

AVATAR HOLDINGS INC
Form DEF 14A
April 29, 2011

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 x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
 o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 x Definitive Proxy Statement
 o Definitive Additional Materials
 o Soliciting Material Pursuant to §240.14a-12

AVATAR HOLDINGS INC.

(Name of Registrant as Specified In Its
Charter)

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

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(1) Amount Previously Paid:

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(4) Date Filed:

Table of Contents

AVATAR
HOLDINGS INC.
201 Alhambra Circle
Coral Gables, Florida 33134
(305) 442-7000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On June 2, 2011

To the Stockholders of Avatar Holdings Inc.:

The Annual Meeting of Stockholders of Avatar Holdings Inc. (“Avatar” or the “Company”) will be held at the Hyatt Regency Coral Gables, 50 Alhambra Plaza, Coral Gables, Florida, on June 2, 2011, at 10:00 a.m. local time, for the following purposes:

1. To elect ten directors.
2. To approve the appointment of Ernst & Young LLP as independent registered public accounting firm for Avatar for the year ending December 31, 2011.
3. To approve the Avatar Holdings Inc. Amended and Restated 1997 Incentive and Capital Accumulation Plan (2011 Restatement) (the “2011 Restated Incentive Plan”).
4. To approve the Amended and Restated 2005 Executive Incentive Compensation Plan (2011 Restatement) (the “2011 Restated Executive Plan”).
5. To vote on an advisory resolution on the compensation of the named executive officers of the Company (“Say on Pay”).
6. To vote on the frequency of future stockholder advisory votes on Say on Pay.
7. To transact such other business as properly may come before the meeting, or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on April 4, 2011 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/ Juanita I. Kerrigan

Juanita I. Kerrigan
Vice President and Secretary

Dated: April 29, 2011

YOU CAN VOTE IN ONE OF FOUR WAYS:

- (1) Visit the Web site noted on your proxy card to vote via the Internet;
 - (2) Use the telephone number on your proxy card to vote by telephone;
 - (3) Sign, date and return your proxy card in the enclosed envelope to vote by mail; or
 - (4) Attend the meeting in person.
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TABLE OF CONTENTS

	Page
<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	
<u>PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS</u>	1
<u>PURPOSES OF THE MEETING</u>	1
<u>VOTING RIGHTS AND PROXY INFORMATION</u>	1
<u>PRINCIPAL STOCKHOLDERS AND SECURITY OWNERSHIP OF MANAGEMENT</u>	3
<u>Principal Stockholders</u>	3
<u>Security Ownership of Directors, Nominees and Management</u>	4
<u>CORPORATE GOVERNANCE AND CODES OF BUSINESS CONDUCT AND ETHICS</u>	6
<u>Corporate Governance Guidelines and Principles</u>	6
<u>Director Independence</u>	6
<u>Board Leadership Structure</u>	6
<u>Board's Role in Risk Oversight</u>	6
<u>Compensation Risks</u>	7
<u>Code of Business Conduct and Ethics</u>	7
<u>Related Person Transaction Policy</u>	7
<u>Certain Relationships and Related Party Transactions</u>	7
<u>ELECTION OF DIRECTORS (Item 1)</u>	9
<u>INFORMATION REGARDING THE BOARD OF DIRECTORS AND ITS COMMITTEES</u>	12
<u>Certain Committees of the Board</u>	12
<u>Executive Committee</u>	12
<u>Audit Committee</u>	12
<u>Audit Committee Report</u>	12
<u>Nominating and Corporate Governance Committee</u>	13
<u>Compensation Committee</u>	14
<u>Compensation Committee Interlocks and Insider Participation</u>	15
<u>Directors' Compensation</u>	15
<u>Directors' Attendance</u>	16
<u>Directors' Attendance at Annual Meetings of Stockholders</u>	16
<u>Communication with the Board of Directors</u>	16
<u>EXECUTIVE COMPENSATION</u>	17
<u>Compensation Discussion and Analysis</u>	17
<u>Compensation Committee Report</u>	22
<u>Summary Compensation Table</u>	23
<u>Grants of Plan-Based Awards in 2010</u>	25
<u>Outstanding Equity Awards at 2010 Fiscal Year End</u>	26
<u>RSUs and Restricted Common Stock Outstanding at 2010 Fiscal Year End</u>	26
<u>Option Exercises and Stock Vested in 2010</u>	27
<u>Equity Compensation Plan Information</u>	28
<u>Nonqualified Deferred Compensation for 2010</u>	28
<u>Pension Benefits for 2010</u>	28
<u>Employment and Other Agreements</u>	28
<u>Potential Payments Upon Termination or Change-in-Control</u>	34
<u>APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Item 2)</u>	49
<u>APPROVAL OF THE COMPANY'S 2011 RESTATED INCENTIVE PLAN (Item 3)</u>	50
<u>APPROVAL OF THE COMPANY'S 2011 RESTATED EXECUTIVE PLAN (Item 4)</u>	55

<u>ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION “SAY ON PAY” (Item 5)</u>	57
<u>ADVISORY VOTE ON FREQUENCY OF FUTURE VOTES ON SAY ON PAY (Item 6)</u>	58
<u>STOCKHOLDERS’ PROPOSALS AND NOMINATIONS OF BOARD MEMBERS</u>	58
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	59
<u>ACCESS TO PROXY MATERIALS AND DIRECTIONS TO ANNUAL MEETING</u>	59
<u>ADDITIONAL INFORMATION</u>	59

Table of Contents

AVATAR HOLDINGS INC., 201 ALHAMBRA CIRCLE, CORAL GABLES, FLORIDA 33134 (305) 442-7000

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS
To Be Held On June 2, 2011

This Proxy Statement and the enclosed form of proxy are furnished to the stockholders of Avatar Holdings Inc., a Delaware corporation (“Avatar” or the “Company”), in connection with the solicitation of proxies by and on behalf of the Board of Directors of Avatar for use at the Annual Meeting of Stockholders to be held at the Hyatt Regency Coral Gables, 50 Alhambra Plaza, Coral Gables, Florida, on June 2, 2011, at 10:00 a.m. local time (the “Annual Meeting”).

This Proxy Statement and the form of proxy enclosed herewith, and the accompanying Annual Report of Avatar for the fiscal year ended December 31, 2010, including financial statements, are first being mailed on or about April 29, 2011, to stockholders of record on the close of business on April 4, 2011.

PURPOSES OF THE MEETING

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

1. To elect ten directors.
2. To approve the appointment of Ernst & Young LLP as independent registered public accounting firm for Avatar for the year ending December 31, 2011.
3. To approve the Avatar Holdings Inc. Amended and Restated 1997 Incentive and Capital Accumulation Plan (2011 Restatement) (the “2011 Restated Incentive Plan”).
4. To approve the Amended and Restated 2005 Executive Incentive Compensation Plan (2011 Restatement) (the “2011 Restated Executive Plan”).
5. To vote on an advisory resolution on the compensation of the named executive officers of the Company (“Say on Pay”).
6. To vote on the frequency of future stockholder advisory votes on Say on Pay.
7. To transact such other business as properly may come before the meeting, or any adjournment or adjournments thereof.

VOTING RIGHTS AND PROXY INFORMATION

Record Date; Voting Rights

Pursuant to the By-Laws of Avatar, the Board of Directors has fixed the close of business on April 4, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment or adjournments thereof.

At the close of business on April 4, 2011, 12,900,626 shares of Common Stock, \$1.00 par value, of Avatar (“Common Stock”), which constitutes the only class of voting securities of Avatar, were outstanding and entitled to vote. For each share of Common Stock held of record on the close of business on April 4, 2011, 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

“Election of Directors.” In accordance with Avatar’s 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.

Table of Contents

Proxies

When a proxy is received, properly executed, in time for the Annual Meeting, the shares represented thereby will be voted at the meeting as directed. Shares represented by valid proxies which do not contain voting instructions will be voted: (1) FOR the election as directors of Avatar the ten nominees named therein; (2) FOR approval of the appointment of Ernst & Young LLP as independent registered public accounting firm for Avatar for the year ending December 31, 2011; (3) FOR approval of the 2011 Restated Incentive Plan; (4) FOR approval of the 2011 Restated Executive Plan; (5) FOR approval of the Say on Pay proposal; (6) FOR the selection of “3 years” as the frequency of future stockholder votes on Say on Pay; and (7) in connection with the transaction of such other business as properly may come before the meeting in accordance with the judgment of the person or persons voting the proxy. Any stockholder who executes a proxy may revoke it at any time prior to its exercise by giving written notice of such revocation to the Secretary of Avatar. In addition, a stockholder who attends the meeting may vote in person, thereby cancelling any proxy previously given by such stockholder.

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

Nominees for director will be elected by a plurality of the votes cast (i.e., the highest number of votes cast) at the Annual Meeting by the holders of Common Stock present in person or by proxy and entitled to notice of, and to vote at, the Annual Meeting. Consequently, only shares that are voted in favor of a particular nominee will be counted toward such nominee’s achievement of a plurality. Withheld votes and broker non-votes will have no effect on the election of directors.

The affirmative vote of a majority of the shares of Common Stock present in person or by proxy and entitled to notice of, and to vote at, the Annual Meeting is necessary to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for Avatar for the year ending December 31, 2011. 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.

The affirmative vote of a majority of the shares of Common Stock present in person and by proxy and entitled to notice of, and to vote at, the Annual Meeting is necessary to approve the 2011 Restated Incentive Plan and the 2011 Restated Executive Plan. Abstentions will have the same effect as votes against such proposals because the shares are considered present at the meeting but are not affirmative votes, and broker non-votes will have no effect on these proposals.

The affirmative vote of a majority of the shares present in person and by proxy and entitled to notice of, and to vote at, the Annual Meeting is also necessary for approval of the Say on Pay proposal. 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, and broker non-votes will have no effect on this proposal. Because your vote on this proposal is advisory, it will not be binding on the Company. However, the Compensation Committee will consider the outcome of this vote when considering future executive compensation arrangements.

The advisory vote on the frequency of the Say on Pay vote in future years is also not binding on the Company and the Board of Directors may determine to hold an advisory vote on Say on Pay more or less frequently than indicated by stockholders. However, the Board of Directors will consider this advisory vote when determining how frequently to

request an advisory vote on Say on Pay in future years.

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 4, 2011. Stockholders also may obtain an attendance card by submitting a written request to the Secretary of Avatar.

Table of Contents

PRINCIPAL STOCKHOLDERS AND SECURITY
OWNERSHIP OF MANAGEMENT

Principal Stockholders

The following table sets forth, as of April 4, 2011, 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.

Name of Beneficial Owner	Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
ODAV LLC	One Rockefeller Plaza 20th Floor New York, NY 10020	2,107,763 (1)(2)	16.3 %
JEN Partners, LLC	551 Madison Avenue New York, NY 10022	1,050,572 (3)	8.1 %
First Manhattan Co.	437 Madison Avenue New York, NY 10022	1,002,664 (4)	7.8 %
Dimensional Fund Advisors LP	Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	810,581 (5)	6.3 %
Leon Levy Foundation	One Rockefeller Plaza 20th Floor New York, NY 10020	706,426 (6)	5.5 %

(1) Does not include shares owned by Joshua Nash, who is Chairman of the Board of Directors of Avatar and is sole member of Joshua Nash II LLC, the managing member of ODAV LLC, a Delaware limited liability company (“ODAV”), formed in September 2003 to hold the Common Stock owned by Odyssey Partners, L.P. Joshua Nash has the sole power to vote and dispose of the shares of Common Stock beneficially owned by ODAV and, accordingly, may be deemed to own beneficially the Common Stock owned by ODAV. Joshua Nash has expressly disclaimed any such beneficial ownership (within the meaning of Exchange Act Rule 13d-3(d)(1)) which exceeds the proportionate interest in the Common Stock which he may be deemed to own as a member of ODAV. Avatar has been advised that no other person exercises (or may be deemed to exercise) any voting or investment control over the Common Stock owned by ODAV. Joshua Nash’s ownership of Common Stock is indicated in the table included in “Security Ownership of Directors, Nominees and Management.”

(2) By virtue of its present Common Stock ownership, ODAV may be deemed to be a “control” person of Avatar within the meaning of that term as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended.

(3) Based upon Schedule 13D, filed on November 14, 2010, JEN Partners, LLC (“JEN”), a Delaware limited liability company, and Reuben S. Leibowitz, a member of the Board of Directors of Avatar, and the sole managing member of

JEN, are deemed to beneficially own 630,343 shares and 420,229 shares, respectively, of restricted Common Stock of Avatar held by JEN I, L.P. (“JEN I”), a Delaware limited partnership, and JEN Residential LP (“JEN Residential”), a Delaware limited partnership. JEN is the general partner and Mr. Leibowitz is a limited partner of JEN I and JEN Residential. Shares held by JEN I and JEN Residential were issued upon the acquisition by Avatar’s wholly-owned subsidiary, Avatar Properties Inc., a Florida corporation, of a portfolio of real estate assets in Arizona and Florida from entities affiliated with JEN (the “JEN Transaction”). JEN I, JEN and Mr. Leibowitz may be deemed to share voting and dispositive power over the shares held by JEN I; and JEN Residential, JEN and Mr. Leibowitz may be deemed to share voting and dispositive power over the shares held by JEN Residential. For further information regarding the JEN Transaction, see “Certain Relationships and Related Party Transactions.”

Table of Contents

(4) Based upon information set forth in Amendment No. 3 to Schedule 13G, filed on February 11, 2011, First Manhattan Co. (“FMC”) (a registered investment adviser) is deemed to beneficially own 1,002,664 shares, of which FMC has sole voting and dispositive power with respect to 52,296 shares, shared voting power with respect to 898,984 shares, and shared dispositive power with respect to 950,368 shares.

(5) Based upon information set forth in Amendment No. 4 to Schedule 13G, filed on February 11, 2011, Dimensional Fund Advisors LP (“DFA”) (a registered investment advisor) is deemed to beneficially own 810,581 shares by virtue of its service as investment advisor to four investment companies and investment manager to certain other commingled group trusts and separate accounts, none of which, to DFA’s knowledge, holds 5% or more of the Common Stock. DFA has sole voting power with respect to 789,336 shares and sole dispositive power with respect to 810,581 shares, and disclaims beneficial ownership of such shares.

(6) Based upon information set forth in Schedule 13G, filed April 26, 2007, Shelby White and Elizabeth Moynihan, trustees of the Leon Levy Foundation, may be deemed to beneficially own the shares owned by the Foundation for purposes of Rule 13d-3 under the Securities Exchange Act of 1934, as amended. The Foundation, Shelby White and Elizabeth Moynihan have shared voting and dispositive power over the shares, and beneficial ownership of such shares is disclaimed by Shelby White and Elizabeth Moynihan.

Security Ownership of Directors, Nominees and Management

The following table sets forth, as of April 4, 2011, information with respect to the outstanding shares of Common Stock owned beneficially by each present director, nominee for director, each of the Named Executive Officers identified herein under the caption “Summary Compensation Table,” and all present directors and executive officers of Avatar as a group. Except as otherwise indicated, all shares are owned directly.

Name or Group	Shares Owned Directly and Indirectly (1)	Options Exercisable and RSUs and Stock Units Convertible within 60 Days (2)	Total Beneficial
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