AV Homes, Inc.
Form DEF 14A
April 19, 2017
Table of Contents

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:

Table of Contents

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 1, 2017

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 June 1, 2017, 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, 2017.
3. To vote on an advisory resolution on the compensation of the named executive officers of the Company (Say on Pay).
4. To cast an advisory vote on the frequency of future Say on Pay votes.
5. To approve the AV Homes, Inc. 2015 Incentive Compensation Plan, as amended and restated.
6. 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 7, 2017 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 19, 2017

Table of Contents

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 June 1, 2017.
- 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 June 1, 2017. 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.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

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 1, 2017

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 June 1, 2017, 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, 2016, including financial statements, is first being mailed on or about April 19, 2017, to stockholders of record on the close of business on April 7, 2017.

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, 2017.

3. To vote on an advisory resolution on the compensation of the named executive officers of the Company (Say on Pay).

4. To cast an advisory vote on the frequency of future Say on Pay votes.

5. To approve the AV Homes, Inc. 2015 Incentive Compensation Plan, as amended and restated.

6. 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 7, 2017 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.

Table of Contents

At the close of business on April 7, 2017, 22,441,989 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 7, 2017, 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, 2017, (3) FOR the advisory Say on Pay resolution, (4) 1 YEAR for the advisory vote on the frequency of future Say on Pay votes, and (5) FOR the approval of the AV Homes, Inc. 2015 Incentive Compensation Plan, as amended and restated. 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.

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, 2017. 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 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.

Advisory Say on Frequency Vote The resolution approving the frequency of the Company s future executive compensation advisory vote is non-binding. However, we will consider the stockholders to have

2

Table of Contents

approved the Board s recommendation of every 1 YEAR if more stockholders vote for one year than two years or three years. Accordingly, abstentions will have no effect on the advisory vote on the frequency of advisory votes on executive compensation.

Approval of the AV Homes, Inc. 2015 Incentive Compensation Plan, as Amended and Restated 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, as amended and restated. 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

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 7, 2017. Stockholders also may obtain an attendance card by submitting a written request to the Corporate Secretary of AV Homes.

PRINCIPAL STOCKHOLDERS AND SECURITY OWNERSHIP OF MANAGEMENT

Principal Stockholders

The following table sets forth, as of April 7, 2017 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	10,219,033 (1)	43.6%
First Manhattan Co.	399 Park Avenue New York, New York 10022	2,149,231 (2)	9.6%
The Leon Levy Foundation	One Rockefeller Plaza, 20th 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. 9 to Schedule 13G, filed on February 10, 2017, First Manhattan Co. (FMC), a registered investment adviser, is deemed to beneficially own 2,149,231 shares. Based on

such information, FMC has sole voting and dispositive power with respect to 88,101 shares, shared voting power with respect to 1,926,321 shares, and shared dispositive power with respect to 2,061,130 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 April 7, 2017, 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	22,284	19,286	41,570	*
Matthew Coleman (4)	0	0	0	*
Roger W. Einiger	28,543	22,762	51,305	*
Paul Hackwell (4)	0	0	0	*
Joshua L. Nash	717,980 (5)	21,582	739,562	3.3%
Jonathan M. Pertchik (4)	5,334	8,844	14,178	*
Michael F. Profenius	5,334	8,888	14,222	*
Aaron D. Ratner (4)	0	0	0	*
Joel M. Simon	15,944	8,654	24,598	*
Roger A. Cregg	305,607	247,527	553,134	2.4%
Michael S. Burnett	47,061	48,750	95,811	*
Joseph Carl Mulac, III	5,000	0	5,000	*
S. Gary Shullaw	26,745	0	26,745	*
All current directors and executive officers as a group (consisting of 12 persons)	1,174,832	386,293	1,561,125	6.8%

* 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 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 7,

2017, there were 22,441,989 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) 308,400 shares held by a limited partnership whose managing partner is directly controlled by Mr. Nash; and (iii) 50,199 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 five times during 2016 and acted once by unanimous written consent. During fiscal 2016, 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 2016 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	Matthew Coleman	Paul D. Barnett
Roger W. Einiger	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) AV Homes legal and regulatory compliance; (v) the application of AV Homes related person transaction policy; (vi) codes of business 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 eight times during the fiscal year ended December 31, 2016. The Committee is governed by a written charter approved by the Board. The charter is available on AV Homes website at 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

The Audit Committee has reviewed and discussed AV Homes audited financial statements for the fiscal year ended December 31, 2016 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 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, 2016 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; (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, 2016.

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 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.

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 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 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. Pursuant to the Committee s charter, the Committee has 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. 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, 2016.

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. 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 on the Investor Relations page under Corporate Governance.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during fiscal 2016 were Messrs. Einiger, Hackwell, Nash, Simon and Kelvin Davis. 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. 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 2016.

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

Table of Contents

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 twice and acted once by written consent during the fiscal year ended December 31, 2016.

As part of the TPG Investment (described and defined 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 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 on the Investor Relations page under Corporate Governance.

Director Compensation

The Nominating and Corporate Governance Committee reviews director compensation annually. 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 2016, the base annual cash retainer for service on the Board was $40,000. 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.

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 $45,000.

8

Table of Contents

Accordingly, on May 25, 2016, each reelected non-employee director (other than those employed by TPG) were awarded 3,673 RSUs for service on our Board for the term beginning at the 2016 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 2017 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 received during the fiscal year ended December 31, 2016, by non-employee directors.

Name	Fees Earned or Paid in Cash ($) (1)	Annual Stock Awards ($) (2)	Total ($)
Paul D. Barnett	55,000	45,030	100,030
Kelvin L. Davis (3)			
Roger W. Einiger	57,500	45,030	102,530
Paul Hackwell (3)			
Joshua L. Nash	60,000	45,030	105,030
Jonathan M. Pertchik	50,000	45,030	95,030
Michael F. Profenius	52,500	45,030	97,530
Aaron Ratner (3)			
Joel M. Simon	60,000	45,030	105,030

(1) Includes amounts of $27,486, $28,710, $29,966, $24,973 and $26,230 of fees for Messrs. Barnett, Einiger, Nash, Pertchik and Profenius, respectively, which were deferred during 2016 and are represented by stock units under the deferral program described below under the heading Deferred Compensation Plan.
(2) Represents the aggregate grant date fair value of 3,673 RSUs (or $12.26 per share). The grant date fair value is calculated in accordance with ASC 718 by using the closing price of the Common Stock on the award grant date.
(3) As described above, the TPG Nominated Directors who are employed by TPG do not receive director compensation from the Company. Kelvin L. Davis resigned from the Board of Directors effective January 31, 2017.

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 recently retained independent consultant, Pearl Meyer & Co. (Pearl Meyer), which concluded that our non-employee director compensation, which has 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 to reflect the following changes, effective January 1, 2017, to bring our director compensation program closer to the median of the market data:

Table of Contents

	Fiscal 2016 ($)	Effective January 1, 2017 ($)
Annual Board Compensation:		
Cash retainer	40,000	70,000
Value of annual RSU award	45,000	70,000
Total Base Board Compensation	**85,000**	**140,000**
Committee Chair Retainers:		
Audit/Finance	15,000	20,000
Compensation	7,500	15,000
Nominating and Corporate Governance	5,000	10,000
Committee Member Retainers:		
Audit/Finance	10,000	0
Compensation	5,000	0
Nominating and Corporate Governance	2,500	0
Lead director/independent chairman retainer	0	40,000

Deferred Compensation Plan

The Nominating and Corporate Governance Committee adopted a deferral program applicable to non-employee directors in June 2005. Under the deferral program as adopted, 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 last trading day of each quarter. 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. On December 6, 2016, the Board of Directors approved an amendment to the deferral program to permit the deferral of up to 100% of Director fees, which amendment is applicable to deferrals beginning in 2017.

Communication with the Board of Directors

A stockholder who wishes to communicate with the Board, or specific individual directors, may direct written communication addressed to the Board or such director or directors in care of the Corporate Secretary, AV Homes, Inc., 8601 N. Scottsdale Rd., Suite 225, Scottsdale, AZ 85253. The Corporate Secretary will deliver any communications to our independent Chairman of the Board, other than those that do not relate to any Board matter, which the Corporate Secretary may handle on his or her own.

Corporate Governance Guidelines and Principles

The Board of Directors has adopted Corporate Governance Guidelines and Principles as a component of the flexible governance framework within which the Board, assisted by its committees, directs AV Homes affairs. The Corporate Governance Guidelines and Principles, which define the role of the Board of Directors, are available on AV Homes website at www.avhomesinc.com on the Investor Relations page under Corporate Governance.

In 2015, the Board amended and restated the Corporate Governance Guidelines and Principles to include a stock ownership guideline applicable to all non-employee directors who receive the standard director compensation. The guideline requires such directors to own shares of the Company s Common Stock having a value equal to three times the director s annual cash retainer. Directors have three years from the date of election to comply with the stock ownership threshold. All shares the directors beneficially own, and any shares subject to stock units issued by the

Company, count toward the stock ownership guideline. Based on the most recent review, all directors who are subject to the stock ownership guidelines are in compliance.

Table of Contents

Director Independence

The Board of Directors has determined that all members of the Board of Directors during the year ended December 31, 2016 and all current members of the Board of Directors meet the qualification standards set forth in AV Homes Corporate Governance Guidelines and Principles and meet the independence criteria under the rules and regulations of NASDAQ, except for Roger A. Cregg, President and Chief Executive Officer. In making such determination, the Board of Directors considered relevant facts regarding such directors, in particular that each director determined to be independent does not have a material relationship with AV Homes, either directly (other than as a director and/or stockholder) or as a stockholder, director, officer, partner or affiliate of an organization that has a relationship with AV Homes. The Board of Directors has further determined that all current members of the Audit Committee meet the more stringent independence requirements of the SEC and NASDAQ for Audit Committee membership, and all current members of the Compensation Committee meet the more stringent independence requirements of NASDAQ for Compensation Committee membership.

Board Leadership Structure

AV Homes Board of Directors determined to separate the positions of Chairman of the Board and Chief Executive Officer because the functions and responsibilities of the positions are different. The Chairman of the Board is a senior principal of a firm that was a long-time stockholder of the Company. He represents the interests of all of the Company s stockholders from a global strategy perspective. The Chairman of the Board does not oversee the day-to-day business of the Company. Mr. Nash has served as the independent Chairman of the Board since September 2004.

The Chief Executive Officer is primarily responsible for developing AV Homes business strategy and is in charge of the Company s day-to-day operations. With the oversight of the Board and the Board s committees, the Chief Executive Officer works full time in (i) creating and implementing the Company s business plan, (ii) directing the Company s business, and (iii) managing the Company s real estate and homebuilding activities.

Board s Role in Risk Oversight

While management is responsible for the day-to-day management of risk, the Board plays an ongoing and active role in the oversight of risk. The Audit Committee carries out its oversight responsibilities by regularly reviewing and discussing with management areas of material risk to the Company, which may include financial risks, legal and regulatory risks, operational risks and strategic risks, along with key risk areas within each of those risk categories. The Audit Committee also reviews with management, as appropriate, mitigation measures being taken to address such risks. The Company has an enterprise risk management program, which is coordinated by the Company s General Counsel and Chief Executive Officer and overseen by the Audit Committee. As part of the enterprise risk management program, financial, legal, regulatory, reputational, operational and strategic risks are reviewed across the entire Company and reported to the Audit Committee on a quarterly basis.

The Compensation Committee also considers and discusses, at least annually, risks associated with our executive compensation arrangements and has concluded that the risks associated with our compensation practices and policies are not likely to have a material adverse effect on the Company.

The Board as a whole also engages in the oversight of risk in several ways, including through the receipt of periodic reports from the Audit Committee and Compensation Committee on areas of risk reviewed by each committee. The Board also relies on the Finance Committee to review and approve certain financing and other strategic matters as discussed above. Additionally, the Board reviews and approves the Company s operating plan and budget on an annual basis and reviews risks associated with the execution of that plan.

Code of Business Conduct and Ethics

The Board of Directors, through the Audit Committee, has adopted a Code of Business Conduct applicable to all directors, officers and employees of AV Homes. Its purpose is to promote the commitment of the Board and management to a high standard for ethical business practices. The Code of Business Conduct is available on AV Homes website at www.avhomesinc.com on the Investor Relations page under Corporate Governance.

Related Person Transaction Policy

To supplement the broader provisions of AV Homes Code of Business Conduct, the Board of Directors has adopted a policy and procedures for review and approval or ratification by the Audit Committee of transactions in which the Company participates and a related person has a material direct or indirect interest. Pursuant to this policy, a related person means: each director and executive officer of the Company; any director nominee; any greater than five percent stockholder; any immediate family member of any of the foregoing; and any company or another entity that employs or is controlled by any of them, or in which any of them have a material ownership or financial interest.

Generally under the policy, any director, executive officer or nominee who intends to enter into a related person transaction, and any employee of the Company who intends to cause the Company to enter into a related person transaction, is required to disclose all material facts regarding the proposed transaction to the Audit Committee. The transaction will be reviewed by the Audit Committee and, in its discretion, approved or ratified. In connection with approving or ratifying a related person transaction, the Audit Committee considers, in light of the relevant facts and circumstances, whether or not the transaction is in the best interests of the Company. Thus, it may consider many factors, such as the relationship of the related person with the Company, the materiality or significance of the transaction to the Company and the related person, the business purpose and reasonableness of the transaction, whether the transaction is comparable to a transaction that could be available to the Company on an arm s-length basis, and the impact of the transaction on the Company s business and operations. The related person transaction policy is available on AV Homes website at www.avhomesinc.com on the Investor Relations page under Corporate Governance.

Certain Relationships and Related Transactions

TPG Investment In June 2013, AV Homes issued to TPG 2,557,474 shares of AV Homes Common Stock, at a purchase price of $14.65 per share, and 665,754.3 shares of a newly authorized series of AV Homes preferred stock, designated as Series A Contingent Convertible Cumulative Redeemable Preferred Stock, par value $0.10 per share (the Series A Preferred Stock), at a purchase price and liquidation preference of $146.50 per share, for an aggregate investment in AV Homes by TPG of $135 million (the TPG Investment). TPG subsequently converted the Series A Preferred Stock into shares of our Common Stock at a conversion ratio equal to ten shares of Common Stock per one share of Series A Preferred Stock.

Pursuant to the terms of a stockholders agreement AV Homes and TPG entered into in connection with the TPG Investment, AV Homes agreed to increase the size of its Board of Directors from six to ten members, and TPG was granted the right to nominate four directors to the Board. The Board of Directors is currently set at ten members, including four directors who were nominated by TPG: Mr. Coleman, the Chief Operating Officer of TPG Real Estate; Mr. Hackwell, a Principal at TPG Capital, LP (TPG Capital); Mr. Ratner, a Vice President in TPG Capital s Real Estate Group; and Mr. Pertchik, the Chief Executive Officer of InTown Suites (collectively, the TPG Nominated Directors).

Going forward, TPG will continue to be entitled to nominate to the Board (i) four directors if TPG and its affiliates own at least 30% of our Common Stock, (ii) three directors if TPG and its affiliates own at least 20%, but less than 30% of our Common Stock, (iii) two directors if TPG and its affiliates own at least 15% but less than 20% of our Common Stock, and (iv) one director if TPG and its affiliates own at least 5% but less than 15%

Table of Contents

of our Common Stock. TPG has no Board nomination rights if its level of ownership of AV Homes is less than 5%. In addition, in connection with the stockholders agreement AV Homes agreed to constitute each of its Compensation Committee and Finance Committee as five-member committees and (a) 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 each such committee, and (b) 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 each such committee. Further, AV Homes agreed that for so long as TPG and its affiliates own at least 5% of our Common Stock, each other committee of the Board will be constituted as three-member committees and TPG has the right to have one Board member appointed to each such committee. TPG has no such committee appointment rights if its level of ownership of AV Homes is less than 5%. Messrs. Coleman and Hackwell currently serve as TPG Nominated Directors on the Compensation Committee, while Messrs. Coleman and Ratner serve as TPG Nominated Directors on the Finance Committee.

Pursuant to the terms of the stockholders agreement, for so long as TPG and its affiliates continue to own at least the greater of (i) 25% of the number of shares owned by them at the closing of the TPG Investment (assuming full conversion of the Series A Preferred Stock) and (ii) 10% of our Common Stock, AV Homes is not permitted to take any of the following actions without the prior written consent of TPG:

- Any amendment to the governing documents of AV Homes or its subsidiaries adverse to TPG;
- Any voluntary liquidation, dissolution or winding up of AV Homes;
- Any voluntary bankruptcy or insolvency action, or any consent to any involuntary bankruptcy or similar proceeding;
- Any increase or decrease in the size of the Board or any committee;
- Any change in the rights and responsibilities of either the Finance Committee or the Compensation Committee; and
- Any issuance of equity securities that is senior to the Common Stock.

In addition, for so long as TPG s ownership of AV Homes is equal to or greater than 5% of our Common Stock, the Finance Committee of the Board is required to approve (i) any sale, issuance or authorization of new securities by AV Homes or any subsidiary, except for certain permitted issuances, (ii) any redemption, purchase, repurchase or other acquisition of securities by AV Homes or any subsidiary, other than in connection with equity compensation arrangements, (iii) any incurrence of indebtedness or certain debt-like obligations, with limited exceptions, (iv) any hiring or firing of members of senior management, (v) any land or builder acquisitions or dispositions, any acquisitions or dispositions of subsidiaries or any other acquisitions or dispositions, in each case, that are greater than $5 million (including total expected capital requirements), (vi) any capital expenditures or land commitments over the annual budget approved by the Board of Directors, or otherwise greater than $10 million, and (vii) any entry into new markets or lines of business.

Further, as long as TPG s ownership of AV Homes is equal to or greater than 5% of our Common Stock, the Compensation Committee of the Board is required to approve (i) any adoption of any new, or expansion of any existing, equity incentive plan and (ii) any changes to, or the adoption of, any compensation arrangements for any members of the Board of Directors or members of senior management. During such period, the Board may not approve such matters without the requisite committee approval, which in most cases will require the approval of at least one of the committee members appointed by TPG.

Pursuant to the terms of the stockholders agreement, except in certain cases, TPG has a pre-emptive right to participate in future equity issuances by AV Homes, on a pro-rata basis, for so long as TPG (together with its affiliates) owns at least 10% of our Common Stock. The stockholders agreement also provides for customary registration rights with respect to Common Stock held by TPG, its affiliates and their permitted transferees. Pursuant to such registration rights, TPG has, subject to certain limitations, the right to require AV Homes to register TPG securities on three separate occasions and has piggyback registration rights in connection with offerings by AV Homes or other stockholders.

AV Homes and TPG VI Management, LLC (TPG Management), an affiliate of TPG, are parties to a management services agreement that sets forth certain financial advisory services to be provided by, and fees to be paid to, TPG Management in connection with ongoing services to AV Homes. Pursuant to the management services agreement and in exchange for certain ongoing advisory and consulting services, AV Homes agreed to pay to TPG Management a monitoring fee equal to $465,000 per year for so long as TPG and its affiliates own at least 30% of the Common Stock outstanding and also to reimburse expenses incurred by TPG Management and its affiliates to provide services or enforce its rights under the management services agreement, not to exceed $50,000 per year. In each case, the monitoring fee will be reduced proportionately based on TPG s board representation rights under the stockholders agreement, as described above. The monitoring fee is payable quarterly in advance. The monitoring fee will also be reduced by director fees (including equity awards) payable to the TPG Nominated Directors who are not employed by TPG. For 2016, AV Homes paid TPG Management an annual monitoring fee of $370,002 and $37,461 for reimbursement of expenses under the management services agreement.

TPG Investment in 6.00% Senior Convertible Notes On June 23, 2015, AV Homes completed a private offering of $80.0 million aggregate principal amount of 6.00% Senior Convertible Notes due 2020 (the 6.00% Notes). The 6.00% Notes were issued pursuant a series of separate, privately negotiated note purchase agreements entered into on June 17, 2015 by us and certain qualified institutional buyers. TPG purchased $20.0 million aggregate principal amount of 6.00% Notes for $20.0 million in cash, resulting in a fully diluted beneficial ownership of approximately 43.8% of our Common Stock for TPG at the time of the transaction. Pursuant to the terms of the Company s Related Person Transaction Policy, the Audit Committee of the Company s Board of Directors reviewed and approved the terms of the 6.00% Notes and TPG s purchase of 6.00% Notes. In connection with TPG s investment, TPG waived its rights under the stockholders agreement to purchase additional 6.00% Notes. Additionally, on January 12, 2016, the Audit Committee approved the Company s reimbursement to TPG for certain out-of-pocket expenses totaling $82,135, incurred by TPG in connection with TPG s evaluation and review of its participation in the 6.00% Notes offering, including a review of the potential impact of TPG s participation on the Company s deferred tax asset.

Mulac Relationships Dave Mulac is the brother of Joseph Carl Mulac, III, our former Executive Vice President, whose employment was terminated on August 17, 2016. Mr. Dave Mulac was hired by AV Homes on November 11, 2013 as the Vice President of Operations for our Raleigh, North Carolina operations and he currently serves in that role for our Raleigh, North Carolina operations. For 2016, he received total annual compensation, including base salary, bonus and equity compensation, of approximately $190,000. Joseph Carl Mulac, IV, the son of Joseph Carl Mulac, III, also works for the Company as Operations Coordinator and Designated Broker for the Arizona division. Joseph Carl Mulac, IV was hired by the Company on September 9, 2012. For 2016, he received total annual compensation, including base salary, commissions and bonus, of approximately $130,000. The Audit Committee reviewed and ratified the hiring of both Dave Mulac and Joseph Carl Mulac, IV pursuant to the terms of our Related Person Transaction Policy. In approving the transactions, the Audit Committee considered that each of Dave Mulac and Joseph Carl Mulac, IV were selected from among qualified candidate pools and the fact that neither reported to Joseph Carl Mulac, III.

Table of Contents

ELECTION OF DIRECTORS

(Item 1)

At the Annual Meeting, the 10 nominees for director named in this Proxy Statement will stand for election for the ensuing year and until their respective successors are duly elected and qualified.

Stockholders have cumulative voting rights with respect to the election of directors. Under cumulative voting, each stockholder is entitled to the same number of votes per share as the number of directors to be elected (or, for purposes of this election, ten votes per share). A stockholder may cast all such votes for a single nominee or distribute them among the nominees, as such stockholder wishes, either by so marking his ballot at the meeting, by specific voting instructions sent to AV Homes with a signed proxy, or via Internet or by telephone in accordance with instructions on the proxy card. In connection with the solicitation of proxies, discretionary authority to cumulate votes is being solicited. Unless authority to vote for the nominees for director is withheld, it is the intention of the persons named in the accompanying proxy to vote the proxies in such manner as will elect as directors the nominees named below.

All of the nominees were last elected at the May 25, 2016 annual meeting of stockholders, except for Mr. Coleman, who was appointed to the Board of Directors effective January 31, 2017. As described herein, Mr. Coleman was designated for appointment by TPG Aviator, and appointed as a TPG Nominated Director.

The Board of Directors does not contemplate that any of the persons named below will be unable, or will decline, to serve. However, if any of such persons is unable or declines to serve, the persons named in the accompanying proxy may vote for another person or persons in their discretion.

The following paragraphs set forth information with respect to each nominee for director, including positions currently held, prior occupation and business experience for more than the past five years. In concluding an individual should be recommended to serve as a director, the Nominating and Corporate Governance Committee considers each person s business and professional skills and experience, qualifications and attributes, as well as personal integrity and judgment. Although it does not have a formal diversity policy, the Nominating and Corporate Governance Committee considers, among other attributes, diversity of gender, professional experience and skills of the individuals to be recommended to the Board for nomination for election to the Board. Except as otherwise indicated, the following nominees have not been principally employed by any subsidiary or affiliate of AV Homes. There are no family relationships between any nominee, director or executive officer of AV Homes.

Paul D. Barnett, Director since May 2007

Mr. Barnett, 56, has been Managing Director at Ulysses Management, LLC, a private investment firm, since February 2005. Prior thereto, he was Managing Principal at Odyssey Investment Partners, LLC, a private investment firm, from 1997 to 2004. From 2001 to August 2005, he served as Director and Chairman of the Audit Committee of Dresser, Inc. Mr. Barnett graduated from McGill University with a BA in Economics. He currently serves on the Board of Managers for Ice House America, LLC and Artisanal Brewing Ventures, LLC, private limited liability companies. Mr. Barnett s experience and expertise in investment management, investment banking and the securities markets are valuable assets for AV Homes when seeking financing or raising capital.

Matthew Coleman, Director since January 2017

Mr. Coleman, 40, is a Partner and the Chief Operating Officer of TPG Real Estate. From 2005 until he joined TPG in 2012, Mr. Coleman was the Chief Operating Officer and General Counsel of the real estate private equity group at D.

E. Shaw & Co., L.P., a global investment and technology development firm. From 2000 through 2005, Mr. Coleman was an attorney in the New York City office of Cravath, Swaine & Moore LLP, where he practiced in the areas of mergers and acquisitions, leveraged finance, and securities. Mr. Coleman

Table of Contents

graduated summa cum laude from Wake Forest University with a B.A. degree in Economics and was elected to Phi Beta Kappa. He earned a J.D. degree from Yale Law School, where he served as an editor of the Yale Law Journal and as the editor-in-chief of the Yale Journal on Regulation. Mr. Coleman currently serves as a director the Boards of Directors of TPG Real Estate Finance Trust and Bluegrass Senior Living. Mr. Coleman is a TPG Nominated Director, and we are required pursuant to the stockholders agreement with TPG to nominate him for election to the Board. Mr. Coleman s experience in real estate investment allows him to provide valuable insight to AV Homes and our Board, and his corporate transactional experience provides valuable insight on our acquisition and financing strategies.

Roger A. Cregg, Director since December 2012

Mr. Cregg, 61, has served as our President and Chief Executive Officer, and member of our Board of Directors, since December 2012. Prior to joining AV Homes, he served as Senior Vice President of Finance and Chief Financial Officer of The ServiceMaster Company, a residential and commercial service company, from August 2011 through November 2012. He served as Executive Vice President of PulteGroup, Inc. (formerly known as Pulte Homes, Inc.), a national homebuilding company, from May 2003 to May 2011 and Chief Financial Officer of PulteGroup, Inc. from January 1998 to May 2011. He served as Senior Vice President of PulteGroup, Inc. from January 1998 to May 2003. He has served as a director of Comerica Incorporated since 2006. He was a director of the Federal Reserve Bank of Chicago, Detroit Branch, from January 2004 to December 2009 and served as Chair from January to December 2006.

Roger W. Einiger, Director since May 2006

Mr. Einiger, 69, has been President of Hardscrabble Advisors, LLC, a private investment firm, since 2001. Previously, he spent three decades at Oppenheimer & Co. and its successor companies, most recently serving as Vice Chairman. Following the sale of Oppenheimer in 1997, he served as Vice Chairman of CIBC Oppenheimer Corp., an investment banking and brokerage company, and as a consultant to Canadian Imperial Bank of Commerce until 2001. Mr. Einiger previously served as a Director of BPW Acquisition Corp. and a Director and member of the Audit Committee of NDS Group plc. He also serves as a director or trustee of several philanthropic and academic organizations. During his tenure with Oppenheimer, Mr. Einiger was responsible for finance, operations, technology, and human resources departments. His diverse background lends valuable insight to AV Homes Board of Directors and the Audit and Compensation Committees on which he serves.

Paul Hackwell, Director since September 2013

Mr. Hackwell, 37, is a Principal at TPG where he leads the Travel & Leisure group and helps lead TPG s investment activities in the Retail group. Mr. Hackwell joined TPG in 2006 and is a director of Arden Group, Life Time Fitness and Viking Cruises. Previously, Mr. Hackwell was a director at Aptalis Pharma. Mr. Hackwell holds an A.B. summa cum laude from Princeton University, an M.Phil. from the University of Oxford, where he was a Keasbey Scholar, and an M.B.A. from the Stanford Graduate School of Business, where he was an Arjay Miller Scholar. Mr. Hackwell is a TPG Nominated Director, and we are required pursuant to the stockholders agreement with TPG to nominate him for election to the Board. Mr. Hackwell s extensive experience in real estate investment and other areas allows him to provide valuable insight to AV Homes and our Board, including with respect to the Company s investing activities.

Joshua L. Nash, Director since September 2004

Mr. Nash, 55, has been our Chairman of the Board of Directors since September 2004. He is the President of Ulysses Management LLC (UM) and Ulysses Management Offshore LLC (UMO), both investment advisers registered with the SEC. Since their inception in 1997, UM has served as the investment manager to Ulysses Partners, L.P., and UMO as the investment manager to Ulysses Offshore Fund, Ltd. Mr. Nash is the sole member of Joshua Nash LLC, a General Partner of Ulysses Partners, L.P. He was a General Partner of Odyssey Partners, L.P., a private investment firm, from 1989 until its liquidation in December 2007. For more than ten years,

Table of Contents

Mr. Nash has managed investments, including real estate, in excess of $1 billion. His more than 20 years of experience in investment management and his long-term financial interest in AV Homes make him uniquely qualified to serve as AV Homes Chairman.

Jonathan M. Pertchik, Director since July 2014

Mr. Pertchik, 50, is the Chief Executive Officer of InTown Suites, a leading provider of economy, extended stay living, a position he has held since July 2014. From February 2013 through June 2014, Mr. Pertchik served as the Chief Executive Officer of ST Residential, LLC, an owner and manager of luxury condominiums, apartment projects, hotels, and office and retail spaces. He previously served as Chief Operating Officer of ST Residential from March 2010 to February 2013. Prior to joining ST Residential, Mr. Pertchik held various executive management positions at WCI Communities, a luxury homebuilder and developer, first as Division President from 2007 to 2008 and then as Chief Restructuring Officer from August 2008 to January 2010. He began his career at The Staubach Company, a commercial real estate brokerage and consulting company. Mr. Pertchik is a TPG Nominated Director, and we are required pursuant to the stockholders agreement with TPG to nominate him for election to the Board. Mr. Pertchik s extensive experience in the real estate industry allows him to provide valuable insight to AV Homes and our Board, including with respect to the Company s strategic activities.

Michael F. Profenius, Director since July 2014

Mr. Profenius, 58, has been a Senior Partner of Grove International Partners, a global private equity firm specializing in real estate investment, since April 2012. Prior to joining Grove, Mr. Profenius served as a Managing Director of Warburg Pincus LLC, a global private equity firm, where he focused on real estate investments, from April 2004 to September 2011. Prior to joining Warburg Pincus, Mr. Profenius spent 18 years at Merrill Lynch & Co, most recently as Co-Head and Management Director of the Global Real Estate Investment Banking and Hospitality Group. He began his career at Dean Witter Realty in 1982. Mr. Profenius s experience in real estate investment allows him to provide valuable insight to AV Homes and our Board, including with respect to the Company s investing activities.

Aaron D. Ratner, Director since February 2015

Mr. Ratner, 29, is a Vice President at TPG in the Real Estate Group. Since joining TPG in June 2011, Mr. Ratner has been involved with the firm s investments in AV Homes, Inc., PointPark Properties Limited, The Sea Summit at Marblehead, The Woolgate Exchange, and the acquisition of a $2.5 billion loan portfolio from Deutsche Bank AG s special situations group. Prior to joining TPG, Mr. Ratner worked at Eastdil Secured, a real estate investment bank and wholly owned subsidiary of Wells Fargo & Company, from June 2009 to May 2011. Mr. Ratner holds a B.B.A with distinction from Emory University. Mr. Ratner is a TPG Nominated Director, and we are required pursuant to the stockholders agreement with TPG to nominate him for election to the Board. Mr. Ratner s experience in real estate investment allows him to provide valuable insight to AV Homes and our Board, including with respect to the Company s land acquisition and real estate development activities.

Joel M. Simon, Director since May 2004

Mr. Simon, 71, was Partner and Principal in XRoads Solutions Group, LLC, a national financial advisory and consulting firm, from June 2000 until his retirement in April 2013. He was formerly Chief Executive Officer and President of Starrett Corporation from March 1998 to December 1998; Executive Vice President, Chief Operating Officer and Director of Olympia & York Companies (U.S.A.) from 1985 to 1996; and Senior Partner with Margolin, Winer & Evens, LLP, a regional accounting firm, from 1976 to 1984. Mr. Simon also served as a Director, Chairman of the Audit Committee and member of the Compensation Committee of Frederick s of Hollywood Group, Inc.

Mr. Simon s extensive financial and operational expertise in many industries, including real estate, make him not only a well-qualified member of AV Homes Board but also Chairman of, and financial expert for, its Audit Committee.

Table of Contents

Vote Required

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 in person or by proxy and entitled 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.

Board Recommendation

The Board of Directors believes that it is in the best interests of AV Homes and its stockholders to elect the 10 individuals named above to the Board of Directors of the Company and recommends a vote FOR the election of each such individual.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Following this Compensation Discussion and Analysis we present detailed tabular and narrative information concerning the compensation of each of the Named Executive Officers and their employment and other agreements. This detailed information should be read in conjunction with the Compensation Discussion and Analysis.

Overview

In this section of the Proxy Statement, we discuss, among other things, the overall objectives of our executive compensation programs and the material elements of compensation awarded to, earned by, or paid to our Named Executive Officers (or NEOs). We identify the Named Executive Officers in accordance with SEC rules and include each person who in fiscal 2016 served as our principal executive officer and our principal financial officer, as well as our other executive officers serving at December 31, 2016. For fiscal 2016 our Named Executive Officers also include one former executive officer. Our Named Executive Officers are:

Name	**Current Positions**	**Periods of Service**
Current Executive Officers:		
Roger A. Cregg	President and Chief Executive Officer	December 2012 present
Michael S. Burnett	Executive Vice President and Chief Financial Officer	October 2013 present
S. Gary Shullaw	Executive Vice President, General Counsel and Corporate Secretary	November 2014 present
Former Executive Officers		
Joseph Carl Mulac, III	Executive Vice President	October 2010 August 2016

The compensation of our Named Executive Officers should be understood within the context of our business. We are engaged in the business of homebuilding and community development in Florida, the Carolinas and Arizona. Our business focuses on the development and construction of (i) primary residential communities serving first-time and move-up buyers, including under our local Bonterra Builders, Royal Oak Homes, and Savvy Homes brands, and (ii) active adult communities, which are age-restricted to the age 55 and over active adult demographic. We also engage, on a limited basis, in other real estate related activities, such as the operation of amenities and the sale for third-party development of commercial and industrial land. Many of our development projects take many years to conceive, permit, develop and sell. Thus, it may take an extended period of time before a project can be viewed as successful or not.

Table of Contents

Our performance in our core segments of Florida, the Carolinas and Arizona improved for the year ended December 31, 2016 as compared to prior years. We continued to expand our presence in our core markets and further increased the number of home sales we closed on a year over year basis. During the year ended December 31, 2016, we closed 2,465 homes at an average sales price of approximately $310,000 per closed home, generating approximately $764 million of homebuilding revenue, as compared to the year ended December 31, 2015, in which we closed 1,750 homes at an average sales price of approximately $285,000 per closed home, generating approximately $499 million of homebuilding revenue. The number of housing contracts (net of cancellations) signed in 2016 increased 16.4% compared to 2015 to 2,369, and as of December 31, 2016, we had 703 homes in backlog with a sales value of approximately $236 million compared to 799 homes in backlog with a sales value of approximately $244 million as of December 31, 2015.

Say on Pay Advisory Vote

At our 2014 annual meeting of stockholders approximately 97% of the shares voted were cast in favor of our executive compensation program. While we have not made any significant changes in response to prior period votes, our Compensation Committee separately determined to retain a compensation consultant to advise the Compensation Committee in structuring executive compensation for our executive officers commencing in 2017, and we believe that certain of those structural changes respond to prevalent stockholder preferences for executive compensation design. Our Compensation Committee will consider the results from this year s and future advisory stockholder votes regarding our executive compensation programs. See Item 3: Advisory Resolution on Executive Compensation (Say on Pay) for additional information on this year s vote.

Objectives of Our Compensation Programs and What They Are Designed to Reward

Our compensation programs are intended to attract and retain executives, to motivate and reward them for achieving the Company s long-term goals, and to align their interests with those of our stockholders.

- In order to retain the services of our executives, our compensation practices should be competitive with those of other employers with whom we compete for talent.

- We pay for performance. This means that our compensation program is designed to recognize an executive s contribution that has led to the attainment of corporate goals.

- Our compensation program is designed to motivate executives to achieve results in a manner that builds long-term stockholder value. An equity component of total compensation is included to align the interests of the executives with the interests of our stockholders.

Compensation Process

The compensation of our NEOs is overseen and determined by the Compensation Committee of our Board of Directors. Each member of the Compensation Committee is independent in accordance with applicable rules of NASDAQ, as determined by the Board. In 2016 and in prior years, the Compensation Committee worked with the CEO to establish the Company s executive compensation philosophy, policies and programs. The Compensation Committee meets with the CEO annually to discuss his performance, but, ultimately, decisions regarding his compensation are made solely by the Compensation Committee based on its deliberations.

The CEO has generally been involved in negotiating and recommending compensation for the executive officers other than himself; however, the actual compensation agreements and arrangements are ultimately subject to approval by the Compensation Committee. The CEO also makes recommendations to the Compensation Committee regarding the level of achievement attained under the performance-based awards for all NEOs, other than himself.

During 2012, the Compensation Committee retained James Reda of Gallagher & Associates to provide guidance on executive compensation practices, policies and benchmarking of peers to inform the Compensation Committee s decisions related to 2013 executive compensation. The Compensation Committee assessed the

Table of Contents

independence of Mr. Reda and the Gallagher firm and concluded that no conflict of interest existed that would have prevented them from independently representing the Compensation Committee. In 2016, the Compensation Committee retained Pearl Meyer to help update the Company s executive compensation practices beginning in 2017. The Compensation Committee concluded that no conflict of interest existed that would prevent Pearl Meyer from independently representing the Compensation Committee. Additional information about Pearl Meyer s engagement is discussed below under 2017 Compensation Design Changes.

How the Various Kinds of Compensation Are Determined and Allocated to Form a Complete Package

The objectives described above are supported by the four primary elements of our compensation program for NEOs: base salaries, annual performance-based cash bonuses, equity awards and employment agreements.

While there are several elements to the Company s management compensation program, they are evaluated as a whole by our Compensation Committee in making its compensation determinations. We do not have any specific policies or parameters for allocating between cash and non-cash compensation or with respect to the duration of compensation arrangements other than as set forth in our existing employment agreements described in further detail below. In general, the Compensation Committee has a balanced approach regarding the allocation between cash and non-cash compensation, taking into account our business plan and the responsibilities and seniority of the particular executive. The charts below depict the 2016 percentage of compensation for our CEO and other NEOs that is fixed versus performance based (from the summary compensation table):

* Includes performance based restricted stock awards and annual cash incentive compensation.

** Represents average for NEOs other than the CEO and Joseph Carl Mulac, III, whose employment was terminated effective August 17, 2016.

Salaries

Salaries are a necessary part of any compensation program and paying reasonable salaries is an important aspect of attracting and retaining qualified executives. In setting salaries for 2016 and prior years, we have not established any specific target levels based on peer group analyses or benchmarking studies. However, we believe that our market for executive talent is competitive, and we take this into account in the establishment of a total compensation package.

The Compensation Committee, in conjunction with the CEO (except with respect to his own base salary), determined that, as a result of the Company s continued growth and in order to remain competitive with similarly situated peers, it was appropriate to increase certain NEO salaries effective February 1, 2016 as follows:

Name	2015 Annual Base Salary	2016 Annual Base Salary
Roger A. Cregg	$ 475,000	$ 500,000
Michael S. Burnett	$ 300,000	$ 300,000
Joseph Carl Mulac, III	$ 375,000	$ 375,000
S. Gary Shullaw	$ 240,000	$ 260,000

20

Table of Contents

Performance-Based Cash and Equity Awards

A significant component of our compensation program for our NEOs is their opportunity to receive performance-based cash and equity awards. We use these awards to motivate executives toward achieving long-term corporate goals that are consistent with our business plans. We also use them both to align the executives interests to those of our stockholders and to retain our executives. As with salaries, we have not established any specific target levels for incentive compensation based on peer group analyses or benchmarking studies. However, we establish reasonable awards within the framework of a total compensation package. The specific types of awards (for example, cash or equity) and performance objectives (for example, total shareholder return, revenue or net income) and periods (for example, annual or multi-year) are tailored for the recipient based on Company and individual performance objectives. In determining amounts of the awards, consideration may be given to numerous factors, including anticipated future results of operations and the executive s anticipated contributions toward achieving such results. Amounts may also be based upon the achievement of specified stock prices and the executive s continued employment through the vesting period. The Compensation Committee has not established a formal policy as to when grants are made. Awards are usually granted, however, at a meeting of the Compensation Committee held in the first quarter of each year.

2016 Performance-Based Cash Awards

Pursuant to the 2016 management incentive award program approved by the Compensation Committee (2016 MIP) for Messrs. Cregg, Burnett, Mulac and Shullaw, and consistent with each of their employment agreements, each of them was eligible to receive a performance-based cash award targeted at a percentage of his then-current annual base salary (the Target Bonus). Under the 2016 MIP, the Target Bonus percentage for each was as follows: Mr. Cregg 125%; Mr. Burnett 80%; Mr. Mulac 100%; and Mr. Shullaw 50%.

Under the 2016 MIP, the Compensation Committee also approved an escalator for Messrs. Cregg, Burnett, Mulac and Shullaw tied to the corporate pre-tax income target described below, providing an opportunity for each Named Executive Officer to earn an additional bonus amount equal to 5% of such Named Executive Officer s then-current base salary for every $1,250,000 in excess of the pre-tax income target, applied on a straight line basis and capped at 40%, with no bonus paid for the pre-tax income metric if actual pre-tax income falls below 90% of the target (the Escalator Bonus).

The performance objectives and achievement levels for the 2016 MIP for Messrs. Cregg, Burnett and Shullaw are described below and consist of a combination of individual and corporate performance goals. Mr. Mulac s employment was terminated effective August 17, 2016, prior to year-end and therefore he was not eligible for a payout. Rather, he was entitled to severance in accordance with the terms of his Employment Agreement.

Table of Contents

Roger A. Cregg Below are the objectives associated with Mr. Cregg s annual cash incentive award for 2016 and the level of achievement of those objectives:

Performance Goals	Achievement	% of Target Bonus	% Achieved
Individual (50% of Target Bonus)			
Acquire additional growth capital.	This objective was achieved with the extension and expansion of the Company s revolving senior credit facility.	20%	20%
Continue investor outreach program to expand shareholder base.	This objective was fully achieved with enhanced investor outreach activities.	20%	20%
Expand business through new land acquisitions and/or strategic transactions.	This objective was achieved through the acquisition of multiple new land positions during the course of 2016.	10%	10%
Corporate (50% of Target Bonus)			
Achieve or exceed annual homebuilding revenue of $750 million in 2016.	This objective was achieved as the Company generated approximately $764 million in homebuilding revenue in 2016.	10%	10%
Achieve or exceed $30.2 million in pre-tax income.	This objective was achieved as the Company generated approximately $37.6 million in pre-tax net income in 2016.	40%	40%
Total (Before Escalator Bonus)		100%	**100%**

Additionally, Mr. Cregg received an Escalator Bonus equal to 30% of his base salary as a result of the Company s achievement of approximately $37.6 million in pre-tax income.

Table of Contents

Michael S. Burnett Below are the objectives associated with Mr. Burnett s annual cash incentive award for 2016 and the level of achievement for those objectives:

Performance Goals	Achievement	% of Target Bonus	% Achieved
Individual (40% of Target Bonus)			
Acquire additional growth capital.	This objective was achieved with the extension and expansion of the Company s revolving senior credit facility.	20%	20%
Continue investor outreach program to expand shareholder base.	This objective was fully achieved with enhanced investor outreach activities.	10%	10%
Lead process for successful supportable reversal of valuation allowance.	This objective was achieved.	10%	10%
Corporate (50% of Target Bonus)			
Achieve or exceed annual homebuilding revenue of $750 million in 2016.	This objective was achieved as the Company generated approximately $764 million in homebuilding revenue in 2016.	10%	10%
Achieve or exceed $30.2 million in pre-tax income.	This objective was achieved as the Company generated approximately $37.6 million in pre-tax net income in 2016.	40%	40%
Discretionary (10% of Target Bonus)	The Compensation Committee determined that Mr. Burnett s involvement in the Company s operational performance, including (i) his involvement with the Company s extension and expansion of its revolving credit facility during the year, and (ii) continued process improvements throughout the finance organization was sufficient for him to earn the entire discretionary component of his bonus.	10%	10%
Total (Before Escalator Bonus)		100%	**100%**

Additionally, Mr. Burnett received an Escalator Bonus equal to 30% of his base salary as a result of the Company s achievement of approximately $37.6 million in pre-tax income.

Table of Contents

S. Gary Shullaw Below are the objectives associated with Mr. Shullaw s annual cash incentive award for 2016 and the level of achievement for those objectives:

Performance Goals	**Achievement**	**% of Target Bonus**	**% Achieved**
Individual (40% of Target Bonus)			
Support capital market activities including extension and expansion of revolving senior credit facility.	This objective was fully achieved.	20%	20%
Coordinate and support efforts in connection with strategic asset sales.	This objective was achieved based on progress in 2016.	10%	10%
Oversee process improvement and management of disputes/litigation and insurance carrier reporting.	This objective was achieved.	5%	5%
Support enhancement and implementation of policy and governance updates.	This objective was achieved with various policy and procedure updates.	5%	5%
Corporate (50% of Target Bonus)			
Achieve or exceed annual homebuilding revenue of $750 million in 2016.	This objective was achieved as the Company generated approximately $764 million in homebuilding revenue in 2016.	10%	10%
Achieve or exceed $30.2 million in pre-tax income.	This objective was achieved as the Company generated approximately $37.6 million in pre-tax net income in 2016.	40%	40%
Discretionary (10% of Target Bonus)	The Compensation Committee determined that Mr. Shullaw s involvement in the Company s operational performance, including (i) his involvement with the Company s financing transactions during the year, and (ii) continued process improvements on legal and governance matters was sufficient for him to earn the entire discretionary component of his bonus.	10%	10%
Total (Before Escalator Bonus)		100%	**100%**

Additionally, Mr. Shullaw received an Escalator Bonus equal to 30% of his base salary as a result of the Company s achievement of approximately $37.6 million in pre-tax income.

Equity Awards

We grant equity awards from time to time, primarily to serve as compensation for performance and as an incentive for continued employment and future performance. We primarily grant equity in the form of restricted stock, some of which has had time-based vesting conditions and some of which has had performance-based vesting conditions. We have historically granted equity in the form of restricted stock based on the belief that it most closely aligns the interests of our executives with those of our stockholders.

Table of Contents

2016 Equity Awards

The terms of the equity awards granted during 2016 are described below and remained substantially consistent with the 2015 and 2014 awards:

Performance-based restricted stock was granted to Messrs. Cregg, Burnett, Mulac and Shullaw on February 3, 2016, reflecting 60% of the total equity award granted to each individual during 2016. These grants were intended to incentivize performance consistent with our current strategy. The performance-based restricted stock (Performance Shares) vests, if at all, (and the restrictions on such shares will lapse) on December 31, 2019 provided that the relevant Named Executive Officer remains continuously employed by the Company through the vesting date, and based on achievement of the following performance goals:

50% of the Performance Shares will be eligible to vest if the Company achieves an annual total return to stockholders (ATRS) of 8% or more per annum over the three calendar year period, on a cumulative basis, beginning on January 1, 2016 and ending on December 31, 2018 (the Measurement Period), and

the remaining 50% of the Performance Shares will be eligible to vest if the Company achieves a ATRS of 15% or more per annum, on a cumulative basis over the Measurement Period. If the ATRS is greater than 11% but less than 15% over the Measurement Period, the second tranche of Performance Shares will vest on a pro rata basis by applying straight line interpolation.

ATRS is defined by reference to the change in our stock price over the Measurement Period and any dividends paid on our Common Stock during the Measurement Period.

Time-based restricted stock was granted to Messrs. Cregg, Burnett, Mulac and Shullaw on February 3, 2016, reflecting 40% of the total equity award granted to each individual during 2016. The time-based awards vest in four equal tranches with 25% vesting on December 31 of each of 2016, 2017, 2018 and 2019, subject to the recipients continued employment through the relevant vesting dates.

The amount of the equity awards granted in 2016 was determined by the value of long-term incentives contemplated by each executive officer s then current employment agreement, as adjusted by the Compensation Committee from time to time, except that Messrs. Burnett, Mulac and Shullaw received an additional grant of 7,500, 10,000 and 7,500 shares of restricted stock, respectively, beyond what was provided for in their respective employment agreements. These increased equity awards were intended to reward prior efforts in connection with recent M&A activity and also incentivize future performance associated with the Company s overall growth strategy.

2014 Performance Based Restricted Stock Awards

Performance-based restricted stock awards were granted to Messrs. Cregg, Burnett and Mulac in February 2014 and were scheduled to vest on December 31, 2017, if at all, upon the achievement of a total shareholder return performance metric over a three year measurement period beginning on January 1, 2014 and ending on December 31, 2016. As of December 31, 2016, the Company failed to satisfy the threshold level of the total shareholder return performance metric and therefore the awards for Messrs. Cregg and Burnett were forfeited in their entirety. Shares associated with Mr. Mulac s award were forfeited separately in connection with his termination.

2013 Performance-Based Restricted Stock Awards Covering 2016 Performance Period

Performance-based restricted stock awards were granted to Mr. Cregg in December 2012 and to Mr. Mulac in March 2013 and were scheduled to vest in four tranches, based each individual s achievement of performance targets set under the annual management cash incentive plan in each of 2013, 2014, 2015 and 2016. In 2016, Mr. Cregg achieved 100% of his Target Bonus under the 2016 MIP and therefore earned 100% of the 2016 tranche of the 2013 performance-based restricted stock award. See the performance conditions under the 2016

Table of Contents

MIP described above under 2016 Performance-Based Cash Awards for further information. Because Mr. Mulac was not employed by the Company at the end of the 2016 performance period, Mr. Mulac s shares associated with the 2016 tranche of the 2013 performance-based restricted stock award were forfeited.

Changes in 2017