

AV Homes, Inc.
Form DEF 14A
April 21, 2015
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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.

8601 N. SCOTTSDALE RD., SUITE 225

SCOTTSDALE, ARIZONA 85253

(480) 214-7400

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 3, 2015

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 Ritz-Carlton Hotel located at 2401 E. Camelback Road, Phoenix, Arizona 85016 on June 3, 2015, 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 approve the appointment of Ernst & Young LLP as independent registered public accounting firm for AV Homes for the year ending December 31, 2015.
3. To approve the AV Homes, Inc. 2015 Incentive Compensation Plan.
4. To transact such other business as properly may come before the meeting, or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on April 10, 2015 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.

By Order of the Board of Directors,

/s/ S. Gary Shullaw

S. Gary Shullaw
Executive Vice President, General Counsel and
Secretary

Dated: April 21, 2015

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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 11:59 p.m. PDT on June 2, 2015.

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 11:59 p.m. PDT on June 2, 2015. 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.

8601 N. SCOTTSDALE RD., SUITE 225

SCOTTSDALE, ARIZONA 85253

(480) 214-7400

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 3, 2015

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 Ritz-Carlton Hotel located at 2401 E. Camelback Road, Phoenix, Arizona 85016 on June 3, 2015, at 8:00 a.m. local time (the Annual Meeting).

Under rules of the Securities and Exchange Commission, 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, 2014, including financial statements, is first being mailed on or about April 21, 2015, to stockholders of record on the close of business on April 10, 2015.

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 approve the appointment of Ernst & Young LLP as independent registered public accounting firm for AV Homes for the year ending December 31, 2015.
3. To approve the AV Homes, Inc. 2015 Incentive Compensation Plan.
4. To transact such other business as properly may come before the meeting, or any adjournment or adjournments thereof.

VOTING RIGHTS AND PROXY INFORMATION

Record Date; Voting Rights

Pursuant to the bylaws of AV Homes, the Board of Directors has fixed the close of business on April 10, 2015 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.

At the close of business on April 10, 2015, 22,336,955 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 10, 2015,

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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 which do not contain voting instructions will be voted: (1) FOR the election as directors of AV Homes the 10 nominees named herein, (2) FOR approval of the appointment of Ernst & Young LLP as independent registered public accounting firm for AV Homes for the year ending December 31, 2015, (3) FOR approval of the AV Homes, Inc. 2015 Incentive Compensation Plan, and (4) in connection with the transaction of such other business as properly may come before the meeting, in accordance with the judgment of the person or persons voting the proxy. 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 approval 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.

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 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 and broker non-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 Ernst & Young 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 Ernst & Young LLP as the independent registered public accounting firm for AV Homes for the year ending December 31, 2015. 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.

Approval of AV Homes, Inc. 2015 Incentive Compensation Plan 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 approve the AV Homes, Inc. 2015 Incentive Compensation Plan. 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.

Attendance at the Meeting

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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

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broker should bring account statements or letters from their banks or brokers indicating that they owned Common Stock on April 10, 2015. Stockholders also may obtain an attendance card by submitting a written request to the Secretary of AV Homes.

PRINCIPAL STOCKHOLDERS AND SECURITY OWNERSHIP OF MANAGEMENT**Principal Stockholders**

The following table sets forth, as of April 1, 2015, 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.

Name of Beneficial Owner	Address of Beneficial Owner	Amount and Nature of	
		Beneficial Ownership	Percent of Class
TPG Advisors VI, Inc.	301 Commerce Street, Suite 3300 Fort Worth, Texas 76102	9,215,017 (1)	41.3%
First Manhattan Co.	399 Park Avenue New York, New York 10022	1,869,043 (2)	8.4%
Ariel Investments, LLC	200 E Randolph Drive, Suite 2900 Chicago, Illinois 60601	1,245,764 (3)	5.6%
The Leon Levy Foundation	One Rockefeller Plaza, 20 th Floor New York, New York 10020	1,158,664 (4)	5.2%

- (1) Based on information set forth in Amendment No. 1 to Schedule 13D, filed on September 19, 2013, TPG Advisors VI, Inc. (TPG Advisors) is deemed to beneficially own 9,215,017 shares. TPG Advisors has shared voting and dispositive power with respect to all such shares.
- (2) Based on information set forth in Amendment No. 7 to Schedule 13G, filed on February 11, 2015, First Manhattan Co. (FMC), a registered investment adviser, is deemed to beneficially own 1,869,043 shares. FMC has sole voting and dispositive power with respect to 71,046 shares, shared voting power with respect to 1,684,663 shares, and shared dispositive power with respect to 1,797,997 shares.
- (3) Based on information set forth in Schedule 13G, filed on February 13, 2015, Ariel Investments, LLC (Ariel), a registered investment adviser, is deemed to beneficially own 1,245,764 shares. Ariel has sole voting power with respect to 861,397 shares and sole dispositive power over all 1,245,764 shares. Ariel reported that none of its clients has an economic interest in more than 5% of our Common Stock.
- (4) 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. 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.

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The following table sets forth, as of April 10, 2015, 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.

Name or Group	Shares Owned Directly and Indirectly (1)	Options Exercisable and RSUs and Stock Units Convertible within 60 Days (2)	Total Beneficial Ownership	Percent of Class (3)
Paul D. Barnett	14,898	14,614	29,512	*
Kelvin L. Davis (4)	0	0	0	*
Roger W. Einiger	23,157	16,639	39,796	*
Paul Hackwell (4)	0	0	0	*
Joshua L. Nash	309,495 (5)	14,615	324,110	1.5%
Jonathan M. Pertchik (4)	0	3,731	3,731	*
Michael F. Profenius	0	3,794	3,794	*
Aaron D. Ratner (4)	0	0	0	*
Joel M. Simon	10,558	7,178	17,736	*
Roger A. Cregg	238,887	0	238,887	1.1%
Michael S. Burnett	25,252	0	25,252	*
Joseph Carl Mulac, III	111,622	0	111,622	*
S. Gary Shullaw	8,327	0	8,327	*
Dave M. Gomez (6)	0	0	0	*
All current directors and executive officers as a group (consisting of 13 persons)	742,196	60,571	802,767	3.6%

* 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.
- (2) 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 Director Compensation.
- (3) Calculated pursuant to Rule 13d-3(d) of the Exchange Act of 1934. 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 April 10, 2015, there were 22,336,955 shares of Common Stock outstanding.

- (4) Messrs. Davis, Hackwell and Ratner were nominated as directors by TPG Aviator (defined below) and are employed by TPG (defined below). They each disclaim beneficial ownership of the shares held by TPG Aviator and any of its affiliates. Mr. Pertchik was also nominated as a director by TPG Aviator; however, he is not employed by TPG.
- (5) Includes 172,785 shares held indirectly by Mr. Nash through a trust for the benefit of his mother.
- (6) Mr. Gomez's employment as Executive Vice President, General Counsel and Corporate Secretary terminated on November 21, 2014.

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The Board of Directors met five times during 2014 and acted five times through written consent. In fiscal 2014, 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 2014 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:

Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee	Finance Committee
Joel M. Simon (1)	Paul D. Barnett (1)	Roger W. Einiger (1)	Joshua L. Nash (1)
Jonathan M. Pertchik	Paul Hackwell	Kelvin L. Davis	Paul D. Barnett
Roger W. Einiger	Michael F. Profenius	Paul Hackwell	Kelvin L. Davis
		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) AV Homes legal and regulatory compliance; (v) the application of AV Homes related person transaction policy; (vi) codes of business conduct and ethics as established by management and the Board; and (vii) 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 six times and acted by written consent once during the fiscal year ended December 31, 2014. The Committee is governed by a written charter approved by the Board. The charter is available on AV Homes website at www.avhomesinc.com.

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, 2014 with management.

The Committee has discussed with Ernst & Young 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 Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Committee concerning independence and has discussed with Ernst & Young LLP their independence.

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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, 2014 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Joel M. Simon, Chairman

Jonathan M. Pertchik

Roger W. Einiger

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; and (iv) 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 acted by written consent twice during the fiscal year ended December 31, 2014.

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.

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 are administered by the Committee under the Amended and Restated 1997 Incentive and Capital Accumulation Plan (2011 Restatement).

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).

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

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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 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 subcommittee 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 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 once and acted by written consent six times during the fiscal year ended December 31, 2014.

As part of the TPG Investment (described under Certain Relationships and Related Transactions below), we must constitute our Compensation Committee as a five member committee and (i) for so long as the ownership of TPG Aviator, L.P. (TPG Aviator) and its affiliates is at least 15% of our Common Stock, TPG Aviator has the right to have two Board members appointed to the Committee, and (ii) for so long as the ownership of TPG Aviator and its affiliates is at least 5% but less than 15% of our Common Stock, TPG Aviator has the right to have one Board member appointed to the Committee. TPG Aviator has no such appointment rights if its level of ownership is less than 5% of our Common Stock. Additionally, for so long as TPG Aviator 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 Aviator 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; 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. 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.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during fiscal 2014 were Mr. Greg Kranias and Messrs. Einiger, Davis, Nash and Simon. Mr. Kranias resigned from the Board and all committees upon which he served effective January 23, 2015 and was replaced on the Compensation Committee by Mr. Hackwell on February 3, 2015. None of these members of the Compensation Committee has been an executive officer or employee of AV Homes, and none were party to any related person transaction with AV Homes that would require disclosure in this Proxy Statement.

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 subcommittee 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 four times and acted by written consent twice during the fiscal year ended December 31, 2014.

As part of the TPG Investment (described under *Certain Relationships and Related Transactions* below), the Company must constitute its Finance Committee as a five member committee and (i) for so long as the

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ownership of TPG Aviator and its affiliates is at least 15% of our Common Stock, TPG Aviator has the right to have two Board members appointed to the Finance Committee, and (ii) for so long as the ownership of TPG Aviator and its affiliates is at least 5% but less than 15% of our Common Stock, TPG Aviator has the right to have one Board member appointed to the Finance Committee. TPG Aviator has no such appointment rights if its level of ownership is less than 5% of our Common Stock. Additionally, for so long as TPG Aviator 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 Aviator 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 Aviator):

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.

Director Compensation

The Compensation and Nominating and Corporate Governance Committees conducted a review of the Company's compensation for non-employee directors against market trends in July 2012. The Company's director compensation program has remained unchanged since that time. The TPG Nominated Directors (as hereinafter defined) who are employed by TPG do not receive the standard director compensation. Rather, pursuant to the management services agreement described below, AV Homes pays a quarterly monitoring fee to TPG Management (as hereinafter defined)

in lieu of any director fees otherwise payable by the Company to the TPG Nominated Directors. The director compensation paid to the TPG Nominated Directors who are not employed by TPG reduces the amount of the monitoring fee.

The annual cash retainer for each non-employee director of AV Homes was set by the Board at \$40,000 per annum. Members and the Chairman of the Audit Committee receive additional compensation of \$10,000 and \$15,000 per annum, respectively. Members and the Chairman of the Nominating and Corporate Governance Committee receive additional compensation of \$2,500 and \$5,000 per annum, respectively. Members and the Chairman of the Compensation Committee receive additional compensation of \$5,000 and \$7,500 per annum, respectively. Members and the Chairman of the Finance Committee receive additional compensation of \$10,000 and \$15,000 per annum, respectively. In addition, each non-employee member and the Chairman of the Executive Committee, prior to the removal of the Executive Committee from the Company's By-Laws in March of 2014, received a retainer of \$2,000 and \$5,000 per annum, respectively.

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The Nominating and Corporate Governance Committee adopted a deferral program applicable to non-employee directors in June 2005. Under the deferral program, non-employee directors may elect to defer up to 50% of annual retainer fees, committee fees and/or chairperson fees, for which the director is credited, with a number of stock units based upon the closing price of the Common Stock on the due date of each payment. The stock units become distributable as shares of Common Stock upon the earlier of a date designated by the individual director or the date of the individual's separation from service as a director.

The Nominating and Corporate Governance Committee also determined to grant annual awards of restricted stock units (RSUs) to all non-employee directors having a value equal to approximately \$45,000. Accordingly, on June 10, 2014, each reelected non-employee director was awarded 2,538 RSUs for service as a director for the term beginning at the 2014 annual meeting of stockholders. Additionally, Messrs. Pertchik and Profenius were each awarded 2,486 RSUs following their appointment to the Board on July 23, 2014 for the term beginning on that date and ending at the 2015 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' 2015 annual meeting of stockholders, provided that the non-employee 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 non-employee director or upon a change of control of the Company. If the non-employee 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.

The following table sets forth the retainer, other cash fees and equity compensation received during the fiscal year ended December 31, 2014, by non-management directors.

Name	Fees Earned or Paid in Cash (1)	Annual Stock Awards (2)	Total
Paul D. Barnett	\$ 60,500	\$ 44,923	\$ 105,423
Kelvin L. Davis (3)			
Roger W. Einiger	58,521	44,923	103,444
Paul Hackwell (3)			
Greg Kranias (3)			
Reuben S. Leibowitz (4)	13,625		13,625
Joshua L. Nash	61,875	44,923	106,798
Jonathan M. Pertchik	25,000	38,632	63,632
Michael F. Profenius	26,250		