 2019

NOTICE TO THE STOCKHOLDERS OF FIRST FOUNDATION INC.:

The 2019 Annual Meeting of Stockholders of First Foundation Inc. (the "Company") will be held on May 28, 2019, at 8:00 A.M. Pacific Time, at 18101 Von Karman Avenue, 2nd Floor, Irvine, California 92612, for the following purposes:

1. To elect nine members to the Board of Directors of the Company, to serve for the ensuing year and until their successors are elected and qualified to serve;
2. To ratify the appointment of Vavrinek, Trine, Day & Co., LLP as the Company's independent registered public accounting firm for fiscal year 2019;
3. To approve, by non-binding advisory vote, the compensation of our named executive officers for the year ended December 31, 2018; and
4. To recommend, by a non-binding advisory vote, the frequency of future advisory votes on the compensation of our named executive officers.

Only stockholders of record at the close of business on April 12, 2019 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

Whether or not you plan to attend the Annual Meeting, please be sure to vote by telephone, over the Internet or by completing, signing and returning the enclosed proxy card in the accompanying postage-paid return envelope, so that your shares may be voted in accordance with your wishes. Voting by any of these methods will not prevent you from voting in person if you choose to attend the Annual Meeting.

By Order of the Board of Directors:

Ulrich E. Keller, Jr.

Chairman of the Board

April 26, 2019

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING
OF STOCKHOLDERS TO BE HELD ON MAY 28, 2019

The proxy materials for this Annual Meeting, which consist of this Proxy Statement, the 2018 Annual Report to Stockholders, and form of proxy, will be available over the Internet at www.proxyvote.com beginning on May 1, 2019.

FIRST FOUNDATION INC.

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FIRST FOUNDATION INC.

18101 Von Karman Avenue, Suite 700,

Irvine, California 92612

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 28, 2019

INTRODUCTION

This Proxy Statement is being furnished to you in connection with the solicitation of proxies by the Board of Directors of First Foundation Inc., a Delaware corporation, for its 2019 Annual Meeting of Stockholders which will be held on May 28, 2019, at 8:00 A.M. Pacific Time, at 18101 Von Karman Avenue, 2nd Floor, Irvine, California 92612. This Proxy Statement will be available to our stockholders, on the Internet at www.proxyvote.com, beginning on May 1, 2019. As a matter of convenience, in this Proxy Statement we will refer to First Foundation Inc. as “FFI” or as the “Company” or “we,” “us” or “our” and our 2019 Annual Meeting of Stockholders as the “Annual Meeting.”

All stockholders are cordially invited to attend the Annual Meeting in person. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may vote your shares by telephone, over the Internet or by completing, signing and returning the enclosed proxy card in the postage-paid return enveloped enclosed for your convenience.

YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, WE ENCOURAGE YOU TO READ THIS PROXY STATEMENT AND PROVIDE US WITH YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE.

Why Did You Send Me This Proxy Statement?

We sent you this Proxy Statement because you were an owner of record of shares of our common stock as of close of business on April 12, 2019, which is the record date for our Annual Meeting (“Record Date”) and, therefore, pursuant to applicable law and our bylaws, you are entitled to receive notice of and to vote your shares of common stock at the Annual Meeting. Along with this Proxy Statement, we are also sending you our 2018 Annual Report to Stockholders (the “Annual Report”).

We intend to begin mailing this Proxy Statement, the attached Notice of Annual Meeting, the enclosed proxy card and the Annual Report on or about April 29, 2019, to all stockholders of record who are entitled to vote at the Annual Meeting.

How Many Votes Do I Have?

Each share of common stock outstanding at the close of business on the Record Date is entitled to one vote on each of the matters to be voted on at the Annual Meeting. On the Record Date, a total of 44,620,831 shares of common stock were entitled to vote. We have no other class of stock outstanding.

How Can I Vote My Shares?

If you were a stockholder of record on April 12, 2019, you may vote by any of the following methods:

Voting by Telephone or over the Internet. You may vote your shares by telephone by calling, toll-free, 1-800-690-6903. Alternatively, you may vote on the Internet by following the instructions provided at www.proxyvote.com. Telephone and Internet voting are available 24 hours a day until 11:59 P.M. Pacific Time on May 27, 2019. Our telephone and Internet voting procedures are designed to authenticate each stockholder by using an individual control number that is located on your proxy card. If you vote by telephone or on the Internet, you do not need to return your proxy card.

Voting by Mail. As in past years, stockholders may vote by mail, by completing, dating and signing and then returning the enclosed proxy card in the postage-paid return envelope included with this Proxy Statement.

Voting In Person at the Annual Meeting. As always, you may vote in person if you attend the Annual Meeting.

Even if you vote by telephone, on the Internet or by mail, you may later change your vote by taking, prior to the Annual Meeting, one of the actions described in the subsection below entitled “How Can I Revoke My Proxy and Change My Vote?” or by attending the Annual Meeting and voting in person.

All shares that are properly voted by a stockholder, whether over the Internet or by telephone or mail, and not properly revoked, will be voted at the Annual Meeting in accordance with the stockholder’s voting instructions or, if a stockholder does not provide voting instructions, then in accordance with the recommendations of the Board of Directors of the Company (the “Board”).

Voting on Other Matters. If other matters are properly presented for a vote of the stockholders at the Annual Meeting, the Board will have discretion to determine how shares for which proxies have been received will be voted on such matters. As of the date of this Proxy Statement, we did not know of any other matters to be presented for a vote of the stockholders at the Annual Meeting.

However, if your shares are held in a brokerage or bank account or by a nominee holder, please read the information below under the subsection entitled “Voting Shares Held by Brokers, Banks and Other Nominee Holders” regarding how your shares may be voted in accordance with your wishes.

Voting Shares Held by Brokers, Banks and Other Nominee Holders

If your shares are held in a brokerage account, by a bank or by a nominee holder, you are deemed to be the “beneficial owner” of those shares, holding them in “street name.” In that event, the broker, bank or other nominee holder is deemed to be the record owner of your shares and, therefore, is entitled to vote your shares. However, under rules applicable to securities brokerage firms, a broker who holds shares in “street name” for the beneficial owner of the shares does not have the authority to vote those shares on any “non-routine” proposal, except in accordance with voting instructions received from the beneficial owner of the shares.

We ask brokers, banks and other nominee holders to obtain voting instructions from the beneficial owners of our common stock. Proxies that are returned to us by brokers, banks or other nominee holders on your behalf will count toward a quorum and will be voted in accordance with the voting instructions you have sent to your broker or bank or other nominee holder. If, however, you want to attend and vote your shares in person at the Annual Meeting, you will need to obtain a legal proxy or broker’s proxy card from your broker or other nominee holder and bring it with you to the Annual Meeting.

If you do not provide voting instructions to, and do not obtain a proxy from, your broker, bank or other nominee holder, your shares cannot be voted at the Annual Meeting.

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What is the Recommendation of the Board and How Will the Board Vote My Proxy?

The Board unanimously recommends that the stockholders vote FOR the election of each of the director nominees named below (Proposal No. 1); FOR the ratification of the appointment of Vavrinek, Trine, Day & Co. LLP as the Company's independent registered public accounting firm for fiscal year 2019 (Proposal No. 2); FOR approving, by a non-binding advisory vote, the compensation of our named executive officers for the year ended December 31, 2018 (Proposal No. 3); and FOR recommending, by a non-binding advisory vote, the frequency of future advisory votes on the compensation of our named executive officers to be every three (3) years (Proposal No. 4).

If you grant us your proxy to vote your shares, and you do not revoke that proxy prior to or at the Annual Meeting, in accordance with the procedures set forth under "How Can I Revoke My Proxy and Change My Vote?" below, your shares will be voted as directed by you. If you do not provide any specific direction as to how your shares should be voted, your shares will be voted FOR :

1. The election of each of the nine director nominees named below (Proposal No. 1);
2. The ratification of the appointment of Vavrinek Trine Day & Co. LLP as the Company's independent registered public accounting firm for fiscal year 2019 (Proposal No. 2);
3. The approval, by a non-binding advisory vote, of the compensation of our named executive officers for the year ended December 31, 2018 (Proposal No. 3); and
4. The recommendation, by a non-binding advisory vote, that the frequency of future advisory votes on the compensation of our named executive officers be every three (3) years (Proposal No. 4).

If any other matter should be presented at the Annual Meeting upon which a vote may properly be taken, the shares represented by your proxy will be voted in accordance with the judgment of the holders of the proxy. However, if your shares are held in a brokerage account or by a nominee, please read the information above under the subsection entitled "Voting Shares Held by Brokers, Banks and Other Nominee Holders" regarding how your shares may be voted.

What is the Vote Required to Approve the Proposals that will be Voted on at the Annual Meeting?

Quorum Requirement. Our bylaws require that a quorum — that is, the holders of a majority of all of the shares entitled to vote at the Annual Meeting — be present, either in person or by proxy, before any business may be transacted at the Annual Meeting (other than adjourning the Annual Meeting to a later date to allow time to obtain additional proxies to satisfy the quorum requirement).

Proposal No. 1. Election of Directors. The election of director nominees requires the affirmative vote of a majority of the votes cast with respect to such director in an uncontested election (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee). If the Corporate Secretary of the Company determines that the number of director nominees exceeds the number of director nominees to be elected as of the Record Date for the Annual Meeting, the director nominees will be elected by vote of a plurality of the shares, present in person or by proxy and entitled to vote on the election of directors. In such event, the nine director nominees receiving the greatest numbers of votes "for" will be elected as directors without regard to the number of shares voted against such director nominees. Votes cast shall include votes "for" and "against" a nominee and exclude "abstentions" and "broker non-votes" with respect to that nominee's election. A director who does not receive a majority of the votes cast in an uncontested election must tender an offer of resignation to the Board. The Nominating and Corporate Governance Committee will consider the resignation offer and make a recommendation to the Board whether to accept or reject the resignation or whether other action should be taken. If any such director's resignation offer is not accepted by the Board, the Board will publicly disclose its decision, including the reasons for not accepting the resignation offer, within four business days after reaching its decision.

Proposal No. 2. Ratification of Appointment of Vavrinek, Trine, Day & Co., LLP as the Company's independent registered public accounting firm for fiscal year 2019. The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and voting at the Annual Meeting is required to approve this Proposal.

Proposal No. 3. To approve, by non-binding advisory vote, the compensation of our named executive officers for the year ended December 31, 2018. The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and voting at the Annual Meeting is required to approve this Proposal. The vote with respect to this Proposal is not binding on the Company, the Board or the Compensation Committee of the Board (the "Compensation Committee"). However, the Board and the Compensation Committee will review the results of this vote and take it into consideration when making future decisions regarding executive compensation.

Proposal No. 4. To recommend, by a non-binding advisory vote, the frequency of future advisory votes on the compensation of our named executive officers. This Proposal requires the holders of shares of common stock to choose among alternatives of "three years," "two years," "one year" or "Abstain." The choice receiving the highest number of votes cast will be considered our stockholders' preference for the frequency of the stockholders' non-binding, advisory vote concerning executive compensation. The vote with respect to the frequency of future advisory votes on executive compensation is not binding on the Company, the Board or the Compensation Committee. However, the Board and the Compensation Committee will review the results of this vote and take it into consideration when making future decisions regarding the frequency of the stockholder advisory vote on executive compensation.

What are Broker Non-Votes and How Will They Affect the Voting at the Annual Meeting?

Under rules applicable to securities brokerage firms, a broker who holds your shares in “street name” does not have the authority to vote those shares on any “non-routine” proposal, except in accordance with voting instructions received from you. On the other hand, your broker may vote your shares on certain “routine” proposals (such as the ratification of the appointment of independent registered public accountants), if the broker has transmitted proxy-soliciting materials to you, as the beneficial owner of the shares, but has not received voting instructions from you on such proposals. If the broker does not receive voting instructions from you, but chooses to vote your shares on a routine matter, then your shares will be deemed to be present by proxy and will count toward a quorum at the Annual Meeting, but will not be counted as having been voted on, and as a result will be deemed to constitute “broker non-votes” with respect to, non-routine proposals. Broker non-votes will have the same effect as a vote “against” a proposal if approval of the proposal requires the affirmative vote of the holders of a majority of the outstanding shares, and will be counted as present for quorum purposes.

How Can I Revoke My Proxy and Change My Vote?

If you are a registered owner and have given us your proxy (whether by mail, by telephone or over the Internet), you may change your vote by taking any of the following actions:

- Sending a written notice to us that you are revoking your proxy, addressed to the Corporate Secretary of the Company, at 18101 Von Karman Avenue, Suite 700, Irvine, California 92612, and then voting again by one of the methods described immediately below. To be effective, the notice of revocation must be received by the Company before the Annual Meeting commences. If, however, after sending us a written notice of revocation, you fail to vote your shares by any of the following methods, then none of your shares can be voted at the Annual Meeting.
- Sending us another proxy, by mail, dated at a later date than your earlier proxy. However, to be effective, that later-dated proxy must be received by the Company before the Annual Meeting commences and must be dated and signed by you. If you fail to date or fail to sign that later-dated proxy, it will not be treated as a revocation of an earlier-dated proxy and your shares will be voted in accordance with your earlier voting instructions.
- Attending the Annual Meeting and voting in person in a manner that is different than the voting instructions contained in your earlier proxy or voting instructions.
- If you submitted your proxy by telephone or over the Internet, you may change your vote or revoke your proxy with a later telephone or Internet proxy, as the case may be.

However, if your shares are held by a broker or by a bank or other nominee holder, you will need to contact your broker, bank or nominee holder if you wish to revoke your earlier voting instructions.

CORPORATE GOVERNANCE PRINCIPLES AND POLICIES

Our Board believes that sound governance policies and practices provide an important framework to assist them in fulfilling their duties to the Company's stockholders. Our Board has adopted the following governance guidelines, which include a number of policies and practices under which our Board has operated for some time, together with concepts suggested by various authorities in corporate governance and the requirements under applicable NASDAQ rules. Our Board members believe these policies and practices are essential to the performance of the Board's oversight responsibilities and to the maintenance of the Company's integrity in the marketplace.

Corporate Governance Principles

Some of the principal subjects covered by those guidelines include:

Codes of Business and Ethical Conduct. We have adopted a Code of Business and Ethical Conduct for our directors, officers and employees and a Code of Conduct – Financial Officers ("Code of Conduct") that contains specific ethical policies and principles that apply to our principal executive officer, principal financial officer, principal accounting officer and other key accounting and financial personnel. The Code of Conduct constitutes our "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act and is our "code of conduct" within the meaning of the listing standards of the Nasdaq Stock Market LLC.

The Code of Conduct is available in the Investor Relations section of our website at www.ff-inc.com. To the extent required by applicable rules of the Securities and Exchange Commission ("SEC") and the Nasdaq Stock Market LLC, we will disclose on our website, any amendments to the Code of Conduct and any waivers of the requirements of the Code of Conduct that may be granted to our executive officers, including our principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions.

Incentive Compensation Clawback Policy. Our Board of Directors has adopted an Incentive Compensation Clawback Policy. Under that Policy, if any of our executive officers receive incentive compensation as a result of our achievement of financial results measured on the basis of financial statements that are required to be restated, we will become entitled to recoup from those executive officers the amount by which the incentive compensation they had received based on those financial statements exceeds the incentive compensation they would have received had such incentive compensation been determined on the basis of the restated financial statements ("excess compensation"). The Policy further provides that, if the excess compensation was paid or received in shares of common stock and the officer had sold those shares within a year of the public disclosure of the financial statements that were the subject of the accounting restatement, we will be entitled to recoup the net profits realized by the officer from the sale of those shares.

Related Party Transaction Policy. Our Board of Directors has adopted a Related Party Transaction Policy, which provides that, subject to certain limited exceptions, the Company will not enter into or consummate a related party transaction that is determined by the Audit Committee to be materially less favorable from a financial standpoint to the Company than similar transactions between the Company and unaffiliated third parties. A "related party transaction" is a transaction between the Company or any of its subsidiaries and any executive officer, director or owner of more than 10% of the outstanding shares of the Company's common stock or persons related to them.

Anti-Hedging Policy. Our Insider Trading Policy prohibits our directors, named executive officers and other key executives from hedging the economic interest in the Company securities that they own and from engaging in short sales or speculative transactions with respect to our stock. That prohibition includes a procedure whereby a covered person may seek permission from the Audit Committee of the Company to pledge shares of Company stock after a showing as to their financial capacity to repay the proposed loan without the sale of any pledged shares of Company stock. As of the date of this proxy statement, the Company is aware of the following share pledges related to personal indebtedness of our executive officers: Mr. Kavanaugh has pledged 593,743 shares and Mr. Hakopian has pledged

95,000 shares. As of the date of this proxy statement, to the best of the Company's knowledge, except as set forth above, none of our executive officers have outstanding pledges with respect to any Company stock.

Board Leadership Structure. The Chairman of our Board is Ulrich E. Keller, Jr., who is a member of senior management, and our Chief Executive Officer is Scott Kavanaugh. Our Board decided to separate the positions of Chairman and Chief Executive Officer because our Board believes that doing so provides the appropriate leadership structure for us at this time, particularly since the separation of those two positions enables our Chief Executive Officer to focus on the management of our business and the development and implementation of strategic initiatives, while the Chairman leads our Board in the performance of its responsibilities.

In addition, because the office of Chairman of the Board is not held by an independent director, we have appointed Max Briggs, an independent director, to serve as Lead Director to ensure strong independent Board oversight. Our Lead Director (i) presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; (ii) has the authority to call meetings of the independent directors; (iii) serves as a liaison between the Chairman and the independent directors; (iii) approves meeting agendas, meeting schedules and information sent to the Board; (iv) ensures that matters of concern or interest of the independent directors are appropriately scheduled for discussion at Board meetings; (v) has the authority to retain outside advisors and consultants who report directly to the Board on board-wide issues; (vi) serves as a liaison for consultation and direct communication with stockholders, as appropriate; and (vii) performs such other duties, and exercise such powers, as from time to time prescribed by our Board.

Director Independence and Diversity. Our Board has evaluated the independence of its members based on the definition of independence for purpose of Board membership and membership on the Board's standing committees that are applicable to the Company because its shares are

listed on the NASDAQ Stock Market. Based on that evaluation, our Board has concluded that (i) six Board nominees are independent: Mses. Pagliarini and Rubin and Messrs. Briggs, Lake, Rosenberg and Sonenshine; and (ii) all of the members of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are independent. Our Board believes that differences in experience, knowledge, skills and viewpoints enhance the Board's performance. Accordingly, the Nominating and Corporate Governance Committee considers such diversity in selecting, evaluating and recommending proposed Board nominees. However, our Board has not implemented a formal policy with respect to the consideration of diversity for the composition of our Board.

Director Responsibilities. Directors are expected to act in the best interests of all stockholders; develop and maintain a sound understanding of our business and the industry in which we operate; prepare for and attend Board and Board committee meetings; and provide active, objective and constructive participation at those meetings.

Director Access to Management. Directors will have access to members of management and members of management will provide Board presentations and reports regarding the functional areas of our business for which they are responsible.

Adequate Funding for the Board and its Committees. The Company will provide the funding necessary to enable our Board and each of its committees to retain independent advisors as our Board, or such committees acting independently of the full Board, deem to be necessary or appropriate.

Executive Sessions without Management. The independent directors of our Board will hold separate sessions, outside the presence of management, to consider and evaluate the performance of the Company and its management and such other matters as they deem appropriate. In addition, the Audit Committee shall meet separately with the Company's outside auditors.

Communications with the Board of Directors. Stockholders and other interested persons may communicate with the full Board, any Board committee, the independent directors as a group or any individual member of our Board in writing by mail addressed to the Corporate Secretary, First Foundation Inc. 18101 Von Karman Avenue, Suite 700, Irvine CA, 92612. All communications will be forwarded to our Board, the particular committee of our Board or the specified directors or individual director, as appropriate. The Company screens all regular mail for security purposes.

Selection and Nomination of Candidates for Election to the Board of Directors

We believe that our directors should have the highest professional and personal ethics and values, consistent with our longstanding values and standards. They should have broad experience at the policy-making level in business, banking or government or established academic credentials and achievements in fields relevant to our businesses. They should be committed to enhancing stockholder value and must represent the interests of all stockholders as opposed to any particular constituency within our stockholders. Directors also should have sufficient time to carry out their duties and to provide insight and practical wisdom, based on their experience, to management. Therefore, their service on boards of other companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly their duties as directors of the Company.

The Nominating and Corporate Governance Committee recommends to our Board for selection as Board nominees persons who the members of that committee believe are best qualified to serve on our Board. That committee will consider director candidates recommended by stockholders, other members of our Board, officers and employees of the Company and other sources that the committee deems appropriate. In this regard, Ms. Rubin was recommended as a director candidate by Mr. Briggs, an independent director, and Ms. Pagliarini was recommended as a director candidate by Mr. Kavanaugh, our Vice Chairman and Chief Executive Officer. Under its charter, the Nominating and Corporate Governance Committee also has the authority to engage an executive search firm and other advisors as it deems appropriate to assist it in identifying qualified Board candidates. The Nominating and Corporate Governance Committee charter directs the committee to evaluate the candidates based upon the totality of their merits and not

based upon minimum qualifications or attributes. In considering individual director candidates, the Nominating and Corporate Governance Committee takes into account the qualifications and business experience of the other members of our Board to ensure that a broad variety of skill sets and experience beneficial to the Company and its businesses are represented on our Board. The Nominating and Corporate Governance Committee evaluates all director candidates in the same manner regardless of the source of the recommendation. The Nominating and Corporate Governance Committee will interview and, when deemed appropriate, will conduct background inquiries about, Board candidates. Some of the criteria used by the Nominating and Corporate Governance Committee to evaluate the candidates, including those selected for nomination at the 2019 Annual Meeting, include:

- personal and professional integrity;
- independence;
- absence of conflicts of interest;
- prior business experience or academic achievements and credentials, including knowledge of the banking business;
- educational record and achievements;
- skills that may be relevant to the Company's business;

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prior board experience with the Company or other publicly traded companies; and involvement in community, business and civic affairs.

Stockholder Recommendation of Board of Directors Candidates. Any stockholder desiring to submit a recommendation for consideration by the Nominating and Corporate Governance Committee of a candidate for election to our Board may do so by submitting that recommendation in writing to our Board not later than 120 days prior to the first anniversary of the date on which the proxy materials for the prior year's annual meeting were first sent to stockholders. However, if the date of an annual meeting has been changed by more than 30 days from the anniversary date of the prior year's annual meeting, the recommendation must be received within a reasonable time before the Company begins to print and mail its proxy materials for that annual meeting. In addition, the recommendation should be accompanied by the following information: (i) the name and address of the nominating stockholder and the person that the nominating stockholder is recommending for consideration as a candidate for Board membership; (ii) the number of shares of voting stock of the Company that are owned by the nominating stockholder, his or her recommended candidate and any other stockholders known by the nominating stockholder to be supporting the nomination of that candidate; (iii) a description of any arrangements or understandings that relate to the election of directors of the Company, between the nominating stockholder, or any person that (directly or indirectly through one or more intermediaries) controls, or is controlled by, or is under common control with, such stockholder, on the one hand, and the person that the nominating stockholder is recommending for election to our Board or any other person or persons (naming each such person), on the other hand; (iv) such other information regarding the recommended candidate as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and (v) the written consent of the recommended candidate to be named as a nominee and, if nominated and elected, to serve as a director. Our Board and the Nominating and Corporate Governance Committee make no distinction between whether a candidate is recommended by a stockholder or by management and the Board and the Nominating and Corporate Governance Committee apply the same process and criteria in evaluating a candidate recommended by a stockholder as it would for a candidate recommended by management.

Stockholder Nominations. Our bylaws provide that any record stockholder may nominate, at any annual meeting of stockholders, one or more candidates for election to the Board, by giving the Company written notice (addressed to the Corporate Secretary of the Company at the Company's principal offices) of such stockholder's intention to do so not less than 90 days nor more than 120 days prior to the first anniversary of the date on which the Company's proxy statement for the prior year's annual meeting was first released to stockholders, provided however, that in the event that no annual meeting was held in that prior year or the date of the annual meeting has been changed by more than 30 days from the date contemplated at the time of the prior year's proxy statement, to be timely, the stockholder notice must be received by the close of business on the later of (i) the 90th day prior to such annual meeting, or (ii) the 10th day following the date on which a public announcement of the date of such annual meeting is first mailed or is first publicly announces. Such notice must be accompanied by statements and other information described in the Company's bylaws, including the following items:

- The nominating stockholder's name, address, and beneficial ownership of shares of the Company (and the same information with respect to any beneficial owner for which the nominating stockholder is acting on behalf of);
- The name, age, business address, residential address, and principal occupation or employment of the person to be nominated;
- The nominee's signed consent to serve as a director of the Company, if elected;
- The number of shares of the Company's stock beneficially owned by the nominee;
- A description of all arrangements and understandings between the stockholder and the nominee pursuant to which the nomination is to be made; and
- Such other information concerning the director nominee as would be required in a proxy statement soliciting proxies for the election of the director nominee under the rules of the SEC.

Stockholders are advised to carefully review our bylaws, which contain a description of the information required to be submitted, as well as the advance notice and other requirements that apply to nominations by stockholders of candidates for election to the Board. Any stockholder nomination at any annual meeting that does not comply with the requirements set forth in our bylaws will be ineffective and disregarded.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Exchange Act and the related rules and regulations, our directors and executive officers and any beneficial owners of more than 10% of any registered class of our equity securities, are required to file reports of their ownership, and any changes in the ownership, of our common stock with the SEC pursuant to Section 16(a) of the Exchange Act. To our knowledge, based solely on a review of copies of Section 16(a) reports furnished to us and on written representations from such reporting persons, during 2018, all of those persons complied with the Section 16(a) filing requirements, with the exception of the following reports.

♦ Mr. David Lake became a Director on June 1, 2018 and his initial Form 3 showing ownership of 133,715 shares of common stock was filed on June 12, 2018.

♦ Mr. Gerald Larsen, a Director, purchased 22,000 shares of common stock through the exercise of options on April 4, 2018 and a Form 4 was filed on April 9, 2018. Mr. Larsen sold 22,000 shares of common stock on April 4, 2018 and a Form 4 was filed on April 9, 2018.

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Mr. Mitch Rosenberg, a Director, purchased 3,000 shares of common stock through the exercise of options on November 20, 2018 and a Form 4 was filed on November 26, 2018.

Mr. David DePillo, President of FFB, was issued 10,600 shares of common stock through the vesting of restricted stock units on May 14, 2018 and a Form 4 was filed on May 18, 2018. Mr. DePillo purchased 1,000 shares of common stock on August 23, 2018 and a Form 4 was filed on August 30, 2018.

Mr. Ulrich Keller, Jr., Chairman of the Board, filed a form 5 for 2018 on February 22, 2019. Mr. Keller filed a Form 13G for his holding as of December 31, 2018 on March 11, 2019.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Set forth below is information regarding the beneficial ownership, as of April 12, 2019, of the Company's common stock by (i) each person who we knew owned, beneficially, more than 5% of the Company's outstanding shares, (ii) each of the Company's current directors and each nominee standing for election to the Board at the Annual Meeting, (iii) each of the current executive officers of the Company who are named in the Summary Compensation Table below, and (iv) all of the directors and executive officers as a group. As of April 12, 2019, a total of 44,620,831 shares of our common stock were issued and outstanding.

Name and Title	As of April 12, 2019 (1)		
	Number of Shares Beneficially Owned (5)	Percent of Class	
FMR LLC	3,753,594(2)	8.4	%
BlackRock Inc.	2,636,417(3)	5.9	%
RMB Capital Management, LLC	2,307,821(4)	5.2	%
Ulrich Keller, Jr., Executive Chairman	2,491,770(6)	5.6	%
Scott Kavanaugh, Vice Chairman and CEO	1,370,393(7)	3.1	%
James Brakke, Director	138,018	*	
Max Briggs, Director	45,646	(8)	*
Warren Fix, Director	128,432	(9)	*
John Hakopian, Director and President of FFA	919,560	(7)	2.1 %
David Lake, Director	135,653	*	
Elizabeth A. Pagliarini, Director Nominee	—	*	
Mitchell M. Rosenberg, Director	59,398	*	
Diane M. Rubin, CPA. Director Nominee	—	*	
Jacob Sonenshine, Director	60,230	*	
David S. DePillo, President of FFB	718,765	1.6	%
John Michel, CFO	171,054	*	
Lindsay Lawrence, COO of FFB	25,306	*	
All Directors and executive officers as a Group (12 persons)	6,264,225	13.9	%

*Less than 1%

- (1) This table is based upon information supplied to us by our officers, directors and principal stockholders. Except as otherwise noted, we believe that each of the stockholders named in the table has sole voting and investment power with respect to all shares of common stock shown as to which he or she is shown to be the beneficial owner, subject to applicable community property laws. The percentage ownership interest of each individual or group is based upon the total number of shares of the Company's common stock outstanding plus the shares which the respective individual or group has the right to acquire within 60 days after April 12, 2019 through the exercise of stock options or pursuant to any contract or any other arrangement.
- (2) The ownership information set forth in the table is based on information contained in a statement on Schedule 13G, filed with the SEC by FMR LLC as of February 13, 2019. FMR LLC's address is 245 Summer Street, Boston, Massachusetts, 02210.
- (3) The ownership information set forth in the table is based on information contained in a statement on Schedule 13G, filed with the SEC by BlackRock Inc. as of February 8, 2019. BlackRock Inc.'s address is 55 East 52nd Street New York, NY 10055.

- (4) The ownership information set forth in the table is based on information contained in a statement on Schedule 13G/A, filed with the SEC by RMB Capital Management, LLC as of February 14, 2019. RMB Capital Management, LLC's address is 115 S LaSalle Street, 34th Floor, Chicago, Illinois 60603.
- (5) Includes shares that may be acquired within 60 days of April 12, 2019 pursuant to the exercise of stock options, as follows: Mr. Keller, 80,000 shares; Mr. Kavanaugh, 160,000 shares; Mr. Hakopian, 80,000 shares; Mr. Michel, 80,000 shares; and all of the directors and executive officers as a group, 400,000 shares.
- (6) Includes 200,000 shares beneficially owned by Mr. Keller's spouse, as to which he disclaims beneficial ownership.
- (7) Includes shares pledged as collateral to secure personal indebtedness, as follows: Mr. Kavanaugh, 593,743 shares; Mr. Hakopian, 95,000 shares. For additional information on the Company's policies regarding the pledging of shares, see "Corporate Governance Principles and Policies."
- (8) Includes 6,000 shares beneficially owned by Mr. Briggs' spouse, as to which he disclaims beneficial ownership.
- (9) Includes 11,800 shares beneficially owned by Mr. Fix's spouse, as to which he disclaims beneficial ownership.

ELECTION OF DIRECTORS

(Proposal No. 1)

The Company's bylaws provide that the Board will consist of one or more members, which will be determined from time to time by resolution of the Board. The Board has set the authorized number of directors at nine, effective on the date of the Annual Meeting.

Accordingly, a total of nine directors will be elected at the Annual Meeting to hold office until the next annual stockholders' meeting and until their respective successors are elected and qualify to serve. The Board has nominated for election the nine persons named in the table below, seven of whom are incumbent directors. Two of our directors, James Brakke and Warren Fix, will not stand for reelection. Our Board has nominated two candidates, Elizabeth A. Pagliarini and Diane M. Rubin, who are not currently directors. Each of the nominees has consented to serve as a director if elected at the Annual Meeting. Unless authority to vote has been withheld, the named proxy holders intend to vote the shares represented by the proxies received by them "FOR" the election of all of those nine nominees. If, prior to the Annual Meeting, any of the Board's nominees becomes unable to serve, the Board either will designate a substitute nominee, in which event the proxy holders will vote the proxies received by them for his or her election, or will reduce the authorized number of directors standing for election.

Vote Required and Recommendation of the Board of Directors

The election of director nominees requires the affirmative vote of a majority of the votes cast with respect to such director in an uncontested election (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee). If the Corporate Secretary of the Company determines that the number of director nominees exceeds the number of director nominees to be elected as of the Record Date for the Annual Meeting, the director nominees will be elected by vote of a plurality of the shares, present in person or by proxy and entitled to vote on the election of directors. In such event, the nine director nominees receiving the greatest numbers of votes "for" will be elected as directors without regard to the number of shares voted against such director nominees. Votes cast shall include votes "for" and "against" a nominee and exclude "abstentions" and "broker non-votes" with respect to that nominee's election. A director who does not receive a majority of the votes cast in an uncontested election must tender an offer of resignation to the Board. The Nominating and Corporate Governance Committee will consider the resignation offer and make a recommendation to the Board whether to accept or reject the resignation or whether other action should be taken. If any such director's resignation offer is not accepted by the Board, the Board will publicly disclose its decision, including the reasons for not accepting the resignation offer, within four business days after reaching its decision.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE " FOR "

PROPOSAL NO. 1 TO ELECT EACH OF THE NOMINEES NAMED BELOW AS DIRECTORS OF THE COMPANY.

Nominees

Set forth below is the name, age and position with the Company of each of the nominees recommended by the Nominating and Corporate Governance Committee and selected by the Board to stand for election to the Board at the Annual Meeting. The business address for all of these nominees is 18101 Von Karman Avenue, Suite 700, Irvine, California 92612.

	Age	Director Since	Positions with FFI
Ulrich E. Keller, Jr., CFP	62	2007	Executive Chairman and Director
Scott F. Kavanaugh	58	2007	Chief Executive Officer, Vice Chairman and Director
Max Briggs, CFP	53	2012	Director
John Hakopian	50	2007	Director, President of FFA
David Lake	53	2018	Director
Elizabeth A. Pagliarini	67	NA	Director Nominee
Mitchell M. Rosenberg, Ph.D.	65	2007	Director
Diane M. Rubin, CPA	48	NA	Director Nominee
Jacob Sonenshine, J.D., CFA	48	2007	Director

Six of the nine director nominees listed above have been determined by the Board to be independent directors, because they have not been employed nor have they received any compensation from the Company or any of its subsidiaries during the past three years, other than compensation for their service on the Board and on committees of the Board. Those director nominees are Mses. Pagliarini and Rubin, and Messrs., Briggs, Lake, Rosenberg and Sonenshine.

On March 22, 2019, Martha Corbett submitted her resignation from the Board of Directors and from her role as Audit Committee Chair of the Company and its wholly-owned subsidiaries, First Foundation Bank and First Foundation Advisors, effective on March 22, 2019. The decision of Ms. Corbett to resign was not the result of any disagreement with the Company, First Foundation Bank or First Foundation Advisors on any matter relating to the respective operations, policies or practices of the Company, First Foundation Bank or First Foundation Advisors.

Set forth below is a summary of the business experience and qualifications of the nominees named above who are standing for election to the Board at the Annual Meeting.

Ulrich Keller, Jr., CFP. Mr. Keller is one of the founders of the Company and currently is the Executive Chairman of FFI and FFA. Mr. Keller served as Chief Executive Officer (“CEO”) of FFA from 1990, when it began operations as a fee-only investment advisor, until December 2009, at which time he became its Executive Chairman. In 2007, Mr. Keller became the Executive Chairman of FFI and from June 2007 until December 2009 he also served as the CEO of FFI. Mr. Keller earned a Bachelor of Science degree in Finance from San Diego State University and completed the financial planning program at the University of Southern California. Mr. Keller served as a Trustee of the University

of California Irvine (“UCI”) for 15 years. During that time he was Chair of the Foundation Finance & Investment Committee and continues to serve as a member of the Investment Committee. Mr. Keller served as Co-Chair for the Center for Investment and Wealth Management at the Paul Merage School of Business at UCI. As one of the founders of the Company, who played a key role in the development and successful implementation of our business strategy of providing high quality and personalized wealth management and investment advisory services to our clients and the expansion of the financial services we offer our clients, Mr. Keller brings to the Board considerable knowledge and valuable insights about the wealth management and investment advisory business and the Southern California financial services market.

Scott Kavanaugh. Mr. Kavanaugh is, and since December 2009 has been the CEO of FFI, and from June 2007 until December 2009, he served as President and Chief Operating Officer of FFI. Mr. Kavanaugh has been the Vice-Chairman of FFI since June 2007. He also is, and since September 2007 has been, the Chairman and CEO of FFI’s wholly-owned banking subsidiary, First Foundation Bank (“FFB”). Mr. Kavanaugh was a founding stockholder and served as an Executive Vice President and Chief Administrative Officer and a member of the board of directors of Commercial Capital Bancorp, Inc., the parent holding company of Commercial Capital Bank. During his tenure as an executive officer and director of Commercial Capital Bancorp, Inc. that company became a publicly traded company, listed on NASDAQ, and its total assets grew to more than \$1.7 billion. From 1998 until 2003, Mr. Kavanaugh served as the Executive Vice President and Chief Operating Officer and a director of Commercial Capital Mortgage. From 1993 to 1998, Mr. Kavanaugh was a partner and head of trading for fixed income and equity securities at Great Pacific Securities, Inc., a west coast-based regional securities firm. Mr. Kavanaugh earned a Bachelor of Science degree in Business Administration and Accounting at the University of Tennessee and a Masters of Business Administration (“MBA”) degree in Information Systems at North Texas State University. Mr. Kavanaugh is, and since 2008 has been, a member of the board of directors of Colorado Federal Savings Bank and its parent holding company, Silver Queen Financial Services, Inc. Since March 2015, Mr. Kavanaugh has served as director for Nexpoint Residential Trust Inc., a publicly traded real estate investment trust that is advised by NexPoint Real Estate Advisors, L.P. an affiliate of Highland Capital Management, L.P.. Mr. Kavanaugh also served as a member of the boards of directors of NexBank SSB and its parent holding company, NexBank Capital, Inc. from December 2013 until December 2015. From January 2000 until June 2012, Mr. Kavanaugh served as Independent Trustee and Chairman of the Audit Committee, and from June 2012 until December 2013 served as Chairman, of the Highland Mutual Funds, a mutual fund group managed by Highland Capital Management, L.P.. Mr. Kavanaugh is also a director on the Lanakila Pacific’s

Foundation Board. The Board believes that Mr. Kavanaugh's extensive experience as an executive officer of banks and other financial services organizations, combined with his experience as a director of both public and private companies, qualifies him to serve as a member of our Board. In addition, because Mr. Kavanaugh is the Company's CEO, we believe that his participation as a member of the Board facilitates communication between the outside Board members and management.

Max Briggs, CFP. From 2005 to 2012, Mr. Briggs served as Chairman of the Board of Desert Commercial Bank ("DCB"). He was elected as a director of the Company following our acquisition of DCB in August 2012. Mr. Briggs is, and since 1996 has been the President and CEO of FLC Capital Advisors, a wealth management firm with over \$400 million of assets under administration. From 1992 to 2007, Mr. Briggs served as CEO of Franklin Loan Center, a mortgage banking company. Mr. Briggs earned a Business Administration and Finance degree from Stetson University. We believe Mr. Briggs is a valuable member of our Board due to his knowledge of the banking business, gained from his service as Chairman of DCB, particularly as conducted in Palm Desert, California and its surrounding communities, where we have two of our wealth management offices, and his experience as President and CEO of a wealth management firm.

John Hakopian. Mr. Hakopian is, and since April 2009 has been, the President of FFA and is and since 2007 has been a member of the our Board. Mr. Hakopian was one of the founders of FFA in 1990, when it began its operations as a fee-based investment advisor and served as its Executive Vice President and Co-Portfolio Manager from 1994 through April 2009. Mr. Hakopian earned a Bachelor of Arts degree in Economics from UCI and a MBA degree in Finance from the University of Southern California. Mr. Hakopian's extensive knowledge of the Company's wealth management and investment advisory business makes him a valuable member of the Board who is able to provide the outside Board members with insight in to the operations and risks of that business.

David Lake. Mr. Lake has served as a director of FFI since June 1, 2018. Since 1993 Mr. Lake has been the Chief Executive Officer of and a co-founder of 4EARTH Farms, Inc., a grower and value-added produce company with over 400 employees in California and affiliated operations in other states. Mr. Lake served as the Chairman of the Board of Directors of PBB Bancorp, since its formation in May, 2014, and of the Board of Directors of its wholly-owned subsidiary Premier Business Bank from July 2006 until the June 2018 acquisition of PBB Bancorp by the Company. We believe Mr. Lake brings to the Board his knowledge of operating a highly successful company and his experience as an independent director of a community bank in Southern California.

Elizabeth A. Pagliarini. Ms. Pagliarini is, and since September 2014 has been, the Chief Financial Officer and Treasurer of Summit Healthcare REIT, Inc., a Maryland corporation that invests in and owns real estate. Her background includes experience in finance, accounting, operations, compliance, securities litigation and executive management. Prior to working at Summit, Ms. Pagliarini was chief compliance officer and FINOP (financial and operations principal) at a Los Angeles-based investment bank from 2005 to 2008, and a principal at a securities litigation and financial consulting firm 2001 to 2005. Ms. Pagliarini received her Bachelor of Science in Business Administration with a concentration in Finance from Valparaiso University. She is also a Certified Fraud Examiner. Ms. Pagliarini is active in her community, serving on the Emeritus Board of Directors for Forever Footprints, a non-profit organization that provides support to families that have suffered the loss of a baby during pregnancy or infancy, and is a member of the Mission Viejo, California City Council Investment Advisory Commission. We believe that Ms. Pagliarini's educational and executive experience in managing the financial, accounting, securities filing and operations functions of several finance-oriented firms qualifies her to serve as a member of our Board of Directors.

Mitchell M. Rosenberg, Ph.D. Dr. Rosenberg has served as a director of FFI since 2007. Dr. Rosenberg is, and since 2005 has served as, President and founder of the consulting firm of M. M. Rosenberg & Associates, which provides executive and organizational development services to public and private companies in the fields of financial services, health care and technology. From 2002 to 2005, Dr. Rosenberg was Chief Executive Officer for The Picerne Group, an international investment firm investing primarily in real estate, and portfolios of loans. Prior to 2002, Dr. Rosenberg served as Executive Vice President and Director of Business Services for Ameriquest Capital Corporation

and directed the Human Resource and Organizational Development functions for Washington Mutual Bank, American Savings Bank and Great Western Bank. Dr. Rosenberg earned a Bachelor of Science degree in Psychology from Ohio University, a Masters of Science degree in Industrial Psychology from California State University, Long Beach, and a Ph.D. degree in Psychology with an emphasis on Organizational Behavior from Claremont Graduate University, which is the graduate university of the Claremont Colleges. We believe that Dr. Rosenberg's educational and operational experience in managing the human resource and organizational development functions of a number of banking organizations and a real estate investment firm provides insight regarding the Company's human resource functions, including compensation considerations that will impact the Company's growth and expansion.

Diane M. Rubin, CPA. Ms. Rubin is continuing in a career of more than 44 years in accounting and accounting industry and practice oversight roles. Ms. Rubin is, and since January 2016 has been, a member of the Board of Trustees of the Financial Accounting Foundation, and in 2019 was elected to serve as the Vice Chair of the Board of Trustees. The Financial Accounting Foundation is the organization responsible for the oversight, administration and appointment of the Financial Accounting Standards Board and the Governmental Accounting Standards Board. From 2012 to 2015 Ms. Rubin served as a member of the Private Company Council, an advisory board that works with FASB to determine possible alternatives within GAAP for private companies. From 1996 to 2012 Ms. Rubin served as an Audit Partner and Quality Control Partner with the San Francisco-based Novogradac & Company LLP. In 1989 Ms. Rubin established an independent diversified audit, accounting and tax firm with clients including small businesses, broker/dealers, non-profits and professional organizations. Ms. Rubin has experience in accounting and financial accounting roles with insurance, technology and banking firms. Ms. Rubin started her career with Price Waterhouse & Co. in 1975 in that firm's audit practice. We believe that Ms. Rubin's deep knowledge of accounting and auditing qualifies her to serve as a member of our Board of Directors.

Jacob Sonenshine, J.D., CFA