

AV Homes, Inc.  
Form DEF 14A  
April 18, 2018  
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**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No.    )**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**AV HOMES, INC.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(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.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**AV HOMES, INC.**

**6730 N. SCOTTSDALE RD., SUITE 150**

**SCOTTSDALE, ARIZONA 85253**

**(480) 214-7400**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On May 31, 2018**

To the Stockholders of AV Homes, Inc.:

The Annual Meeting of Stockholders of AV Homes, Inc. ( AV Homes or the Company ) will be held at the Camby Hotel located at 2401 East Camelback Road, Phoenix, Arizona 85016 on May 31, 2018, at 8:00 a.m. local time, for the following purposes:

1. To elect as directors the 10 nominees named in the attached proxy statement.
2. To ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm for AV Homes for the year ending December 31, 2018.
3. To vote on an advisory resolution on the compensation of the named executive officers of the Company ( Say on Pay ).
4. To transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on April 6, 2018 as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or adjournments thereof.

Please mark your proxy if you wish to attend the Annual Meeting in order that adequate preparations may be made. A meeting attendance card will be mailed promptly to you to facilitate your attendance.

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING, PLEASE COMPLETE, DATE, SIGN, AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE POSTAGE-PREPAID ENVELOPE PROVIDED FOR YOUR CONVENIENCE. YOU MAY ALSO VOTE VIA INTERNET OR BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS ON YOUR PROXY CARD.

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By Order of the Board of Directors,

/s/ S. Gary Shullaw

S. Gary Shullaw

Executive Vice President, General Counsel and Secretary

Dated: April 18, 2018

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YOU CAN VOTE IN ONE OF FOUR WAYS:

**BY INTERNET**

Go to the website identified on your proxy card or Notice of Internet Availability of Proxy Materials, 24 hours a day, seven days a week by 12:59 a.m. EDT on May 31, 2018.

Enter the control number that appears on your proxy card or Notice of Internet Availability of Proxy Materials.

Follow the simple instructions.

**BY TELEPHONE**

On a touch-tone telephone, call the toll-free number identified on your proxy card, 24 hours a day, seven days a week by 12:59 a.m. EDT on May 31, 2018. If you received a Notice of Internet Availability of Proxy Materials and would like to vote by telephone, you can request a proxy card by calling the telephone number indicated on the Notice.

Enter the control number that appears on your proxy card.

Follow the simple recorded instructions.

**BY MAIL**

Mark your selections on the enclosed proxy card. If you received a Notice of Internet Availability of Proxy Materials and would like to vote by mail, you can request a proxy card by calling the telephone number indicated on the Notice.

Date and sign your name exactly as it appears on your proxy card.

Mail the proxy card in the postage-paid envelope provided with your proxy card.

**IN PERSON AT THE MEETING**

Attend the meeting and vote in person by ballot.

**Your vote is important. Thank you for voting.**

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**AV HOMES, INC.**

**6730 N. SCOTTSDALE RD., SUITE 150**

**SCOTTSDALE, ARIZONA 85253**

**(480) 214-7400**

**PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On May 31, 2018**

This Proxy Statement is being made available to the stockholders of AV Homes, Inc., a Delaware corporation ( AV Homes or the Company ), in connection with the solicitation of proxies by and on behalf of the Board of Directors of AV Homes for use at the Annual Meeting of Stockholders to be held at the Camby Hotel located at 2401 East Camelback Road, Phoenix, Arizona 85016 on May 31, 2018, at 8:00 a.m. local time (the Annual Meeting ).

Under rules of the Securities and Exchange Commission ( SEC ), we are furnishing proxy materials to our stockholders of record on the Internet, rather than mailing printed copies, to reduce our printing and mailing costs and conserve resources. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one as instructed in that Notice. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access the proxy materials, and vote, on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions in the Notice.

The Notice of Internet Availability of Proxy Materials or, in some cases, a full set containing the Proxy Statement and the form of proxy enclosed herewith, and the accompanying Annual Report on Form 10-K of AV Homes for the fiscal year ended December 31, 2017, including financial statements, is first being mailed on or about April 18, 2018, to stockholders of record on the close of business on April 6, 2018.

**PURPOSES OF THE MEETING**

At the Annual Meeting, stockholders will consider and vote upon the following matters:

1. To elect as directors the 10 nominees named in this Proxy Statement.
2. To ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm for AV Homes for the year ending December 31, 2018.
3. To vote on an advisory resolution on the compensation of the named executive officers of the Company ( Say on Pay ).
- 4.

To transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

**VOTING RIGHTS AND PROXY INFORMATION**

**Record Date; Voting Rights**

Pursuant to the By-Laws of AV Homes, the Board of Directors has fixed the close of business on April 6, 2018 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment or adjournments thereof (the Record Date ).

At the close of business on the Record Date, 22,348,223 shares of common stock, \$1.00 par value, of AV Homes ( Common Stock ), which constitutes the only class of voting securities of AV Homes, were outstanding and entitled to vote. For each share of Common Stock held of record on the close of business on April 6, 2018,

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stockholders are entitled to one vote, except in regard to the election of directors, for which there will be cumulative voting as described under the heading **Vote Required-Election of Directors**. In accordance with AV Homes By-Laws, the holders of a majority of the outstanding shares of Common Stock, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting.

## **Proxies**

When a proxy is received, properly executed, in time for the Annual Meeting, the shares represented thereby will be voted at the meeting as directed. Shares represented by valid proxies that do not contain voting instructions will be voted (1) FOR the election as directors of the nominees named herein, (2) FOR ratification of the appointment of Deloitte & Touche LLP as independent registered public accounting firm for the year ending December 31, 2018, and (3) FOR the advisory Say on Pay resolution. Any stockholder who executes a proxy may revoke it at any time prior to its exercise by giving written notice of such revocation to the Secretary of AV Homes. In addition, a stockholder who attends the meeting may vote in person, thereby cancelling any proxy previously given by such stockholder.

## **Shares Held Through Banks, Brokers or Other Intermediaries**

If you are the beneficial owner of shares held for you by a bank, broker or other holder of record and do not return your voting instructions, the broker or other nominee may vote your shares solely with respect to such matters for which the broker or other nominee has discretionary authority. Under applicable rules, brokers have discretionary authority to vote on routine matters, which includes the ratification of the appointment of the independent registered public accounting firm. Brokers will not have the discretion to vote on any of the other matters to come before the Annual Meeting, and broker non-votes will not have any effect on the outcome of such matters.

## **Vote Required**

***Election of Directors*** Nominees for director will be elected by a plurality of the votes cast (i.e., the highest number of votes cast) at the Annual Meeting by the holders of Common Stock present in person or represented by proxy and entitled to notice of, and to vote at, the Annual Meeting. Consequently, only shares that are voted in favor of a particular nominee will be counted toward such nominee's achievement of a plurality. Withheld votes will have no effect on the election of directors. Stockholders have cumulative voting rights with respect to election of directors as described in more detail below under **Election of Directors**.

***Ratification of Deloitte & Touche LLP*** The affirmative vote of a majority of the shares of Common Stock present in person or by proxy and entitled to notice of, and to vote at, the Annual Meeting is necessary to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for AV Homes for the year ending December 31, 2018. Abstentions will have the same effect as votes against such proposal because the shares are considered present at the meeting but are not affirmative votes.

***Advisory Say on Pay Vote*** The resolution approving the Company's executive compensation is advisory and non-binding. However, we will consider the stockholders to have approved the advisory resolution on executive compensation if the number of shares voted FOR the proposal exceed the number of shares voted AGAINST the proposal. Accordingly, abstentions will have no effect on the advisory vote on executive compensation.

## **Attendance at the Meeting**

If you plan to attend the meeting, please mark the box provided on your proxy card so that we may send you an attendance card. Stockholders who have beneficial ownership of Common Stock that is held by a bank or broker

should bring account statements or letters from their banks or brokers indicating that they owned Common Stock on April 6, 2018. Stockholders also may obtain an attendance card by submitting a written request to the Corporate Secretary of AV Homes.

**Table of Contents****PRINCIPAL STOCKHOLDERS AND SECURITY OWNERSHIP OF MANAGEMENT****Principal Stockholders**

The following table sets forth, as of the Record Date, unless noted otherwise, information with respect to each person or entity known by the Board of Directors to be the beneficial owner of more than 5% of the outstanding Common Stock. Except as otherwise indicated, all shares are owned directly and the beneficial owners have sole voting and dispositive power over the shares.

<b>Name of Beneficial Owner</b>	<b>Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
TPG Advisors VI, Inc.	301 Commerce Street, Suite 3300 Fort Worth, Texas 76102	10,219,033 (1)	43.8%
First Manhattan Co.	399 Park Avenue New York, New York 10022	1,892,985 (2)	8.5%
The Leon Levy Foundation	One Rockefeller Plaza, 20 <sup>th</sup> Floor New York, New York 10020	1,158,664 (3)	5.2%

- (1) Based on information set forth in Amendment No. 2 to Schedule 13D, filed on June 23, 2015, TPG Advisors VI, Inc. ( TPG Advisors ) is deemed to beneficially own 10,219,033 shares of our Common Stock, which includes 1,004,016 shares issuable upon the conversion of the 6.00% Notes (defined below) held by TPG Aviator, L.P. TPG Advisors has shared voting and dispositive power with respect to all such shares.
- (2) Based on information set forth in Amendment No. 10 to Schedule 13G, filed on February 9, 2018, First Manhattan Co. ( FMC ), a registered investment adviser, is deemed to beneficially own 1,892,985 shares. Based on such information, FMC has sole voting and dispositive power with respect to 98,101 shares, shared voting power with respect to 1,657,475 shares, and shared dispositive power with respect to 1,794,884 shares.
- (3) Based on information set forth in Schedule 13G, filed on November 25, 2013, The Leon Levy Foundation (the Foundation ) is deemed to beneficially own 1,158,664 shares. The Foundation has shared voting and dispositive power with respect to all such shares. Shelby White and Elizabeth Moynihan are both trustees of the Foundation and, accordingly, may be deemed to beneficially own the shares beneficially owned by the Foundation. According to the Schedule 13G, each of Shelby White and Elizabeth Moynihan disclaims beneficial ownership of any and all such securities in excess of her actual pecuniary interest. Shelby White owns 43,782 shares of our Common Stock in her individual capacity.

**Table of Contents****Security Ownership of Management**

The following table sets forth, as of the Record Date, information with respect to the outstanding shares of Common Stock owned beneficially by each current director, each of the Named Executive Officers identified herein under the caption Summary Compensation Table, and all current directors and executive officers of AV Homes as a group. Except as otherwise indicated, all shares are owned directly, and the beneficial owners have sole voting and dispositive power over the shares.

<b>Name or Group</b>	<b>Shares Owned Directly and Indirectly (1)</b>	<b>Options Exercisable and RSUs and Stock Units Convertible within 60 Days (2)</b>	<b>Total Beneficial Ownership</b>	<b>Percent of Class (3)</b>
Paul D. Barnett	25,957	19,934	45,891	*
Matthew Coleman (4)	0	0	0	*
Roger W. Einiger	42,216	28,129	70,345	*
Paul Hackwell (4)	0	0	0	*
Joshua L. Nash	812,877(5)	29,448	842,325	3.8%
Jonathan M. Pertchik (4)	9,007	12,095	21,102	*
Michael F. Profenius	9,007	11,478	20,485	*
Aaron D. Ratner (4)	0	0	0	*
Joel M. Simon	19,617	10,546	30,163	*
Roger A. Cregg	254,653	341,688	596,341	2.6%
Michael S. Burnett	36,282	68,453	104,735	*
S. Gary Shullaw	21,508	2,158	23,666	*
All current directors and executive officers as a group (consisting of 12 persons)	1,231,124	523,929	1,755,053	7.7%

\* Represents less than one percent.

- (1) The information as to securities owned by directors and executive officers was furnished to AV Homes by such directors and executive officers. Certain of these shares held by current executive officers remain subject to vesting conditions and may be forfeited in the future if such vesting conditions are not satisfied.
- (2) For certain directors, this amount includes stock units representing deferred directors' fees, which stock units become issuable as shares of Common Stock at the earlier of a date designated by the individual director or the date of the individual's separation from service as a director. See Deferred Compensation Plan.
- (3) Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Under Rule 13d-3(d), shares not outstanding that are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage of shares owned by such person, but are not deemed outstanding for the purpose of calculating the percentage

owned by each other person listed. On the Record Date, there were 22,348,223 shares of Common Stock issued and outstanding.

- (4) Messrs. Coleman, Hackwell and Ratner were nominated as directors by TPG (defined below) and are employed by TPG. They each disclaim beneficial ownership of the shares held by TPG and any of its affiliates. Mr. Pertchik was also nominated as a director by TPG; however, he is not directly employed by TPG.
- (5) Includes (i) 173,900 shares held indirectly by Mr. Nash through a trust for the benefit of his mother; (ii) 390,800 shares held by a limited partnership whose managing partner is directly controlled by Mr. Nash; and (iii) 59,023 shares held by an offshore fund whose management company is controlled by Mr. Nash. In the case of the limited partnership and offshore fund, Mr. Nash disclaims beneficial ownership except to the extent of his pecuniary interest in such shares.



**Table of Contents****THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

The Board of Directors met ten times during 2017 and acted twice by unanimous written consent. During fiscal 2017, all of the incumbent directors attended 75% or more of the aggregate of their respective Board and committee meetings. The Board encourages each of its members to attend each annual meeting of stockholders, but recognizes that unavoidable circumstances may prevent attendance. All members of the Board who were standing for election or reelection attended the 2017 annual meeting of stockholders.

**Certain Committees of the Board**

To assist it in carrying out its duties, the Board has established various committees. Current committees and current members thereof are as follows:

<b>Audit Committee</b>	<b>Nominating and Corporate Governance Committee</b>	<b>Compensation Committee</b>	<b>Finance Committee</b>
Joel M. Simon (1)	Paul D. Barnett (1)	Roger W. Einiger (1)	Joshua L. Nash (1)
Roger W. Einiger	Paul Hackwell	Matthew Coleman	Paul D. Barnett
Jonathan M. Pertchik	Michael F. Profenius	Paul Hackwell	Matthew Coleman
		Joshua L. Nash	Michael F. Profenius
		Joel M. Simon	Aaron D. Ratner

(1) Chairman

**Audit Committee**

The Audit Committee assists the Board in fulfilling its responsibility to oversee management regarding: (i) the conduct and integrity of AV Homes' financial reporting; (ii) AV Homes' systems of internal accounting and financial and disclosure controls; (iii) the qualifications, engagement, compensation, independence and performance of the independent auditors, their conduct of the annual audit and their engagement for any other services; (iv) oversight and supervision of the internal audit department; (v) AV Homes' legal and regulatory compliance; (vi) the application of AV Homes' related person transaction policy; (vii) codes of business conduct as established by management and the Board; and (viii) the preparation of the Audit Committee Report for inclusion in the annual proxy statement. The Committee may also perform such other tasks as are assigned to it from time to time by the Board. The Committee has the authority to obtain advice and assistance from, and receive adequate resources and funding from AV Homes for, outside counsel, independent auditors or other advisors. The Committee met five times during the fiscal year ended December 31, 2017. The Committee is governed by a written charter approved by the Board. The charter is available on AV Homes' website at [www.avhomesinc.com](http://www.avhomesinc.com) on the Investor Relations page under Corporate Governance.

All members of the Committee have been determined to be independent (see "Director Independence"). The Board has also determined that all members of the Committee are financially literate under the listing standards of the Nasdaq Stock Market (Nasdaq) and Joel M. Simon is the Committee's audit committee financial expert, as defined in the rules of the SEC and for purposes of Nasdaq's listing standards.

**Audit Committee Report**

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The Audit Committee has reviewed and discussed AV Homes' audited financial statements for the fiscal year ended December 31, 2017 with management.

The Committee has discussed with Deloitte & Touche LLP, AV Homes' independent auditors, the matters required to be discussed by applicable Public Company Accounting Oversight Board standards.

The Committee has also received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the

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independent accountant's communications with the Committee concerning independence and has discussed with Deloitte & Touche LLP their independence.

Based on the review and discussions referred to above, the Committee recommended to AV Homes' Board of Directors that its audited financial statements be included in AV Homes' Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the Securities and Exchange Commission.

## **AUDIT COMMITTEE**

Joel M. Simon, Chairman

Roger W. Einiger

Jonathan M. Pertchik

## **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee assists the Board in: (i) identifying, screening and reviewing individuals to serve as directors and recommending candidates for nomination for election at the annual meeting of stockholders or to fill Board vacancies; (ii) overseeing AV Homes' policies and procedures for receipt of stockholder suggestions regarding composition of the Board and recommendations of candidates for nomination; (iii) overseeing implementation of AV Homes' Corporate Governance Guidelines and Principles; (iv) coordinating periodic self-assessments for the Board and its committees; and (v) reviewing AV Homes' overall corporate governance and recommending changes when necessary or desirable. The Committee may also perform such additional tasks as assigned to it by the Board. The Committee has the authority to obtain advice and assistance from, and receive adequate resources and funding from AV Homes for, outside counsel, consultants and other advisors. The Committee met twice during the fiscal year ended December 31, 2017.

All members of the Nominating and Corporate Governance Committee have been determined to be independent (see Director Independence). The Committee is governed by a written charter approved by the Board. The charter is available on AV Homes' website at [www.avhomesinc.com](http://www.avhomesinc.com) on the Investor Relations page under Corporate Governance.

The Nominating and Corporate Governance Committee assesses the appropriate size of the Board, evaluates Board membership, and identifies and reviews director nominee candidates. The Committee considers candidates for Board membership received from all sources based upon various criteria, including their business and professional skills and experience, personal integrity and judgment, commitment to representing the long-term interests of stockholders and availability to participate in Board activities. The Committee will consider candidates suggested by its members, other Board members, management and stockholders, and may, if necessary or appropriate, utilize the services of a professional search firm. In order to be considered, a recommendation from a stockholder must include the stockholder's name and contact information, the candidate's name and contact information, a brief description of the candidate's background and qualifications and a statement by the candidate that he or she is willing and able to serve on the Board. The Committee may also require candidates to provide such other information as it may request.

The Committee reviews periodically and recommends to the Board for approval any changes in the compensation of non-employee directors. Any equity compensation awards for non-employee directors recommended by the Nominating and Corporate Governance Committee are approved by the Compensation Committee under the 2015 Incentive Compensation Plan, as amended and restated.

AV Homes By-Laws establish advance notice procedures with respect to nominations for election of directors at an annual meeting (see Stockholders Proposals and Nominations of Board Members ).

**Table of Contents****Compensation Committee**

The Compensation Committee assists the Board in overseeing management compensation policies and practices, including (i) determining and approving the compensation of the CEO and the Company's other executive officers; (ii) reviewing and approving management incentive compensation policies and programs and exercising discretion in the administration of such programs; and (iii) reviewing and approving equity compensation programs for employees and exercising discretion in the administration of such programs. It also reviews and discusses with AV Homes management proposed Compensation Discussion and Analysis disclosure and determines whether to recommend such disclosure to the Board for inclusion in AV Homes' proxy statement and Annual Report on Form 10-K. The recommendation is described in a Compensation Committee Report included in the proxy statement. The Committee may perform such other tasks as assigned to it by the Board. The Committee may delegate any of its responsibilities to a sub-committee comprised solely of one or more of its members so long as such delegation is consistent with law and applicable rules of the SEC and Nasdaq. Pursuant to the Committee's charter, in 2017, the Committee formed a sub-committee consisting solely of the members of the Committee who are not appointed by TPG (as defined below) for the purpose of approving certain compensation intended to qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code, as in effect prior to the adoption of the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017. The Committee has the authority to obtain advice and assistance from the Committee's outside counsel, compensation consultants and other advisors with funding from the Company. The Committee met four times and acted by written consent three times during the fiscal year ended December 31, 2017.

As part of the TPG Investment (described and defined under "Certain Relationships and Related Transactions" below), we must constitute our Compensation Committee as a five member committee and (i) for so long as TPG Aviator, L.P. ( "TPG" ) and its affiliates own at least 15% of our Common Stock, TPG has the right to have two Board members appointed to the Compensation Committee, and (ii) for so long as TPG and its affiliates own at least 5% but less than 15% of our Common Stock, TPG has the right to have one Board member appointed to the Committee. TPG has no such appointment rights if its level of ownership is less than 5% of our Common Stock. Additionally, for so long as TPG is entitled to designate at least one member of the Compensation Committee, the Board may not authorize or cause to be taken any of the following actions without the requisite approval of the Compensation Committee (which approval, for so long as TPG is entitled to nominate two members of the Compensation Committee, in most cases must include the approval of four out of the five members of the Compensation Committee):

any adoption of any new, or expansion of any existing, equity incentive plan relating to a key executive officer; and

any changes to, or the adoption of, any compensation arrangements for any members of the Board or members of senior management.

For further information on the Compensation Committee's processes and procedures for consideration and determination of executive compensation, see the Compensation Discussion and Analysis below. All members of the Compensation Committee have been determined to be independent (see "Director Independence" ). The Compensation Committee is governed by a written charter approved by the Board. The charter sets out in greater detail the specific responsibilities of the Compensation Committee. A current copy of the charter is available on AV Homes' website at [www.avhomesinc.com](http://www.avhomesinc.com) on the Investor Relations page under Corporate Governance.

**Compensation Committee Interlocks and Insider Participation**

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The members of the Compensation Committee during fiscal 2017 were Messrs. Coleman, Einiger, Hackwell, Nash, Simon and Kelvin Davis. Mr. Davis resigned effective January 31, 2017, which was followed by Mr. Coleman's appointment to the Compensation Committee on the same day. None of these members of the Compensation Committee have been an executive officer or employee of AV Homes, and none were party to any

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related person transaction with AV Homes that would require disclosure in this Proxy Statement. None of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our Board of Directors or Compensation Committee during 2017.

## **Finance Committee**

The Finance Committee assists the Board in overseeing certain finance, capital expenditure and other matters. The Committee may perform such other tasks as assigned to it by the Board. The Committee may delegate any of its responsibilities to a sub-committee comprised solely of one or more of its members so long as such delegation is consistent with law and applicable rules of the SEC and Nasdaq. The Committee met five times during the fiscal year ended December 31, 2017.

As part of the TPG Investment (described and defined under Certain Relationships and Related Transactions below), the Company must constitute our Finance Committee as a five member committee and (i) for so long as TPG and its affiliates own at least 15% of our Common Stock, TPG has the right to have two Board members appointed to the Finance Committee, and (ii) for so long as TPG and its affiliates own at least 5% but less than 15% of our Common Stock, TPG has the right to have one Board member appointed to the Finance Committee. TPG has no such appointment rights if its level of ownership is less than 5% of our Common Stock. Additionally, for so long as TPG is entitled to designate at least one member of the Finance Committee, the Board may not authorize or cause to be taken any of the following actions without the requisite approval of the Finance Committee (which approval, for so long as TPG is entitled to nominate two members of the Finance Committee, in most cases must include the affirmative vote of at least one Committee member nominated by TPG):

any sale or issuance of any capital stock or other security of the Company or any subsidiary (including options and convertible or exchangeable instruments), except for certain permitted issuances;

any redemption, purchase, repurchase or other acquisition of capital stock of the Company (other than in connection with equity compensation arrangements);

any incurrence or assumption of liability for indebtedness other than certain ordinary course borrowings;

any hiring or firing of members of senior management;

any land or builder acquisitions, any acquisition or dispositions of subsidiaries or any other acquisitions or dispositions that are greater, in each case, than \$5 million (including total expected capital requirements associated with the acquisition or disposition of the land, as the case may be, and all land development work required to get the land ready for the construction of homes);

any capital expenditures or land commitments over the budget approved by the Board, or otherwise greater than \$10 million; and

any entry into new markets or lines of business.

The Finance Committee is governed by a written charter approved by the Board. The charter sets out in greater detail the specific responsibilities of the Finance Committee. A current copy of the charter is available on AV Homes website at [www.avhomesinc.com](http://www.avhomesinc.com) on the Investor Relations page under Corporate Governance.

### **Director Compensation**

The Nominating and Corporate Governance Committee reviews director compensation annually. In November 2016, the Nominating and Corporate Governance conducted a review of our director compensation compared to market data, with assistance from the Compensation Committee's independent consultant, Pearl



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Meyer & Co. ( Pearl Meyer ), which concluded that our non-employee director compensation, which had remained constant since 2012, was in the bottom quartile of both our peer company and general industry data. Accordingly, and in order to ensure that the Board can continue to attract and retain top talent to fill Board seats, our director compensation program was modified effective January 1, 2017 to bring our director compensation program closer to the median of the market data.

Directors who are our employees or who are employed by TPG are not separately compensated by us for their service on our Board or its committees. For our other directors, we pay an annual cash retainer, payable in quarterly installments. For 2017, the base annual cash retainer for service on the Board was \$70,000. The Chairmen of the Audit Committee, Finance Committee, Compensation Committee and Nominating and Corporate Governance Committee receive additional compensation of \$20,000, \$20,000, \$15,000 and \$10,000 per annum, respectively. The Chairman of the Board also receives an independent chairman retainer of \$40,000.

We also generally provide each of our non-employee directors who are not employed by TPG with an annual equity award of restricted stock units ( RSUs ) having a value equal to approximately \$70,000. Accordingly, on June 1, 2017, each reelected non-employee director (other than those employed by TPG) were awarded 4,321 RSUs for service on our Board for the term beginning at the 2017 annual meeting of stockholders. The RSUs will vest and be converted into an equivalent number of shares of Common Stock upon the earlier of the first anniversary of the date of the award and the date immediately preceding the date of AV Homes' 2018 annual meeting of stockholders, provided that the director is a member of the Board of Directors on such vesting date. The RSUs will vest immediately upon the death or disability of the director or upon a change of control of the Company. If the director ceases to be a member of the Board of Directors for any other reason, the RSUs will be forfeited, unless the Board of Directors provides otherwise.

In lieu of director fees (including equity awards) that would otherwise be payable to directors who are employed by TPG, AV Homes pays a quarterly monitoring fee to TPG Management (as defined under Certain Relationships and Related Transactions ). This monitoring fee is reduced on a dollar for dollar basis by compensation paid to the TPG Nominated Directors who are not employed by TPG.

The following table sets forth the retainer, other cash fees and equity compensation earned during the fiscal year ended December 31, 2017, by non-employee directors.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$) (1)</b>	<b>Annual Stock Awards (\$) (2)</b>	<b>Total (\$)</b>
Paul D. Barnett	80,000	70,000	150,000
Matthew Coleman (3)			
Kelvin L. Davis (3)			