

MDC HOLDINGS INC  
Form DEF 14A  
March 04, 2019

Table of Contents

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

**M.D.C. Holdings, 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.

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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

Table of Contents

**M.D.C. HOLDINGS, INC.**

**4350 South Monaco Street, Suite 500**

**Denver, Colorado 80237**

March 1, 2019

Dear Fellow Shareholders,

On behalf of the Board of Directors we would like to express our appreciation for your continued investment in the Company.

In 2018 the Company continued to build on more than four decades of operations during which it has become one of the leading homebuilding companies in the nation. We have grown from a net worth of \$50,000 in 1972 to almost \$1.6 billion at the fiscal year end, providing quality homes to over 200,000 families – all the while persevering through countless housing cycles over the years. The Company continues to maintain its risk-adjusted strategy, has experienced a very successful year delivering 6,197 homes and is positioned for future growth. Highlights of the Company's financial and operational performance include:

**INDUSTRY-LEADING SHAREHOLDER RETURNS**

Industry's #1 total shareholder return for 2018 - outperforming our peer group average by over 3,000 bps (our closest competitor by 1,260 bps) - as we approach the 35<sup>th</sup> anniversary of our listing on the New York Stock Exchange;  
Continuous and uninterrupted cash dividend since 1994 (unequaled by any member of the peer group);  
Annual dividends increased by 30% in 2018;  
Declared an 8% stock dividend in January 2019.

**ROBUST OPERATING RESULTS**

Home sale revenues of \$2.98 billion, which was \$482 million higher than 2017 (*19% higher*);  
o Home closings from affordable product offerings increased from 22% in 2017 to 40% in 2018 (*82% higher*);  
Pretax income of \$263.9 million was \$34 million higher than 2017 (*15% higher*);  
o Driven by an industry-leading gross profit margin expansion;  
Both home sale revenues and pretax income reached the highest level since 2006.

**POSITIONED FOR CONTINUED GROWTH**

Active subdivision count grew by 10% year-over-year to 166;

Approval of 151 land transactions covering more than 12,000 lots (almost 65% are approved for our affordable product offering).

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Table of Contents

**STEADFAST FOCUS ON BALANCE SHEET STRENGTH**

Increased our homebuilding line of credit by \$300 million to \$1.0 billion (*43% higher*) with an extension of maturity to 2023;

Maintained a financial profile rated among the highest in the industry with a balanced land position and low unsold home inventories;

Increased year-end liquidity to \$1.48 billion - \$230 million higher than 2017 (*18% higher*).

**AN ONGOING COMMITMENT TO SOUND GOVERNANCE, A SKILLED AND DIVERSE BOARD, AND SUSTAINABLE BUSINESS PRACTICES**

We take pride in our achievements which we attribute, in no small measure, to devoted employees and a dedicated operating strategy that emphasizes financial stability in the pursuit of value-creation. We have been fortunate to expand our Board with Leslie Fox, an independent outside director with decades of real estate experience. She is the second female director to join our board in the past two years. We also are marking the 20<sup>th</sup> anniversary of the establishment of the MDC/Richmond American Homes Foundation, which continues to support corporate citizenship, philanthropy, and sustainability in the communities we are privileged to serve.

On behalf of the full Board of Directors, we strongly encourage you to vote your shares – your vote and support is a valuable element in our passion to succeed.

Sincerely,

Larry A. Mizel

Chairman of the Board of Directors and Chief Executive Officer

M.D.C. Holdings, Inc.

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Table of Contents

**M.D.C. HOLDINGS, INC.**

**4350 South Monaco Street, Suite 500**

**Denver, Colorado 80237**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

To Our Shareholders:

The 2019 Annual Meeting of Shareholders (the "Meeting") of M.D.C. Holdings, Inc. (the "Company") will be held at 4350 South Monaco Street, 6<sup>th</sup> Floor, Assembly Room, Denver, Colorado, on Monday, April 29, 2019, at 12:00 Noon, Mountain Time. Only shareholders of record at the close of business on March 1, 2019, the record date, will be entitled to vote. At the Meeting, we plan to consider and act upon the following matters:

1. The election of Michael A. Berman, Herbert T. Buchwald, Larry A. Mizel and Leslie B. Fox as Class I Directors for three-year terms expiring in 2022;
2. A non-binding advisory vote to approve the compensation of our named executive officers disclosed in this proxy statement (Say on Pay);  
Approval of an amendment to the M.D.C. Holdings, Inc. 2011 Equity Incentive Plan to increase the shares
3. authorized for issuance under the plan and to amend certain provisions related to performance-based awards in connection with amendments to Section 162(m) of the Internal Revenue Code; and
4. Ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2019 fiscal year.

And such other business as properly may come before the Meeting and any postponements or adjournments thereof.

Our Board of Directors recommends that you vote **FOR** all Proposals.

Management and the Board of Directors desire to have maximum representation at the Meeting and request that you vote promptly, even if you plan to attend the meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Joseph H. Fretz

*Secretary*  
Denver, Colorado

March 1, 2019

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Table of Contents

**Important Notice Regarding the Availability of Proxy Materials**

**for the Shareholder Meeting to Be Held on April 29, 2019:**

**The Proxy Statement and the Annual Report on Form 10-K are available at:**

**[www.rdgir.com/mdc-holdings-inc](http://www.rdgir.com/mdc-holdings-inc)**

**Important Voting Information**

Under New York Stock Exchange rules, unless you provide specific instructions, your broker is not permitted to vote on your behalf on the election of Directors or on proposals other than ratification of the selection of the Company's auditors. It is important that you provide specific instructions by completing and returning the broker's Voting Instruction Form or following the instructions provided to you to vote your shares by telephone or the Internet.

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Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
<u>GENERAL INFORMATION</u>	1
<u>DELIVERY OF PROXY MATERIALS TO SHAREHOLDERS WITH SHARED ADDRESSES</u>	5
<u>ANNUAL REPORT ON FORM 10-K</u>	5
<u>PROPOSAL ONE – ELECTION OF DIRECTORS</u>	6
<u>INFORMATION CONCERNING THE BOARD OF DIRECTORS</u>	11
<u>BENEFICIAL OWNERSHIP OF COMMON STOCK</u>	21
<u>EXECUTIVE OFFICERS</u>	23
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	24
<u>COMPENSATION COMMITTEE REPORT</u>	40
<u>SUMMARY COMPENSATION TABLE</u>	41
<u>GRANTS OF PLAN-BASED AWARDS IN 2018</u>	43
<u>OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2018</u>	44
<u>OPTION EXERCISES AND STOCK VESTED IN 2018</u>	46
<u>PENSION BENEFITS AT DECEMBER 31, 2018</u>	46
<u>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS</u>	46
<u>EMPLOYMENT AGREEMENTS</u>	47
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u>	52
<u>2018 DIRECTOR COMPENSATION</u>	53
<u>CEO PAY RATIO DISCLOSURE</u>	55
<u>COMPENSATION POLICIES AND PRACTICES AND RISK MANAGEMENT</u>	55
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	55
<u>PROPOSAL TWO – ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	56
<u>PROPOSAL THREE – APPROVAL OF AN AMENDMENT TO THE M.D.C. HOLDINGS, INC. 2011 EQUITY INCENTIVE PLAN</u>	56
<u>AUDIT COMMITTEE REPORT</u>	65
<u>TRANSACTIONS WITH RELATED PERSONS</u>	66
<u>REVIEW OF TRANSACTIONS WITH RELATED PERSONS</u>	66
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	67
<u>PROPOSAL FOUR – INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	68
<u>OTHER MATTERS</u>	69
<u>SHAREHOLDER PROPOSALS</u>	69
<u>INCORPORATION BY REFERENCE</u>	70
<u>APPENDIX A – FOURTH AMENDMENT TO THE M.D.C. HOLDINGS, INC. 2011 EQUITY INCENTIVE PLAN</u>	
<u>APPENDIX B –M.D.C. HOLDINGS, INC. 2011 EQUITY INCENTIVE PLAN (as proposed to be amended)</u>	

Table of Contents

**M.D.C. HOLDINGS, INC.**

**4350 South Monaco Street, Suite 500**

**Denver, Colorado 80237**

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**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**April 29, 2019**

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**GENERAL INFORMATION**

**Why am I receiving these materials?**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board of Directors" or the "Board") of M.D.C. Holdings, Inc. (the "Company") to be used at the Annual Meeting of Shareholders of the Company (the "Meeting") to be held at our principal executive offices, 4350 South Monaco Street, 6<sup>th</sup> Floor, Assembly Room, Denver, Colorado 80237, on Monday, April 29, 2019, at 12:00 Noon, Mountain Time, and any postponements or adjournments thereof. The record date for determining shareholders entitled to vote at the Meeting is March 1, 2019 (the "Record Date"). The Meeting is being held for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. Our shareholders are invited to attend the Meeting and are encouraged to vote on the matters described in this Proxy Statement.

**What proxy materials are being delivered?**

We are utilizing the rules of the Securities and Exchange Commission ("SEC") that allow us to deliver proxy materials to our shareholders on the Internet. Under these rules, we are sending most of our shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a full set of proxy materials. If you receive the Notice, you

will not receive printed copies of the proxy materials unless you specifically request them. Instead, the Notice tells you how to access and review on the Internet all of the important information contained in the proxy materials. The Notice also tells you how to vote your proxy card on the Internet and how to request a printed copy of our proxy materials. We expect to mail, or provide the Notice and electronic delivery of, this Proxy Statement, the proxy card and the Notice of Annual Meeting (the "Proxy Materials") on or about March 8, 2019.

The Company's 2018 Annual Report on Form 10-K, which includes the Company's 2018 audited financial statements, will accompany these Proxy Materials. Except to the extent expressly referenced in this Proxy Statement, the Annual Report is not incorporated into this Proxy Statement.

**Who is paying for this proxy solicitation?**

The Company will pay the cost of solicitation. The Company also will reimburse bankers, brokers and others holding shares in their names or in the names of nominees or otherwise for reasonable out-of-pocket expenses incurred in sending the Proxy Materials to the beneficial owners of such shares. In addition to the original solicitation of proxies, solicitations may be made in person, by telephone or by other means of communication by Directors, officers and employees of the Company, who will not be paid any additional compensation for these activities.

We have retained the services of Alliance Advisors, LLC to solicit proxies. We will pay all reasonable costs associated with such firm, which we anticipate will cost approximately \$13,000 plus costs and expenses.

Table of Contents

**Who is entitled to vote at or attend the Annual Meeting?**

Holders of shares of the Company's common stock, \$.01 par value, at the close of business on the Record Date are entitled to notice of, and to vote at, the Meeting. All shareholders of record and beneficial owners wishing to attend the Meeting must bring with them a government issued picture identification of themselves and check in at the registration desk at the Meeting. Beneficial owners must also bring proof of ownership as described below. Attendees must comply with the rules of conduct available at the registration desk. A list of shareholders of record entitled to vote at the Meeting will be available for examination by any shareholder at the Meeting and for ten days prior to the Meeting at our principal executive offices.

Shareholders will have sufficient time immediately following the Meeting to ask questions of and have a dialogue with the Company's Chairman and CEO, President and COO, CFO and each of the members of the Board of Directors in attendance.

**Shareholders of Record.** If, on the Record Date, your shares were registered directly in your name with the Company's transfer agent, Continental Stock Transfer & Trust Company, then you are a shareholder of record. As a shareholder of record, you may vote in person at the Meeting or vote by proxy.

**Beneficial Owners.** If, on the Record Date, your shares were not held in your name, but rather were held in an account at a brokerage firm, bank or other nominee (commonly referred to as being held in "street name"), or through our 401(k) savings plan, you are the beneficial owner of those shares. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Meeting. As a beneficial owner, you have the right to direct your broker or other nominee regarding how to vote the shares held in your account. You are also invited to attend the Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the Meeting unless you obtain a valid legal proxy from your broker or other nominee and bring the legal proxy to the Meeting. (Legal proxies are not available for shares held through our 401(k) savings plan; you must vote those shares as provided below.) If you want to attend the Meeting, but not vote at the Meeting, you must provide proof of beneficial ownership as of the Record Date, such as your most recent account statement prior to the Record Date.

**How do I vote my shares?**

**By Telephone or the Internet.** Shareholders can vote their shares via telephone or the Internet as instructed in the Notice of Internet Availability of Proxy Materials. The telephone and Internet procedures are designed to authenticate a shareholder's identity, allow shareholders to vote their shares and confirm that their instructions have been properly recorded. The telephone and Internet voting facilities will close at 11:59 p.m., Eastern Time, on April 28, 2019. (Participants in our 401(k) savings plan have an earlier deadline – see below.)

**By Mail.** Shareholders who receive a paper proxy card may vote by mail and should complete, sign and date their proxy card and mail it in the pre-addressed envelope that accompanied the delivery of the paper proxy card. Proxy cards submitted by mail must be received by the time of the Meeting in order for your shares to be voted. Beneficial shareholders (shares held in street name) may vote by mail by requesting a paper proxy card according to the instructions received from their broker or other agent, and then completing, signing and dating the voting instruction card provided by the broker or other agent and mailing it in the pre-addressed envelope provided.

**401(k) Savings Plan.** If your shares are held through our 401(k) savings plan, you will receive the Notice of Internet Availability of Proxy Materials, or copies of the Proxy Materials, and you are entitled to instruct the plan trustee how to vote the shares allocated to your account following the instructions described above. You must provide your instructions no later than 11:59 p.m., Eastern Time, on April 24, 2019.

**At the Meeting.** Shares held in your name as the shareholder of record may be voted by you in person at the Meeting. Shares held beneficially in street name may be voted by you in person at the Meeting only if you obtain a legal proxy from the broker or other agent that holds your shares, giving you the right to vote the shares, and you bring the legal proxy to the Meeting.

Table of Contents

**What if I receive more than one Notice of Internet Availability of Proxy Materials?**

If you receive more than one Notice, you hold shares in more than one name or shares in different accounts. To ensure that all of your shares are voted, you will need to vote separately by telephone or the Internet using the specific control number contained in each Notice that you receive.

**Can I change my vote or revoke my proxy?**

You can change your vote or revoke your proxy before the Meeting. You can do this by casting a later proxy through any of the available methods described above. If you are a shareholder of record, you can also revoke your proxy by delivering written notice of revocation to the Secretary of the Company, by presenting to the Company a later-dated proxy card executed by the person executing the prior proxy card or by attending the Meeting and voting in person. If you are a beneficial owner, you can revoke your proxy by following the instructions sent to you by your broker, bank or other agent.

**How are votes counted?**

Shares of common stock represented by properly executed proxy cards, or voted by proxy, by telephone or the Internet, and received in time for the Meeting will be voted in accordance with the instructions specified in the proxies. Unless contrary instructions are indicated in a proxy, the shares of common stock represented by such proxy will be voted **FOR** the election as Directors of the nominees named in this Proxy Statement and **FOR** all of the other proposals. If you grant a proxy (other than for shares held in our 401(k) savings plan), either of the officers named as proxy holders, Michael Touff and Joseph H. Fretz, or their nominees or substitutes, will have the discretion to vote your shares on any additional matters that are properly presented for a vote at the Meeting or at any adjournment or postponement that may take place. If, for any unforeseen reason, any of our nominees is not available as a candidate for Director, the persons named as the proxy holder may vote your proxy for another candidate or other candidates nominated by our Board.

The trustee of the 401(k) savings plan will vote the number of shares of common stock allocated to each participant's accounts as directed by the participant if the direction is received in time to be processed. The trustee will vote any shares with respect to which it does not receive timely directions so that the proportion of the shares voted in any particular manner on any matter is the same as the proportion of the shares with respect to which the trustee has received timely directions, unless contrary to ERISA.

The inspector of elections designated by the Company will use procedures consistent with Delaware law concerning the voting of shares, the determination of the presence of a quorum and the determination of the outcome of each matter submitted for a vote.

**What are the voting entitlements and requirements?**

Each share of common stock issued and outstanding on the Record Date, other than shares held by the Company or a subsidiary, is entitled to one vote on each matter presented at the Meeting. As of the Record Date, approximately 61,338,701 shares of common stock were issued, outstanding and entitled to vote.

The Company's By-Laws provide that the holders of one-third of the shares of common stock issued and outstanding and entitled to vote, present in person or represented by proxy, constitute a quorum for transacting business at the Meeting. Shareholders who are present in person or represented by proxy, whether they vote for, against or abstain from voting on any matter, will be counted for purposes of determining whether a quorum exists. Broker non-votes, described below, also will be counted as present for purposes of determining whether a quorum exists.

Table of Contents

The affirmative vote of the holders of a plurality of the shares of common stock present in person or represented by proxy and entitled to vote at the Meeting will be required for the election of a nominee to the Board of Directors (which means that the four nominees who receive the most votes will be elected).

The affirmative vote of the holders of a majority of the shares of Common Stock represented and entitled to vote at the Meeting is necessary to (1) approve, on an advisory basis, the executive compensation practices disclosed in this proxy statement; (2) approve the amendment to the 2011 Equity Incentive Plan; and (3) ratify the appointment of the Company's auditor. Because your vote on executive compensation is advisory, it will not be binding upon the Company.

Rules of the New York Stock Exchange ("NYSE") determine whether NYSE member organizations ("brokers") holding shares for an owner in street name may vote on a proposal without specific voting instructions from the owner. For certain types of proposals, the NYSE has ruled that the "broker may vote" without specific instructions and on other types of proposals the "broker may not vote" without specific client instructions. A "broker non-vote" occurs when a proxy is received from a broker and the broker has not voted with respect to a particular proposal. The proposal to ratify the selection of the auditor is a "broker may vote" matter under the rules of the NYSE. As a result, brokers holding shares for an owner in street name may vote on the proposal even if no voting instructions are provided by the beneficial owner. The other proposals are "broker may not vote" matters. As a result, brokers holding shares for an owner in street name may vote on these proposals only if voting instructions are provided by the beneficial owner.

The following table reflects the vote required for the proposals and the effect of broker non-votes, withhold votes and abstentions on the vote, assuming a quorum is present at the Meeting:



Table of Contents

<b>Proposal</b>	<b>Vote Required</b>	<b>Effect of Broker Non-Votes, Withhold Votes and Abstentions</b>
1. Election of Directors	The four nominees who receive the most votes will be elected.	Broker non-votes and withhold votes have no effect.
Advisory vote to approve	Affirmative vote of the holders of a majority of the shares of common stock represented and entitled to vote at the Meeting.	Broker non-votes have no effect; abstentions have the same effect as a vote against the proposal.
2. executive compensation (Say on Pay)	Affirmative vote of the holders of a majority of the shares of common stock represented and entitled to vote at the Meeting.	Broker non-votes have no effect; abstentions have the same effect as a vote against the proposal.
Approval of an amendment	Affirmative vote of the holders of a majority of the shares of common stock represented and entitled to vote at the Meeting.	Broker non-votes have no effect; abstentions have the same effect as a vote against the proposal.
3. to the 2011 Equity Incentive Plan	Affirmative vote of the holders of a majority of the shares of common stock represented and entitled to vote at the Meeting.	Broker non-votes have no effect; abstentions have the same effect as a vote against the proposal.
4. Selection of Auditor	Affirmative vote of the holders of a majority of the shares of common stock represented and entitled to vote at the Meeting.	Broker non-votes have no effect; abstentions have the same effect as a vote against the proposal.

Management and the Board of Directors of the Company know of no other matters to be brought before the Meeting. If any other proposals are properly presented to the shareholders at the Meeting, the number of votes required for approval will depend on the nature of the proposal. Generally, under Delaware law and our By-Laws, the number of votes required to approve a proposal is the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at the Meeting. The proxy card gives discretionary authority to the proxy holders to vote on any matter not included in this Proxy Statement that is properly presented to the shareholders at the Meeting and any adjournments or postponements thereof. The persons named as proxies on the proxy card are Michael Touff, the Company's Senior Vice President and General Counsel, and Joseph H. Fretz, the Company's Secretary and Corporate Counsel.

**DELIVERY OF PROXY MATERIALS TO SHAREHOLDERS WITH SHARED ADDRESSES**

The broker, bank or other nominee of any shareholder who is a beneficial owner, but not the record holder, of the Company's common stock may deliver only one copy of the proxy related materials to multiple shareholders sharing an address (a practice called "householding"), unless the broker, bank or nominee has received contrary instructions from one or more of the shareholders.

In addition, with respect to shareholders of record, in some cases, only one copy of the proxy related materials may be delivered to multiple shareholders sharing an address, unless the Company has received contrary instructions from one or more of the shareholders. Upon written or oral request, the Company will deliver free of charge a separate copy of each of the proxy related materials, as applicable, to a shareholder at a shared address to which a single copy was delivered. You can notify your broker, bank or other nominee (if you are not the record holder) or the Company (if you are the record holder) that you wish to receive a separate copy of such materials in the future, or alternatively, that you wish to receive a single copy of the materials instead of multiple copies. The Company's contact information for these purposes is: M.D.C. Holdings, Inc., telephone number: (303) 773-1100, Attn: Corporate Secretary, 4350 South Monaco Street, Suite 500, Denver, CO 80237.

**ANNUAL REPORT ON FORM 10-K**

The Company will provide without charge to each person solicited by this Proxy Statement, upon the request of that person, a copy of our Annual Report on Form 10-K (without exhibits) for our most recent fiscal year. Please direct that request in writing to Investor Relations, M.D.C. Holdings, Inc., 4350 S. Monaco Street, Denver, Colorado 80237.

Table of Contents**PROPOSAL ONE ELECTION OF DIRECTORS**

The Company's Certificate of Incorporation provides for three classes of directors (“Directors”) with staggered terms of office, to be divided as equally as possible. Directors of each class serve for terms of three years until election and qualification of their successors or until their resignation, death, disqualification or removal from office.

Our Board has ten members, consisting of four Class I Directors whose terms expire in 2019, three Class II Directors whose terms expire in 2020 and three Class III Directors whose terms expire in 2021. At the Meeting, four Class I Directors are to be elected to three-year terms expiring in 2022. The nominees for the Class I Directors are Michael A. Berman, Herbert T. Buchwald, Larry A. Mizel and Leslie B. Fox. All of the nominees presently serve on the Board of Directors of the Company. Ms. Fox was appointed to the Board in June 2018 following a review of potential non-management candidates by current non-management directors and the recommendation of the Corporate Governance/Nominating Committee. Based on the recommendation of the Corporate Governance/Nominating Committee, the Board approved the nomination of Messrs. Berman, Buchwald and Mizel and Ms. Fox for election as Class I Directors at the 2019 Annual Meeting.

Certain information, as of March 1, 2019, the Record Date, with respect to Messrs. Berman, Buchwald and Mizel and Ms. Fox, the nominees for election, and the continuing Directors of the Company, furnished in part by each such person, appears below:

Name	Independent Age	Positions and Offices with the Company and Other Principal Occupations	Committee Memberships			
			Audit	Compensation	Corporate Governance / Nominating	Legal
<b>NOMINEES:</b>						
<b>Class I: Terms Expire in 2019</b>						
Michael A. Berman	68	Chairman, Applied Capital Management	M			
Herbert T. Buchwald	87	Principal in the law firm of Herbert T. Buchwald, P.A. and President and Chairman of the Board of Directors of BPR Management Corporation	M	M	M	C
Larry A. Mizel	76	Chairman of the Board of Directors and Chief Executive Officer of the Company				
Leslie B. Fox	60	Real estate consultant and Community Philanthropy	M*			

**CONTINUING DIRECTORS:**

**Class II: Terms Expire in 2020**

David D. Mandarich	71	President and Chief Operating Officer of the Company			
Paris G. Reece III	64	Private Investor and Community Philanthropy	C		
David Siegel	62	Partner, Irell & Manella LLP		C	M