

SAGA COMMUNICATIONS INC
Form DEF 14A
September 17, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**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 Rule 14a-12

SAGA COMMUNICATIONS, 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

Edgar Filing: SAGA COMMUNICATIONS INC - Form DEF 14A

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

(a) Title of each class of securities to which transaction applies:
N/A

(b) Aggregate number of securities to which transactions applies:
N/A

(c) 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):
N/A

(d) Proposed maximum aggregate value of transaction:
N/A

(e) Total fee paid:
N/A

o 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.

(a) Amount Previously Paid:
N/A

(b) Form, Schedule or Registration Statement No.:
N/A

(c) Filing Party:
N/A

(d) Date Filed:
N/A

TABLE OF CONTENTS

SAGA COMMUNICATIONS, INC.

**73 Kercheval Avenue
Grosse Pointe Farms, Michigan 48236**

NOTICE OF CONSENT SOLICITATION

To the Stockholders of
Saga Communications, Inc.

You are being asked to consider and provide written consent to approve the Second Amended and Restated Saga Communications, Inc. 2005 Incentive Compensation Plan (the Second Restated 2005 Plan), which is more fully described in the Consent Solicitation Statement accompanying this Notice. Stockholders of record on September 16, 2013, the record date, will be entitled to notice of and to submit written consents in this Consent Solicitation.

We request that each stockholder complete, date and sign the enclosed written consent and promptly return it in the enclosed postage-prepaid envelope. To be counted towards the vote required for approval of the proposal described herein, your properly completed written consent must be received by 11:59 p.m., EDT, October 16, 2013 (the Expiration Date).

Your vote is important. Failure to return the enclosed written consent will have the same effect as a vote against the Second Restated 2005 Plan. We recommend that all stockholders consent to the Second Restated 2005 Plan by voting **FOR** the proposal on the enclosed written consent. If you sign and send in the written consent but do not indicate how you want to vote on the proposal, your written consent will be treated as a vote **FOR** the proposal. Holders of a majority vote of our outstanding shares of Common Stock have indicated to us that they intend to vote in favor of the proposal.

Consents may be revoked by stockholders at any time before they are exercised if a later dated written consent is received by us prior to the Expiration Date.

IT IS VERY IMPORTANT THAT EVERY STOCKHOLDER RETURN THE ENCLOSED WRITTEN CONSENT. WE URGE YOU TO SIGN, DATE AND RETURN THE ENCLOSED WRITTEN CONSENT AS PROMPTLY AS POSSIBLE.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL SET FORTH ON THE ENCLOSED WRITTEN CONSENT.

By Order of the Board of Directors,

MARCIA LOBAITO

Secretary

September 16, 2013

Important Notice Regarding the Availability of Consent Solicitation Materials.

**The Consent Solicitation Materials are available at:
*www.envisionreports.com/SGA***

TABLE OF CONTENTS

TABLE OF CONTENTS

| | |
|--|------------|
| <u>INTRODUCTION</u> | <u>1</u> |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u> | <u>3</u> |
| <u>SECOND RESTATED 2005 PLAN PROPOSAL</u> | <u>4</u> |
| <u>COMPENSATION DISCUSSION AND ANALYSIS</u> | <u>13</u> |
| <u>COMPENSATION OF EXECUTIVE OFFICERS</u> | <u>18</u> |
| <u>COMPENSATION OF DIRECTORS</u> | <u>27</u> |
| <u>STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS FOR ANNUAL MEETINGS</u> | <u>28</u> |
| <u>EXPENSE OF SOLICITING WRITTEN CONSENTS</u> | <u>28</u> |
| <u>APPENDIX A SECOND AMENDED AND RESTATED SAGA COMMUNICATIONS, INC. 2005 INCENTIVE COMPENSATION PLAN</u> | <u>A-1</u> |

i

TABLE OF CONTENTS

SAGA COMMUNICATIONS, INC.

**73 Kercheval Avenue
Grosse Pointe Farms, Michigan 48236**

CONSENT SOLICITATION STATEMENT

INTRODUCTION

This consent solicitation is furnished in connection with the solicitation of consents of the stockholders of Saga Communications, Inc. (the Company), on behalf of the Board of Directors of the Company (the Board), to approve the Second Amended and Restated Saga Communications, Inc. 2005 Incentive Compensation Plan (the Second Restated 2005 Plan). A copy of the Second Restated 2005 Plan is attached to this Consent Solicitation Statement as Appendix A. All stockholders of record of our Class A Common Stock and Class B Common Stock (collectively, the Common Stock) at the close of business on September 16, 2013, the record date, will be entitled to vote. This consent action is being taken in lieu of a special meeting of stockholders as authorized by Section 228 of the Delaware General Corporation Law (8 Del. C. 228). This Consent Solicitation Statement and the accompanying written consent were first mailed to stockholders on or about September 24, 2013.

We request that each stockholder complete, date and sign the enclosed written consent and promptly return it in the enclosed postage-prepaid envelope. To be counted towards the vote required for approval of the proposal described herein, your properly completed written consent must be received by 11:59 p.m., EDT, October 16, 2013 (the Expiration Date). Stockholders holding shares through a bank, broker or other nominee should follow the voting instructions on the form they receive from the bank, broker or other nominee.

Any stockholder giving a written consent has the power to revoke it at any time before it is exercised if a later-dated written consent is received by us prior to the Expiration Date. Consents received in time for the voting and not revoked will be voted in accordance with the directions of the stockholder. Any consent which fails to specify a choice with respect to the proposal will be voted FOR the approval of the Second Restated 2005 Plan.

As of September 16, 2013, we had outstanding and entitled to vote 4,890,218 shares of Class A Common Stock and 796,309 shares of Class B Common Stock.

With respect to the proposal to approve the Second Restated 2005 Plan, stockholders may vote in favor of or against the proposal, or abstain from voting. The affirmative majority vote of the issued and outstanding shares of Class A Common Stock and Class B Common Stock, voting together, entitled to vote as of the record date, with each share of Class A Common Stock entitled to one vote and each share of Class B Common Stock entitled to ten votes, is required for the adoption of the proposal. Abstentions on the proposal will have the same effect as a vote against the proposal. Holders of a majority vote of our outstanding shares of Common Stock, voting together, with each share of Class A Common Stock entitled to one vote and each share of Class B Common Stock entitled to ten votes, have indicated to us that they intend to vote in favor of the proposal.

Edgar Filing: SAGA COMMUNICATIONS INC - Form DEF 14A

If your shares are held in street name (the name of a bank, broker or other nominee), the nominee may require your instructions in order to vote your shares. If you give your nominee instructions, your shares will be voted as directed. If you do not give your broker instructions, the broker is not permitted to vote your shares. A broker non-vote occurs when a broker holding shares for a beneficial owner has not received voting instructions from the beneficial owner and does not have discretionary authority to vote those shares. Shares that constitute broker non-votes will have the same effect as a vote against the proposal. You are urged to instruct your bank, broker or other nominee on how to vote your shares using the voting instruction card provided by your broker.

1

TABLE OF CONTENTS

In some instances we may deliver only one copy of this Consent Solicitation Statement to multiple stockholders sharing a common address. If requested by phone or in writing, we will promptly provide a separate copy of the Consent Solicitation Statement to a stockholder sharing an address with another stockholder. Requests by phone should be directed to our Chief Financial Officer at (313) 886-7070, and requests in writing should be sent to Saga Communications, Inc., Attention: Chief Financial Officer, 73 Kercheval Avenue, Grosse Pointe Farms, Michigan 48236. Stockholders sharing an address who currently receive multiple copies and wish to receive only a single copy should contact their broker or send a signed, written request to us at the address above.

The Consent Solicitation Statement contains important information for you to consider when deciding how to vote on this matter. Please read it carefully.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE SECOND RESTATED 2005 PLAN.

2

TABLE OF CONTENTS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

To our knowledge, the following table sets forth certain information with respect to beneficial ownership of our Class A Common Stock and Class B Common Stock, as of September 16, 2013, for (i) our Chief Executive Officer, Chief Financial Officer and our other three most highly compensated executive officers, (ii) each of our directors and nominees, (iii) all of our current directors, nominees and executive officers as a group, and (iv) each person who we know beneficially owns more than 5% of our Class A Common Stock. Unless otherwise indicated, the principal address of each of the stockholders below is c/o Saga Communications, Inc., 73 Kercheval Avenue, Grosse Pointe Farms, Michigan 48236. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "SEC") and includes voting or investment power with respect to the securities. Except as indicated by footnote, each person identified in the table possesses sole voting and investment power with respect to all shares of Class A Common Stock and Class B Common Stock shown held by them. The number of shares of Class A Common Stock and Class B Common Stock outstanding used in calculating the percentage for each listed person includes shares of Class A Common Stock and Class B Common Stock underlying options held by such person that are exercisable within 60 calendar days of September 16, 2013, but excludes shares of Class A Common Stock and Class B Common Stock underlying options held by any other person. Percentage of beneficial ownership is based on the total number of shares of Class A Common Stock and Class B Common Stock respectively outstanding as of September 16, 2013. The shares of Class A Common Stock and Class B Common Stock, including the shares reserved for issuance upon exercise of options, are adjusted for the 4 for 3 stock split on January 16, 2013.

| Name | Number of Shares | | Percent of Class | |
|--|--------------------------|------------------------|------------------|---------|
| | Class A | Class B | Class A | Class B |
| Clarke R. Brown, Jr. | 2,506 | 0 | * | n/a |
| Samuel D. Bush | 36,532 ⁽¹⁾⁽²⁾ | 0 | * | n/a |
| Edward K. Christian | 2,716 ⁽²⁾ | 850,193 ⁽³⁾ | * | 100 % |
| Roy F. Coppedge, III | 0 | 0 | * | n/a |
| Steven J. Goldstein | 49,293 ⁽¹⁾⁽²⁾ | 0 | 1.2 % | n/a |
| Warren S. Lada | 39,261 ⁽¹⁾⁽²⁾ | 0 | * | n/a |
| Marcia K. Lobaito | 19,597 ⁽¹⁾⁽²⁾ | 0 | * | n/a |
| David B. Stephens | 2,000 | 0 | * | n/a |
| Gary Stevens | 4,002 | 0 | * | n/a |
| W. Russell Withers | 0 | 0 | * | n/a |
| All directors, nominees and executive officers as a group (10 persons) | 173,961 ⁽⁴⁾ | 850,193 ⁽³⁾ | 3.5 % | 100 % |
| TowerView LLC | 1,256,000 ⁽⁵⁾ | 0 | 25.7 % | n/a |
| T. Rowe Price Associates, Inc. | 784,846 ⁽⁶⁾ | 0 | 16.0 % | n/a |
| FMR LLC | 499,836 ⁽⁷⁾ | 0 | 10.2 % | n/a |
| Dimensional Fund Advisors LP | 430,725 ⁽⁸⁾ | 0 | 8.8 % | n/a |
| BlackRock, Inc. | 255,554 ⁽⁹⁾ | 0 | 5.2 % | n/a |

*

Less than 1%

(1) Includes the following shares of Class A Common Stock reserved for issuance upon exercise of stock options exercisable within 60 days of September 16, 2013; Mr. Bush, 29,904 shares; Mr. Goldstein, 36,492 shares; Mr. Lada, 29,904, and Ms. Lobaito, 14,550 shares. See Compensation of Executive Officers Outstanding Equity

Awards at Fiscal Year-End.

- (2) Includes shares owned indirectly through the Company's 401(k) plan as follows: Mr. Bush, 865 shares; Mr. Christian, 2,716 shares; Mr. Goldstein, 249 shares; Mr. Lada, 571 shares; and Ms. Lobaito, 309 shares.
- (3) Includes 53,884 shares of Class B Common Stock reserved for issuance upon exercise of stock options exercisable within 60 days of September 16, 2013.

3

TABLE OF CONTENTS

- (4) Includes an aggregate of 124,121 shares of Class A Common Stock reserved for issuance upon exercise of stock options exercisable within 60 days of September 16, 2013.
According to its Form 4 filed with the SEC on August 1, 2013 and its Schedule 13D filed on August 9, 2012,
- (5) TowerView LLC, a Delaware limited liability company controlled by Daniel R. Tisch, has sole voting and dispositive power with respect to 1,256,000 shares. The principal address of TowerView LLC is 500 Park Avenue, New York New York 10022.
According to their most recent joint Schedule 13G filed with the SEC on February 8, 2013, T. Rowe Price Associates, Inc. (an investment adviser) and T. Rowe Price Small-Cap Value Fund, Inc. (an investment company)
- (6) have sole voting power with respect to 243,980 and 784,846 shares, respectively, have sole dispositive power with respect to 540,866 and 0 shares, respectively, and have no shared voting or dispositive power. Their principal address is 100 E. Pratt Street, Baltimore, Maryland 21202.
According to its most recent joint Schedule 13G filed with the SEC on February 14, 2013, Fidelity Management & Research Company (Fidelity) is the beneficial owner of 499,836 shares as a result of acting as an investment adviser to various investment companies. The ownership of one investment
- (7) company, Fidelity Low Priced Stock Fund, amounted to 499,836 shares. Fidelity is a wholly-owned subsidiary of FMR LLC, and members of the family of Edward D. Johnson, III are a controlling group with respect to FMR LLC. The principal address of FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.
According to its most recent Schedule 13G filed with the SEC on February 11, 2013, Dimensional Fund Advisors LP (Dimensional Fund) is an investment adviser to four investment companies and an investment manager to
- (8) certain commingled group trusts and separate accounts (the Funds), and in certain cases, its subsidiaries may act as an adviser or sub-adviser to certain of the Funds. Dimensional Fund and its subsidiaries may be deemed to be the beneficial owner of 430,725 shares owned by the Funds. Dimensional Fund disclaims beneficial ownership of such shares. The principal address is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746.
According to its most recent Schedule 13G filed with the SEC on February 11, 2013, BlackRock Inc., as the parent
- (9) holding company, has sole voting and dispositive powers with respect to 255,554 shares held by various of its subsidiaries. The principal address of BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.

SECOND RESTATED 2005 PLAN PROPOSAL

The Board is requesting that stockholders vote in favor of approving the Second Amended and Restated Saga Communications, Inc. 2005 Incentive Corporation Plan (the Second Restated 2005 Plan). The 2005 Incentive Compensation Plan was first approved by stockholders in 2005 and was re-approved by stockholders in 2010 (the Amended and Restated Saga Communications, Inc. 2005 Incentive Compensation Plan). If this proposal is approved, among other things, the changes in the Second Restated 2005 Plan will (i) increase the number of authorized shares by 233,334 shares of Common Stock, (ii) extend the date for making awards to September 6, 2018, (iii) include directors as participants, (iv) target awards according to groupings of participants based on ranges of base salary of employees and/or retainers of directors, (v) require participants to retain 50% of their net annual restricted stock awards during their employment or service as a director, and (vi) include a clawback provision. The summary of major features of the Second Restated 2005 Plan set forth under this heading, including performance goals which may be considered by the Compensation Committee, is qualified in its entirety by reference to the actual text of the Second Restated 2005 Plan, set forth in Appendix A.

The Second Restated 2005 Plan is the sole active plan for providing equity incentive compensation to eligible employees and non-employee directors. The Board believes that our Second Restated 2005 Plan is in the best interest of stockholders, as equity awards granted under the plan help to attract, motivate, and retain talented employees and non-employee directors, align employee and stockholder interests and maintain a culture based on employee stock ownership. Equity is an important component of total compensation for our employees.

In connection with approval of the Second Restated 2005 Plan, stockholders will thereby be re-approving the material terms of the performance goals which may be considered by the Compensation Committee. Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) limits the Company s deduction for federal income tax purposes for certain compensation in excess of \$1 million paid to covered

4

TABLE OF CONTENTS

employees (generally, the top five named executive officers in the Summary Compensation Table) of a publicly held corporation. The deduction limit does not apply to qualified performance-based compensation meeting the requirements of Section 162(m) of the Code. Among other things, in order for the compensation to be considered qualified performance-based, the Section 162(m) of the Code regulations generally require that stockholders re-approve the material terms of the performance goals every five years. The performance goals included in the 2005 Incentive Compensation Plan were last approved by stockholders in May 2010. Awards granted by the Compensation Committee under the Second Restated 2005 Plan may or may not include performance goals as determined in the sole discretion of the Compensation Committee.

Approval of the Second Restated 2005 Plan requires the affirmative majority vote of the issued and outstanding shares of Class A Common Stock and Class B Common Stock, voting together, entitled to vote as of the record date, with each share of Class A Common Stock entitled to one vote and each share of Class B Common Stock entitled to ten votes. Holders of a majority vote of our outstanding shares of Common Stock have indicated to us that they intend to vote in favor of the Second Restated 2005 Plan. The following is a summary of certain of the primary changes included in the Second Restated 2005 Plan:

Increase to Number of Authorized Shares. The Second Restated 2005 Plan increases the number of authorized shares of Class A Common Stock to 620,000 and the number of Class B Common Stock to 280,000, as detailed in the table below:

| Equity Plan Share Reservation ⁽¹⁾ | Class A | Class B | Total |
|--|-----------|-----------|------------|
| Initial shares authorized under the 2005 Incentive Compensation Plan | 500,000 | 166,666 | 666,666 |
| Shares awarded from May 2005 through September 2013 | (357,382) | (69,857) | (427,240) |
| Forfeitures added back to share reserve May 2005 through September 16, 2013 | 90,109 | 0 | 90,109 |
| Shares available to be granted as of September 16, 2013 | 232,727 | 96,809 | 329,535 |
| Additional shares requested under this amendment | 120,000 | 113,334 | 233,334 |
| Total shares available for issuance from October 2013 through September 2018 | 352,727 | 210,143 | 562,869 |
| Total authorization of shares from May 2005 through September 2018 | 620,000 | 280,000 | 900,000 |

(1) The numbers have been adjusted for the January 28, 2009 1 for 4 reverse stock split and the January 14, 2013 4 for 3 stock split.

Extension of Term. The Second Restated 2005 Plan extends the date for making awards from March 10, 2015 to September 6, 2018.

Inclusion of Directors as Participants. The Second Restated 2005 Plan adds directors as participants. As noted above, equity awards help to attract, motivate and retain talented employees and non-employee directors.

