

SUN COMMUNITIES INC
Form 10-K/A
March 30, 2009
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

Commission file number 1-12616

SUN COMMUNITIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland

(State of Incorporation)

27777 Franklin Rd.

Suite 200

Southfield, Michigan

(Address of Principal Executive Offices)

38-2730780

(I.R.S. Employer Identification No.)

48034

(Zip Code)

(248) 208-2500

(Registrant's telephone number, including area code)

Common Stock, Par Value \$0.01 per Share

Securities Registered Pursuant to Section 12(b) of the Act

New York Stock Exchange

Name of each exchange on which registered

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Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

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As of June 30, 2008, the aggregate market value of the Registrant's stock held by non-affiliates was approximately \$299,178,000 (computed by reference to the closing sales price of the Registrant's common stock as of June 30, 2008). For this computation, the Registrant has excluded the market value of all shares of common stock reported as beneficially owned by executive officers and directors of the Registrant; such exclusion shall not be deemed to constitute an admission that any such person is an affiliate of the Registrant.

Number of shares of Common Stock, \$0.01 par value per share, outstanding as of March 19, 2009: 18,509,130

EXPLANATORY NOTE

Sun Communities, Inc. (the "Company") is filing this Amendment No. 1 to its Annual Report on Form 10-K for the year ended December 31, 2008 (this "Amended Report"), which was originally filed with the U.S. Securities and Exchange Commission (the "SEC") on March 13, 2009, (the "Original Report") to (i) add required disclosure to Items 10, 11, 12, 13 and 14 of Part III of the Company's Original Report, which are amended and restated in their entirety as contained in this Amended Report, and (ii) to add certain financial statements of Origen Financial, Inc., a significant subsidiary of the Company, which were not available at time of filing of the Original Report. This Amended Report does not affect any other items in the Original Report.

Except as otherwise expressly stated for the items amended in this Amended Report, this Amended Report continues to speak as of the date of the Original Report. The Company has not updated the disclosure contained herein to reflect events that have occurred since the filing of the Original Report. Accordingly, this Amended Report should be read in conjunction with the Company's other filings made with the Securities and Exchange Commission subsequent to the filing of the Original Report.

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PART III

Item 10 Directors, Executive Officers and Corporate Governance

Board of Directors and Committees

Pursuant to the terms of the Company's charter, the board of directors (the "Board") is divided into three classes. The class up for election at the Annual Meeting will hold office for a term expiring at the annual meeting of shareholders to be held in 2012. A second class will hold office for a term expiring at the annual meeting of shareholders to be held in 2010 and a third class will hold office for a term expiring at the annual meeting of shareholders to be held in 2011. Each director will hold office for the term to which such director is elected and until such director's successor is duly elected and qualified. At each annual meeting of the shareholders of the Company, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election.

The Board meets quarterly, or more often as necessary. The Board met seven (7) times during 2008 and took various actions pursuant to resolutions adopted by unanimous written consent. All directors attended at least 75% of the meetings of the Board and each committee on which they served. All directors attended the annual meeting of shareholders held on July 18, 2008.

Several important functions of the Board may be performed by committees that are comprised of members of the Board. The Company's Bylaws authorize the formation of these committees and grant the Board the authority to prescribe the functions of each committee and the standards for membership of each committee. In addition, the Board appoints the members of each committee. The Board has four (4) standing committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and an Executive Committee. You may find copies of the charters of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee under the "Investor Relations-Officers and Directors" section of the Company's website www.suncommunities.com. You may also find a copy of the Company's corporate governance guidelines and its code of business ethics under the "Investor Relations-Officers and Directors" section of the Company's website at www.suncommunities.com. All of the committee charters, our corporate governance guidelines and the Company's code of business ethics are available in print to any shareholder who requests them.

The Audit Committee operates pursuant to a third amended and restated charter that was approved by the Board in December 2007. It is available under the "Investor Relations-Officers and Directors" section of the Company's website www.suncommunities.com. The Audit Committee, among other functions, (i) has the sole authority to appoint, retain, terminate and determine the compensation of the Company's independent accountants, (ii) reviews with the Company's independent accountants the scope and results of the audit engagement, (iii) approves professional services provided by the Company's independent accountants, (iv) reviews the independence of the Company's independent accountants, and (v) directs and controls the Company's internal audit functions. The current members of the Audit Committee are Messrs. Robert H. Naftaly, Clunet R. Lewis (Chairman) and Ms. Stephanie W. Bergeron, all of whom are "independent" as that term is defined in the rules of the SEC and applicable rules of the New York Stock Exchange ("NYSE"). The Audit Committee held six (6) formal meetings and several informal meetings during the fiscal year ended December 31, 2008. The Board has determined that each member of the Audit Committee is an "audit committee financial expert," as defined by SEC rules. See "Report of the Audit Committee."

The Compensation Committee operates pursuant to a charter that was approved by the Board in March 2004. A copy of the Compensation Committee Charter is available under the "Investor Relations-Officers and Directors" section of our website www.suncommunities.com. The Compensation Committee, among other functions, (i) reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and such other executive officers as may be designated by the Chief Executive Officer, evaluates the performance of such officers in light of such goals and objectives, and determines and approves the compensation of such officers based on these evaluations,

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(ii) approves the compensation of the Company's other executive officers, (iii) recommends to the Board for approval the compensation of the non-employee directors and (iv) oversees the Company's incentive-compensation plans and equity-based plans. The current members of the Compensation Committee are Messrs. Ted J. Simon (Chairman), Clunet R. Lewis and Ronald L. Piasecki, all of whom are independent directors under the NYSE rules. During the fiscal year ended December 31, 2008, the Compensation Committee held five (5) formal meetings and took various actions pursuant to resolutions adopted by unanimous written consent. *See* "Report of the Compensation Committee on Executive Compensation."

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The Nominating and Corporate Governance Committee (the “NCG Committee”) operates pursuant to a charter that was approved by the Board in March 2004. A copy of the Nominating and Corporate Governance Committee Charter is available under the “Investor Relations-Officers and Directors” section of the Company’s website www.suncommunities.com. The Nominating and Corporate Governance Committee, among other functions, is responsible for (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, (ii) recommending that the Board select the committee-recommended nominees for election at each annual meeting of stockholders, (iii) developing and recommending to the Board a set of corporate governance guidelines applicable to the Company, and (iv) periodically reviewing such guidelines and recommending any changes, and overseeing the evaluation of the Board. The current members of the Nominating and Corporate Governance Committee are Messrs. Ronald L. Piasecki (Chairman), Clunet R. Lewis and Ted J. Simon, all of whom are independent under the NYSE rules. The Nominating and Governance Committee held one (1) formal meeting during the fiscal year ended December 31, 2008.

The Executive Committee was established to generally manage the day-to-day business and affairs of the Company between regular Board meetings. In no event may the Executive Committee, without the prior approval of the Board acting as a whole: (i) recommend to the shareholders an amendment to the Company’s Charter; (ii) amend the Company’s Bylaws; (iii) adopt an agreement of merger or consolidation; (iv) recommend to the shareholders the sale, lease or exchange of all or substantially all of the Company’s property and assets; (v) recommend to the shareholders a dissolution of the Company or a revocation of a dissolution; (vi) fill vacancies on the Board; (vii) fix compensation of the directors for serving on the Board or on a committee of the Board; (viii) declare dividends or authorize the issuance of the Company’s stock; (ix) approve or take any action with respect to any related party transaction involving the Company; or (x) take any other action which is forbidden by the Company’s Bylaws. All actions taken by the Executive Committee must be promptly reported to the Board as a whole and are subject to ratification, revision and alteration by the Board, except that no rights of third persons created in reliance on authorized acts of the Executive Committee can be affected by any such revision or alteration. The current members of the Executive Committee are Messrs. Gary A. Shiffman and Ted J. Simon. The Executive Committee did not hold any formal meetings during the fiscal year ended December 31, 2008 but took various actions pursuant to resolutions adopted by unanimous written consent.

A Special Litigation Committee was established in April 2006, to oversee and monitor the ongoing civil litigation between the SEC and the Company’s Chief Executive Officer and two other employees of the Company arising out of the SEC’s inquiry into the accounting for the SunChamp transactions reflected in the Company’s 2000, 2001 and 2002 financial statements and the indemnification obligations of the Company with respect to such litigation. The Special Litigation Committee was disbanded in September 2008.

Independence of Non-Employee Directors

The NYSE rules require that a majority of the Board consist of members who are independent. There are different measures of director independence—under New York Stock Exchange rules, under Section 16 of the Exchange Act and under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). The Board has reviewed information about each of the Company’s non-employee directors and determined that Paul D. Lapides, Clunet R. Lewis, Robert H. Naftaly, Ronald L. Piasecki, Ted J. Simon and Stephanie W. Bergeron are independent directors. The independent directors meet on a regular basis in executive sessions without management participation. In 2008, the executive sessions occurred after some of the regularly scheduled meetings of the entire Board and may occur at such other times as the independent directors deem appropriate or necessary. Although the Company has not designated a lead director, typically the Chairman of the Audit Committee presides at the executive sessions of the independent directors.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee has been or will be one of the Company’s officers or employees. The Company does not have any interlocking relationships between its executive officers and the Compensation Committee and the executive officers and compensation committees of any other entities, nor has any such interlocking relationship existed in the past.

Consideration of Director Nominees

Board Membership Criteria

The Board of Directors has established criteria for Board membership. These criteria include the following specific, minimum qualifications that the NCG Committee believes must be met by an NCG Committee-recommended nominee for a position on the Board:

- The candidate must have experience at a strategic or policymaking level in a business, government, non-profit or academic organization of high standing;
- The candidate must be highly accomplished in his or her field, with superior credentials and recognition;
- The candidate must be well regarded in the community and must have a long-term reputation for high ethical and moral standards;
- The candidate must have sufficient time and availability to devote to the Company's affairs, particularly in light of the number of boards on which the nominee may serve; and
- The candidate's principal business or occupation must not be such as to place the candidate in competition with the Company or conflict with the discharge of a director's responsibilities to the Company or its shareholders.

In addition to the minimum qualifications for each nominee set forth above, the NCG Committee will recommend director candidates to the full Board for nomination, or present director candidates to the full Board for consideration, to help ensure that:

- A majority of the Board of Directors shall be "independent" as defined by the NYSE rules;
- Each of its Audit, Compensation and NCG Committees shall be comprised entirely of independent directors; and
- At least one member of the Audit Committee shall have such experience, education and qualifications necessary to qualify as an "audit committee financial expert" as defined by the rules of the SEC.

Consideration of Shareholder Nominated Directors

The NCG Committee's current policy is to review and consider any director candidates who have been recommended by shareholders in compliance with the procedures established from time to time by the NCG Committee. All shareholder recommendations for director candidates must be submitted in writing to our Secretary at Sun Communities, Inc., 27777 Franklin Road, Suite 200, Southfield, MI 48034, who will forward all recommendations to the NCG Committee. The Company did not receive any shareholder recommendations for director candidates

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for election at the Annual Meeting. All shareholder recommendations for director candidates for election at the 2010 annual meeting of shareholders must be submitted to our Secretary on or before January 1, 2010 and must include the following information:

- The shareholder's name, address, number of shares owned, length of period held and proof of ownership;
- The name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed director candidate;
- A description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for Board membership as approved by the Board from time to time;
- A description of all arrangements or understandings between the shareholder and the proposed director candidate;
- The consent of the proposed director candidate (1) to be named in the proxy statement relating to the Company's annual meeting of stockholders and (2) to serve as a director if elected at such annual meeting; and

- Any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

Identifying and Evaluating Nominees

The NCG Committee may solicit recommendations for director nominees from any or all of the following sources: non-management directors, executive officers, third-party search firms or any other source it deems appropriate. The NCG Committee will review and evaluate the qualifications of any proposed director candidate that it is considering or has been recommended to it by a shareholder in compliance with the NCG Committee's procedures for that purpose, and conduct inquiries it deems appropriate into the background of these proposed director candidates. When nominating a sitting director for re-election, the NCG Committee will consider the director's performance on the Board and the director's qualifications in respect to the criteria set forth above. Other than circumstances in which the Company's legally required by contract or otherwise to provide third parties with the ability to nominate directors, the NCG Committee will evaluate all proposed director candidates based on the same criteria and in substantially the same manner, with no regard to the source of the initial recommendation of the proposed director candidate.

Board of Directors

The following list identifies each incumbent director to the Board and describes each person's principal occupation for the past five years. Each of the directors has served continuously from the date of his or her election to the present time.

Name	Age	Office
Gary A. Shiffman	54	Chairman, Chief Executive Officer, President and Director
Paul D. Lapidés	54	Director
Clunet R. Lewis	62	Director
Robert H. Naftaly	71	Director
Ronald L. Piasecki	70	Director
Ted J. Simon	78	Director
Arthur A. Weiss	60	Director
Stephanie W. Bergeron	55	Director

Gary A. Shiffman is the Chairman, Chief Executive Officer, and President, and has been an executive officer of the Company since its inception. He has been actively involved in the management, acquisition, construction and development of manufactured housing communities and has developed an extensive network of industry relationships over the past twenty years. He has overseen the acquisition, rezoning, development and marketing of numerous manufactured home expansion projects. Mr. Shiffman is also an executive officer and a director of Sun Home Services, Inc. ("Sun Home Services") and all other corporate subsidiaries of the Company. Mr. Shiffman is also a director of Origen Financial, Inc. (OTCBB: ORGN.BB).

Paul D. Lapidés has been a director since December 1993. Mr. Lapidés is Director of the Corporate Governance Center in the Michael J. Coles College of Business at Kennesaw State University, where he is an assistant professor of management and entrepreneurship. A certified public accountant, Mr. Lapidés is the author or co-author of more than 100 articles and twelve books on real estate, management and directors' responsibilities. Mr. Lapidés is a director of EasyLink Services International Corporation (NASDAQ: ESIC) and a member of the Advisory

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Board of the National Association of Corporate Directors and served on the NACD's Blue Ribbon Commission on Audit Committees (1999). His real estate experience includes managing a \$3 billion national portfolio of income-producing real estate consisting of 42,000 multi-family units and 16 million square feet of commercial space.

Clunet R. Lewis has been a director since December 1993. From 1995 until 2000, Mr. Lewis served in various positions with Eltrax Systems, Inc., a NASDAQ National Market System company, including Secretary, General Counsel, member of the Board of Directors and Chief Financial Officer. From 1989 until 1994, Mr. Lewis served as Secretary and General Counsel of Military Communications Center, Inc., a privately held company that provided retail telecommunications services to members of the United States Armed Services. From 1990 through 1991, Mr. Lewis was Managing Director of MCC Communications, Inc., a privately held company that provided international telecommunications services to members of the United States Armed Services serving in the Persian Gulf area during the Gulf War. Prior to 1993, Mr. Lewis was a shareholder of the law firm of Jaffe, Raitt, Heuer, & Weiss, Professional Corporation ("JRH&W").

Robert H. Naftaly has been a director since October 2006. Mr. Naftaly is retired as President and Chief Executive Officer of PPOM, an independent operating subsidiary of Blue Cross Blue Shield of Michigan (“BCBSM”) and as Executive Vice President and Chief Operating Officer of BCBSM. Previously, Mr. Naftaly served as Vice President and General Auditor of Detroit Edison Company and was the Director of the Department of Management and Budget for the State of Michigan. He was a managing partner and founder of Geller, Naftaly, Herbach & Shapiro, a certified public accounting firm. In addition, Mr. Naftaly serves as a director of Meadowbrook Insurance Group, Inc. (NYSE:MIG) since 2002 where he is currently the Chairman of the Compensation Committee and a member of the Audit Committee, the Finance Committee and the Governance and Nominating Committee. Mr. Naftaly is a director of Walsh College, a premier non-profit institution that offers business and technology degrees and programs.

Ronald L. Piasecki has been a director since May 1996, upon completion of the Company’s acquisition of twenty-five manufactured housing communities (the “Aspen Properties”) owned by affiliates of Aspen Enterprises, Ltd. (“Aspen”). Mr. Piasecki was a director of Aspen, which he co-founded in 1973. Prior to the Company’s acquisition of the Aspen Properties, Aspen was one of the largest privately-held developers and owners of manufactured housing communities in the U.S. In addition, Mr. Piasecki is a director of Advanced Equities Financial Corporation, a financial services firm engaged in retail and institutional securities brokerage, venture capital investment banking and financial advisory services.

Ted J. Simon has been a director since December 1993. Since February 1999, Mr. Simon has been affiliated with Grand Sakwa Management LLC, a real estate development company located in Farmington Hills, Michigan. From 1981 until January 1999, Mr. Simon was the Vice President-Real Estate (Midwest Group) of The Great Atlantic & Pacific Tea Company, Inc. and Mr. Simon was a Vice President-Real Estate and a director of Borman’s Inc., a wholly owned subsidiary of The Great Atlantic & Pacific Tea Company, Inc. Mr. Simon is also a director of Clarkston State Bank, a wholly-owned subsidiary of Clarkston Financial Corporation (OTC BB: CKSB.OB).

Arthur A. Weiss has been a director since October 1996. Since 1976, Mr. Weiss has practiced law with the law firm of JRH&W, which represents the Company in various matters. Mr. Weiss is currently Chairman of the Board of Directors and a shareholder of JRH&W. Mr. Weiss is a director of several closely-held companies in the real estate industry. Mr. Weiss is also a director and officer of a number of closely held public and private nonprofit corporations, which include the Jewish Federation of Metropolitan Detroit and the Detroit Symphony Orchestra, where he is on the executive committee, vice-president and a board member.

Stephanie W. Bergeron has been a director since May 2007. Ms. Bergeron also serves as the President and Chief Executive Officer of Walsh College. Additionally, Ms. Bergeron serves as President and Chief Executive Officer of Bluepoint Partners, LLC, a firm providing financial consulting services. From December 1998 to December 2003, Ms. Bergeron served as Vice President and Treasurer and then Senior Vice President-Corporate Financial Operations of The Goodyear Tire & Rubber Company (“Goodyear”). Prior to joining Goodyear, Ms. Bergeron was a Vice President and Assistant Treasurer of DaimlerChrysler Corporation.

To the best of the Company’s knowledge, there are no material proceedings to which any nominee is a party, or has a material interest, adverse to the Company. To the best of the Company’s knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions that are material to the evaluation of the ability or integrity of any nominee during the past five years.

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Executive Officers

The persons listed below are the executive officers of the Company who served during the last completed fiscal year. Each is appointed by, and serves at the pleasure of, the Board.

Name	Age	Office
Gary A. Shiffman	54	Chairman, Chief Executive Officer, and President
Karen J. Dearing	44	Executive Vice President, Treasurer, Chief Financial Officer and Secretary
John B. McLaren	38	Executive Vice President and Chief Operating Officer
Jonathan M. Colman	53	Executive Vice President
Jeffrey P. Jorissen	64	Former Executive Vice President, Treasurer, Chief Financial Officer and Secretary
Brian W. Fannon	60	Former Executive Vice President and Chief Operating Officer and President

Background information for Gary A. Shiffman is provided above. Background information for the other five current and former executive officers is set forth below.

Karen J. Dearing joined the Company in October 1998 as the Director of Finance where she worked extensively with accounting and finance matters related to the Company's ground up developments and expansions. Ms. Dearing became the Company's Corporate Controller in 2002, a Senior Vice President in 2006, and Executive Vice President and Chief Financial Officer in February 2008. She was responsible for the overall management of the Company's accounting and finance departments and all internal and external financial reporting. Prior to working for the Company, Ms. Dearing had eight years of experience as the Financial Controller of a privately-owned automotive supplier specializing in critical automotive fasteners and five years experience as a Certified Public Accountant with Deloitte & Touche.

John B. McLaren brings thirteen years of manufactured housing industry experience, more than five of which were served in various roles at the Company. Prior to his appointment as Executive Vice President and Chief Operating Officer in February 2008, Mr. McLaren served, since August 2005, as Senior Vice President of Sun Homes Services with overall responsibility for homes sales and leasing. Prior to that, Mr. McLaren was a Regional Vice President for Apartment Investment & Management Company ("AIMCO"), a Real Estate Investment Trust engaged in leasing apartments. Prior to AIMCO, Mr. McLaren spent approximately three years as Vice President of Leasing & Service for Sun Home Services with responsibility for developing and leading the Company's rental home program.

Jonathan M. Colman joined the Company in 1994 as Vice President-Acquisitions and became a Senior Vice President in 1995 and an Executive Vice President in March 2003. A certified public accountant, Mr. Colman has over twenty years of experience in the manufactured housing community industry. He has been involved in the acquisition, financing and management of over 75 manufactured housing communities for two of the 10 largest manufactured housing community owners, including Unipro, Inc. during its syndication of over \$90 million in public limited partnerships in the late 1980s. Mr. Colman is also a Vice President of all corporate subsidiaries of the Company.

Effective February 5, 2008, as part of a management realignment and pursuant to mutual agreement between the Company and each of the respective individuals involved (a) Gary A. Shiffman relinquished the title of President of the Company, but remained as Chairman of the Board and Chief Executive Officer, (b) Brian W. Fannon relinquished the titles of Chief Operating Officer and Executive Vice President of the Company, but was appointed President of the Company; and (c) Jeffrey P. Jorissen relinquished the titles of Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, but remained with the Company as an advisor to senior management. Effective July 31, 2008, Mr. Fannon retired and resigned from the office of President of the Company and Gary A. Shiffman was appointed President.

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Biographical information for Messrs. Jorissen and Fannon is set forth below.

Jeffrey P. Jorissen had been Chief Financial Officer, Secretary and Treasurer since December 1993 and an Executive Vice President since March 2003. As a certified public accountant, he was with the international accounting firm of Coopers & Lybrand for sixteen years, including eight years as a partner. During his tenure at Coopers & Lybrand, Mr. Jorissen specialized in real estate and directed financial statement examinations of numerous public companies. Mr. Jorissen was also the Chief Financial Officer and Secretary of Sun Home Services and all other corporate subsidiaries of the Company. Mr. Jorissen now serves as an advisor to senior management.

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Brian W. Fannon joined the Company in May 1994 as Senior Vice President-Operations and became Chief Operating Officer in 1995 and an Executive Vice President in March 2003. Prior to joining the Company, he worked for Lautrec, Ltd., then the largest manufactured housing community owner-operator in the United States, where he was responsible for operations comprising 25,000 sites and 300 employees, and Quality Homes, Inc., its sales and marketing division. He joined that organization in 1978 as a regional manager and became President in 1986. Mr. Fannon was appointed by Governor Milliken to the Michigan Mobile Home Commission in 1977, the year of its inception. Subsequent appointments by Governors Blanchard and Engler have enabled Mr. Fannon to serve on such commission, including serving as its chairman from 1986 to 1994. In 2002, Mr. Fannon was elected to the Board of Directors of the Manufactured Housing Institute and Mr. Fannon was elected to the RV/MH Hall of Fame in 2003. Mr. Fannon was also the Chief Executive Officer of Sun Home Services and a Vice President of all other corporate subsidiaries of the Company.

To the best of the Company's knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions that are material to the evaluation of the ability or integrity of any executive officer during the past five years.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires the Company's directors, executive officers and beneficial owners of more than 10% of the Company's capital stock to file reports of ownership and changes of ownership with the SEC and the New York Stock Exchange. Based solely on its review of the copies of such reports received by it, and written representations from certain reporting persons, the Company believes, that, during the year ended December 31, 2008, its directors, executive officers and beneficial owners of more than 10% of the Company's Common Stock have complied with all filing requirements applicable to them, except that Mr. Jorissen failed to timely file one report disclosing his disposition of 1,848 shares of Common Stock of the Company and Mr. Fannon failed to timely file one report disclosing disposition of 5,159 shares of Common Stock that were retained by the Company to satisfy Mr. Fannon's withholding obligations

Item 11 Executive Compensation

Compensation Discussion and Analysis

Compensation Committee Composition and Charter

The Compensation Committee assists the Board in fulfilling its responsibilities for determining the compensation offered to the Company's executive officers. The Compensation Committee, among other functions:

- consults with executive management in developing a compensation philosophy;
- evaluates and approves compensation for the Company's Chief Executive Officer and other executive officers; and
- oversees and administers the Company's cash and equity incentive plans.

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The Compensation Committee has the authority to retain and terminate independent, third-party compensation consultants and to obtain independent advice and assistance from internal and external legal, accounting and other advisors. Each member of the Compensation Committee is independent under NYSE rules. A copy of the Compensation Committee Charter is available under the “Investor Relations-Officers and Directors” section of the Company’s website www.suncommunities.com.

Compensation Philosophy and Objectives

The goals and objectives of the Company’s executive compensation program are to attract and retain a skilled executive team to manage, lead and direct the Company’s personnel and capital to obtain the best possible economic results given the severely depressed cycle in the manufactured housing industry.

The executive compensation program supports the Company’s commitment to providing superior shareholder value. This program is designed to:

- attract, retain and reward executives who have the motivation, experience and skills necessary to lead the Company effectively and encourage them to make career commitments to the Company;
- base executive compensation levels on the overall financial and operational performance of the Company and the individual contribution of an executive officer to the success of the Company;

- create a link between the performance of the Company's stock and executive compensation; and
- position executive compensation levels to be competitive with other similarly situated public companies including the real estate industry in general and manufactured housing REITs in particular.

Annual salary and bonuses are intended to be competitive in the marketplace to attract and retain executives. Stock options and restricted stock awards are intended to provide longer-term motivation which has the effect of linking stock price performance to executive compensation. Restricted stock is also intended to provide post-retirement financial security in lieu of other forms of more costly supplemental retirement programs. The Company has not implemented any policies related to stock ownership guidelines for its executive management or for members of the Company's Board of Directors.

Role of Executive Officers in Compensation Decisions

The Compensation Committee makes all decisions regarding the compensation of executive officers, including cash-based and equity-based incentive compensation progra