

BFC FINANCIAL CORP
Form DEF 14A
April 21, 2004

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

BFC Financial Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: BFC FINANCIAL CORP - Form DEF 14A

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

BFC Financial Corporation

**1750 East Sunrise Boulevard
Fort Lauderdale, Florida 33304**

April 21, 2004

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of BFC Financial Corporation, which will be held on May 11, 2004 at 2:45 p.m., local time, at the Broward County Convention Center, 1950 Eisenhower Blvd., Ft. Lauderdale, FL 33316. Following the Annual Meeting please join us for our Annual Celebration and Exposition. The schedule will be as follows: 3:30 p.m. 5:00 p.m. Exposition opens; 5:00pm 6:15 p.m. Video and Presentation; 6:15 p.m. 8:00 p.m. Exposition reopens.

Please read these materials so that you will know what we plan to do at the Annual Meeting. Also, please sign and return the accompanying proxy card in the postage-paid envelope. This way, your shares will be voted as you direct even if you cannot attend the Annual Meeting.

On behalf of your Board of Directors and our employees, I would like to express our appreciation for your continued support.

Sincerely,

Alan B. Levan
Chairman of the Board

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

CORPORATE GOVERNANCE

PROPOSAL AT THE ANNUAL MEETING

PROPOSAL FOR ELECTION OF DIRECTORS

Shareholder Return Performance Graph

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

AUDIT COMMITTEE REPORT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

OTHER MATTERS

INDEPENDENT PUBLIC ACCOUNTANTS

ADDITIONAL INFORMATION

Appendix A

Table of Contents

BFC Financial Corporation

**1750 East Sunrise Boulevard
Fort Lauderdale, Florida 33304**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 11, 2004**

Notice is hereby given that the Annual Meeting of Shareholders of BFC Financial Corporation (the Company) will be held at the Broward County Convention Center, 1950 Eisenhower Blvd., Ft. Lauderdale, FL 33316 on May 11, 2004 commencing at 2:45 p.m., local time, for the following purposes:

1. To elect three members to the Board of Directors, two to serve a term of three years, one to serve a term of two years; and
2. To transact such other business as may properly be brought before the Annual Meeting or any adjournment thereof.

The matters listed above are more fully described in the Proxy Statement which forms a part of this Notice.

Only shareholders of record at the close of business on April 1, 2004 are entitled to notice of and to vote at the Annual Meeting.

Sincerely yours,

Alan B. Levan
Chairman of the Board

Fort Lauderdale, Florida
April 21, 2004

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES; THEREFORE EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

Table of Contents

BFC Financial Corporation

**1750 East Sunrise Boulevard
Fort Lauderdale, Florida 33304**

PROXY STATEMENT

The Board of Directors of BFC Financial Corporation (the Company) is soliciting proxies to be used at the Annual Meeting of Shareholders of the Company (the Annual Meeting) to be held at the Broward County Convention Center, 1950 Eisenhower Blvd., Ft. Lauderdale, FL 33316 on May 11, 2004 at 2:45 p.m., and at any and all postponements or adjournments of the Annual Meeting, for the purposes set forth in the accompanying Notice of Meeting.

This Proxy Statement, Notice of Meeting and accompanying proxy card are being mailed to shareholders on or about April 21, 2004.

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS
AND THE ANNUAL MEETING**

What is the purpose of the meeting?

At our Annual Meeting, shareholders will act upon the matters outlined in the Notice of Meeting on the cover page of this Proxy Statement, including the election of directors, as well as any other matters which may properly be brought before the Annual Meeting. Also, management will report on the Company's performance during the last fiscal year and respond to appropriate questions from shareholders.

Who is entitled to vote at the meeting?

Record holders of the Company's Class A Common Stock (Class A Stock) and record holders of the Company's Class B Common Stock (Class B Stock) at the close of business on April 1, 2004 may vote at the Annual Meeting.

On April 1, 2004, 13,916,077 shares of Class A Stock and 3,094,198 shares of Class B Stock were outstanding and, thus, are eligible to vote at the Annual Meeting.

What are the voting rights of the holders of Class A Stock and Class B Stock?

Holders of Class A Stock and holders of Class B Stock will vote as one class on the matters to be voted upon at the Annual Meeting. Holders of Class A Stock are entitled to one vote per share, with all holders of Class A Stock having in the aggregate 22% of the general voting power. The number of votes represented by each share of Class B Stock, which represent in the aggregate 78% of the general voting power, is calculated each year in accordance with the Company's Amended and Restated Articles of Incorporation. At this year's Annual Meeting, each outstanding share of Class B Stock will be entitled to 15.9456 votes on each matter.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of shares representing a majority of the aggregate voting power (as described above) of the common stock outstanding on the record date will constitute a quorum, permitting the conduct of business at the Annual Meeting.

What is the difference between a shareholder of record and a street name holder?

If your shares are registered directly in your name with American Stock Transfer & Trust Company, the Company's stock transfer agent, you are considered the shareholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of these shares but not the shareholder of record, and your shares are held in street name.

Table of Contents

How do I vote my shares?

If you are a shareholder of record, you can give a proxy to be voted at the Annual Meeting by mailing in the enclosed proxy card.

If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker or nominee. Your broker or nominee has enclosed or provided a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

Can I vote my shares in person at the Annual Meeting?

Yes. If you are a shareholder of record, you may vote your shares at the Annual Meeting by completing a ballot at the Annual Meeting.

However, if you are a street name holder, you may vote your shares in person only if you obtain a signed proxy from your broker or nominee giving you the right to vote the shares.

Even if you currently plan to attend the Annual Meeting, we recommend that you also submit your vote by proxy or by giving instructions to your broker or nominee as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

What are my choices when voting?

In the election of directors, you may vote for all nominees, or your vote may be withheld with respect to one or more nominees. The proposal related to the election of directors is described in this Proxy Statement beginning at page 7.

What is the Board's recommendation?

The Board of Directors recommends a vote **FOR** all of the nominees for director.

What if I do not specify how I want my shares voted?

If you do not specify on your proxy card how you want to vote your shares, the proxy holder will vote them **FOR** all of the nominees for director.

Can I change my vote?

Yes. You can revoke your proxy at any time before it is exercised in any of three ways:

by submitting written notice of revocation to the Company's Secretary;

by submitting another proxy by mail that is dated later and is properly signed; or

by voting in person at the Annual Meeting.

What vote is required for a proposal to be approved?

For the election of directors, the affirmative vote of a plurality of the votes cast at the Annual Meeting is required. A properly executed proxy marked **WITHHOLD AUTHORITY** with respect to the election of one or more directors

will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

If you hold your shares in street name through a broker or other nominee, your broker or nominee may or may not vote your shares in its discretion if you have not provided voting instructions to the broker. Whether the broker may vote your shares in its discretion depends on the proposals before the Annual Meeting. Broker non-votes occur when shares held through the broker are not voted with respect to a particular proposal because the broker has not received voting instructions from the beneficial owner and the broker lacks discretionary authority to vote such shares. For the election of directors, broker non-votes will have no effect on the outcome of the election.

Table of Contents

Are there any other matters to be acted upon at the Annual Meeting?

We do not know of any other matters to be presented or acted upon at the Annual Meeting. If any other matter is presented at the Annual Meeting on which a vote may properly be taken, the shares represented by proxies will be voted in accordance with the judgment of the person or persons voting those shares.

CORPORATE GOVERNANCE

Pursuant to the Company's bylaws and the Florida Business Corporation Act, the Company's business and affairs are managed under the direction of the Board of Directors. Directors are kept informed of the Company's business through discussions with management, including the Chief Executive Officer and other senior officers, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

Determining Director Independence

The Board undertook a review of each director's independence in March 2004. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including those reported below under *Certain Relationships and Related Transactions*. The Board also examined transactions and relationships between directors or their affiliates and members of the Company's senior management or their affiliates. The purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent under applicable laws and regulations and the Nasdaq Stock Market (Nasdaq) listing standards. The Board determined that the following relationships will not be deemed to be material relationships which impair independence: (i) banking relationships with BankAtlantic in the ordinary course of BankAtlantic's business, (ii) serving on third party boards of directors with other members of the Board, (iii) payments or charitable gifts by the Company to entities with which a director is an executive officer or employee where such payments do not exceed the greater of \$1 million or 2% of such company's or charity's consolidated gross revenues, and (iv) investments by directors in common with each other or the Company. As a result of its review of the relationships of each of the members of the Board, the Board affirmatively determined that a majority of the Company's Board members, including Oscar Holzmann, Earl Pertnoy, and Neil Sterling, are independent directors within the meaning of the listing standards of Nasdaq and applicable law. D. Keith Cobb was appointed to the Board in accordance with the Company's By-Laws effective April 2, 2004, to serve until the election of directors at the 2004 Annual Meeting. Upon his appointment, the Board affirmatively determined that D. Keith Cobb was an independent director within the meaning of the listing standards of Nasdaq and applicable law.

Committees of the Board of Directors and Meeting Attendance

The Board met eleven times during 2003. The Board of Directors has established Audit, Compensation and Nominating and Corporate Governance Committees. The Board has adopted a written charter for each of these three committees and Corporate Governance Guidelines that address the make-up and functioning of the Board. The Board has also adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. The committee charters, Corporate Governance Guidelines and Code of Business Conduct and Ethics are posted in the Investor Relations section of our website at www.bfcfinancial.com/investor/.

Each of the members of the Board of Directors attended at least 75% of the meetings of the Board and Committees on which he served, and 60% of the then-serving members of the Board of Directors attended the Annual Meeting in 2003, although the Company has no formal policy requiring them to do so.

The Audit Committee

The Audit Committee consists of Oscar Holzmann, Chairman, Earl Pertnoy and Neil Sterling. The Board has determined that all members of the Audit Committee are financially literate and independent within the meaning of the listing standards of the Nasdaq and applicable SEC regulations. Mr. Holzmann, the chair of the Committee, is qualified as the audit committee financial expert within the meaning of SEC regulations and the Board has determined that he has the finance and accounting expertise which results in his financial sophistication within the meaning of the listing standards of Nasdaq. The Committee met five times during the 2003 fiscal year. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the

Table of Contents

independent auditor. Additionally, the Audit Committee assists Board oversight of: (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the qualifications, performance and independence of the Company's independent auditor and (iv) the performance of the Company's internal audit function. A report from the Audit Committee is included at page 18, and the Audit Committee's Charter is attached as Appendix A to this proxy statement.

The Compensation Committee

The Compensation Committee consists of Earl Pertnoy, Chairman, Oscar Holzmann and Neil Sterling. All of the members of the Committee are considered to be independent within the meaning of the listing standards of Nasdaq. The Committee met three times during 2003. The Compensation Committee provides assistance to the Board in fulfilling its responsibilities relating to compensation of the Company's executive officers. It reviews and determines the compensation of the Chief Executive Officer and determines or makes recommendations with respect to the compensation of the Company's other executive officers. It also assists the Board of Directors in the administration of the Company's equity-based compensation plans. A report from the Compensation Committee is included at page 16.

The Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee was established by Board resolution in March 2004. The Nominating and Corporate Governance Committee consists of Neil Sterling, Chairman, Oscar Holzmann and Earl Pertnoy. All of the members of the Committee are considered to be independent within the meaning of the listing standards of Nasdaq. The Nominating and Corporate Governance Committee is responsible for assisting the Board of Directors in identifying individuals qualified to become directors, making recommendations of candidates for directorships, developing and recommending to the Board a set of corporate governance principles for the Company, overseeing the evaluation of the Board and management, overseeing the selection, composition and evaluation of Board committees and overseeing the management continuity and succession planning process.

Generally, the Committee will identify candidates through the business and other organization networks of the directors and management. Candidates for director will be selected on the basis of the contributions the Committee believes that those candidates can make to the Board and to management and on such other qualifications and factors as the Committee considers appropriate. In assessing potential new directors, the Committee will seek individuals from diverse professional backgrounds who provide a broad range of experience and expertise. Board candidates should have a reputation for honesty and integrity, strength of character, mature judgment and experience in positions with a high degree of responsibility. In addition to reviewing a candidate's background and accomplishments, candidates for director nominees are reviewed in the context of the current composition of the Board and the evolving needs of the Company. The Company also requires that its Board members be able to dedicate the time and resources sufficient to ensure the diligent performance of their duties on the Company's behalf, including attending Board and applicable committee meetings. If the Committee believes a candidate would be a valuable addition to the Board, it will recommend the candidate's election to the full Board.

This year, D. Keith Cobb, who was appointed as a director by the Board in April 2004, is standing for election by the shareholders for the first time. Our Chief Executive Officer recommended Mr. Cobb to the Board. Mr. Cobb also sits on the BankAtlantic Bancorp, Inc. board and was selected based on his administrative skills, active involvement in the community, financial expertise and knowledge and understanding of statewide issues in Florida.

Under the Company's bylaws, nominations for directors may be made only by or at the direction of our Board of Directors, or by a shareholder entitled to vote who delivers written notice (along with certain additional information specified in our bylaws) not less than 90 nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. For the Company's 2005 Annual Meeting, we must receive this notice between January 11 and

February 10, 2005.

Executive Sessions of Independent Directors

In accordance with applicable Nasdaq rules, beginning in 2004 the independent directors of the Company intend to have periodic executive sessions of the Board in which non-independent directors and members of management do not participate. Earl Pertnoy has been selected as the presiding director for these sessions.

Compensation of Directors

The Company's Compensation Committee recommends director compensation to the Board based on factors it considers

Table of Contents

appropriate and based on the recommendations of management. Non-employee directors of the Company each received annual retainer fees of \$30,000 in 2003 with no additional compensation for attendance at Board of Directors meetings and \$5,500 annually for attendance at meetings of the Audit Committee except as noted below. Effective February 3, 2003, members of the Audit Committee began to receive \$4,000 per quarter for their service on that committee. In addition, beginning February 3, 2003 the Chairman of the Audit Committee received an additional fee of \$1,000 per quarter for service as Chairman. On February 3, 2003 all non-employee directors then serving received options to acquire 8,985 shares of the Company's Class B Stock under the BFC Financial Corporation Stock Option Plan as Amended (the Option Plan) at an exercise price of \$2.8672 per share. The number of options granted and the exercise price per share have been adjusted in accordance with the Option Plan to reflect the stock dividend payable on June 17, 2003 and the stock splits payable on December 1, 2003 and March 1, 2004. All such options vested and became exercisable immediately upon grant. Directors who are also officers of the Company or its subsidiaries do not receive additional compensation for their service as directors or for attendance at Board of Directors meetings or committee meetings.

Director and Management Indebtedness

On February 6, 2001, Alan B. Levan, Chairman, President and Chief Executive Officer of the Company, borrowed \$500,000 from the Company on a recourse basis and Glen R. Gilbert, Executive Vice President, and Earl Pertnoy, a director of the Company, each borrowed \$50,000 on a non-recourse basis to make investments in a technology company sponsored by the Company. Such amounts bear interest at the prime rate plus 1% with only interest payable annually and the entire balance due in February 2006.

On July 16, 2002, John E. Abdo, Vice Chairman of the Company, borrowed \$3.5 million from the Company on a recourse basis and paid off an existing \$500,000 loan due to the Company. The \$3.5 million loan bears interest at the prime rate plus 1%, requires monthly interest payments, is due on demand and is secured by 1,019,564 shares of Class A Stock and 370,750 shares of Class B Stock.

Such amounts were still outstanding at the end of the year,

Communications with the Board of Directors and Non-Management Directors

Shareholders who wish to communicate with the Board of Directors, any individual director or the non-management directors as a group can write to the Corporate Secretary, BFC Financial Corporation, 1750 East Sunrise Boulevard, Fort Lauderdale, Florida 33304. The letter should include a statement indicating that the sender is a shareholder of the Company. Depending on the subject matter, an officer of the Company will:

forward the letter to the director or directors to whom it is addressed;

attempt to handle the inquiry directly if it relates to routine or ministerial matters, including requests for information; or

not forward the letter if it is primarily commercial in nature or if it is determined to relate to an improper or irrelevant topic.

A member of management will, at each meeting of the Board, present a summary of all letters received since the last meeting that were not forwarded to the Board and will make those letters available to the Board upon request.

Code of Ethics

The Company has a Code of Business Conduct and Ethics which is applicable to all directors, officers and employees of the Company, including the principal executive officer, the principal financial officer and the principal accounting officer. The Code of Ethics is available on the Company's website at www.bfcfinancial.com/investor/. The Company intends to post amendments to or waivers from its Code of Ethics (to the extent applicable to the Company's chief executive officer, principal financial officer or principal accounting officer) on its website.

Compensation Committee Interlocks and Insider Participation

The Board of Directors has designated directors Pertnoy, Holzmann and Sterling, none of whom are employees of the Company or any of its subsidiaries, to serve on the Compensation Committee. The Company's executive officers are also executive officers of BankAtlantic Bancorp, Inc. and Levitt Corporation, entities deemed to be controlled by the Company.

Table of Contents

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of the copies of the forms furnished to the Company and written representations that no other reports were required, the Company believes that during the year ended December 31, 2003, all filing requirements under Section 16(a) of the Securities Exchange Act of 1934 applicable to its officers, directors and greater than 10% beneficial owners were complied with on a timely basis except that one Form 4 was inadvertently filled late with respect to five transactions on behalf of director Earl Pertnoy regarding the sale of shares of the Company's common stock.

PROPOSAL AT THE ANNUAL MEETING

PROPOSAL FOR ELECTION OF DIRECTORS

Nominees for Election as Director

The Company's By-Laws provide that the Board of Directors shall consist of no less than three nor more than twelve directors. The specific number of directors is set from time to time by resolution of the Board. The Company's Board of Directors currently consists of six directors divided into three classes, each of which has a three-year term, expiring in annual succession. The Board was expanded from four to five directors on February 3, 2003 and from five to six directors on April 2, 2004. Director Neil Sterling was appointed to the Board in accordance with the Company's By-Laws effective February 3, 2003 to fill a vacancy and, at the 2003 Annual Meeting, was elected to a one-year term to expire at the 2004 Annual Meeting. D. Keith Cobb was appointed to the Board in accordance with the Company's By-Laws effective April 2, 2004, to serve until the election of directors at the 2004 Annual Meeting.

A total of three directors will be elected at the Annual Meeting, two of whom will be elected for the term expiring in 2007 and one of whom will be elected for the term expiring in 2006. Each of the nominees has consented to serve the term indicated. If any of them should become unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board. Except as otherwise indicated, the nominees and directors listed below have had no change in principal occupation or employment during the past five years.

The Directors Standing For Election Are:

TERMS ENDING IN 2007:

ALAN B. LEVAN

Director since 1978

Mr. Levan, age 59, formed the I.R.E. Group (predecessor to the Company) in 1972. Since 1978, he has been the Chairman of the Board, President, and Chief Executive Officer of the Company or its predecessors. He is Chairman of the Board and President of I.R.E. Realty Advisors, Inc., I.R.E. Properties, Inc., I.R.E. Realty Advisory Group, Inc. and Florida Partners Corporation. He has been Chairman of the Board, President and Chief Executive Officer of BankAtlantic Bancorp, Inc. since 1994, and President and Chairman of the Board of BankAtlantic since 1987. He is Chairman of the Board of Levitt Corporation and Bluegreen Corporation, each of which is a public company whose stock is traded on the New York Stock Exchange.

NEIL STERLING

Director since 2003

Mr. Sterling, age 52, has been the principal of The Sterling Resources Group, a business development-consulting firm in Fort Lauderdale, Florida, since 1998.

Table of Contents

TERM ENDING IN 2006:

D. KEITH COBB

Director since 2004

Mr. Cobb, age 63, has served as a business consultant and strategic advisor to a number of companies since 1996. In addition, Mr. Cobb completed a six-year term on the Board of the Federal Reserve Bank of Miami in 2002. Mr. Cobb spent thirty-two years as a practicing CPA at KPMG LLP, and was Vice Chairman and CEO of Alamo Rent A Car, Inc. from 1995 until its sale in 1996. Mr. Cobb also serves on the boards of BankAtlantic Bancorp, Inc., a subsidiary of the Company, CRA Qualified Investment Fund (a registered mutual fund) and several private companies.

THE BOARD OF DIRECTORS RECOMMENDS THAT HOLDERS OF CLASS A COMMON STOCK AND HOLDERS OF CLASS B COMMON STOCK VOTE FOR THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR.

Directors Continuing In Office:

TERM ENDING IN 2006:

EARL PERTNOY

Director since 1978

Mr. Pertnoy, age 77, is a real estate investor and developer. He has been a director of the Company and its predecessor companies since 1978.

TERMS ENDING IN 2005:

JOHN E. ABDO

Director since 1988

Mr. Abdo, age 60, has been principally employed as Vice Chairman of BankAtlantic since April 1987 and Chairman of the Executive Committee of BankAtlantic since October 1985. He has been a director of the Company since 1988 and Vice Chairman of the Board of the Company since 1993. He has been a director and Vice Chairman of the Board of BankAtlantic Bancorp, Inc., the holding company for BankAtlantic, since 1994, a director of BankAtlantic since 1984 and President of Levitt Corporation since 1985. He has been Vice Chairman of the Board of Levitt Corporation since April 2001. He has been President and Chief Executive Officer of the Abdo Companies, Inc., a real estate development, construction and real estate brokerage firm, for more than five years. He is also a director of Benihana, Inc., a national restaurant chain, and a director and Vice Chairman of the Board of Bluegreen Corporation. Mr. Abdo is also President of the Broward Performing Arts Foundation.

OSCAR HOLZMANN

Director since 2002

Mr. Holzmann, age 61, has been an Associate Professor of Accounting at the University of Miami since 1980. He received his Ph.D. in Business Administration from Pennsylvania State University in 1974.

Identification of Executive Officers and Significant Employees

The following individuals are executive officers of the Company:

Name	Position
Alan B. Levan	Chairman of the Board, Chief Executive Officer, President and Director
John E. Abdo	Vice Chairman of the Board and Director
Glen R. Gilbert	Executive Vice President, Chief Financial and Accounting Officer and Secretary
Phil Bakes	Executive Vice President

Table of Contents

All officers serve until they resign or are replaced or removed by the Board of Directors.

The following additional information is provided for the executive officers shown above who are not directors of the Company or director nominees:

Glen R. Gilbert, age 59, has been Executive Vice President of the Company since July 1997. In May 1987, he was appointed Chief Financial and Accounting Officer and, in October 1988, was appointed Secretary. He joined the Company in November 1980 as Vice President and Chief Accountant. He has been a certified public accountant since 1970. He serves as an officer of Florida Partners Corporation. He has been Executive Vice President, Chief Financial Officer and Secretary of Levitt Corporation since 1997.

Phil Bakes, age 58, joined the Company as an Executive Vice President in January 2004. Before joining the Company, he served as Chairman, Co-Founder and Chief Executive Officer of FAR&WIDE Travel Corp. from 1999 to 2003. In September 2003, FAR&WIDE Travel Corp. liquidated and sold virtually all of its assets under Chapter 11 of the U.S. Bankruptcy Act. Prior to founding FAR&WIDE Travel Corp., Mr. Bakes served as president and chief executive officer of an advisory and merchant banking firm as well as an airline executive.

Certain Relationships and Related Transactions

Alan B. Levan, Chief Executive Officer, President and Chairman of the Board of the Company also serves as Chairman of the Board and Chief Executive Officer of BankAtlantic Bancorp, Inc. and BankAtlantic. Alan B. Levan is also Chairman of the Board of Bluegreen Corporation and Levitt Corporation. John E. Abdo, Vice Chairman of the Board of the Company also serves as Vice Chairman of the Board of Directors of BankAtlantic Bancorp, Inc., BankAtlantic, Levitt Corporation and Bluegreen Corporation, and is President of Levitt Corporation. Glen R. Gilbert, Executive Vice President of the Company also serves as Executive Vice President of Levitt Corporation.

These executive officers separately receive compensation from affiliates of the Company for services rendered for such affiliates.

The Company's management fees from related parties for the years ended December 31, 2003, 2002 and 2001 consisted of (in thousands):

	For the Years Ended December 31,		
	2003	2002	2001
Levitt	\$ 213	170	80
Other affiliates	\$ 10	41	44

In connection with the spin-off of Levitt on December 31, 2003, BankAtlantic Bancorp entered into a transitional services agreement with Levitt whereby BankAtlantic Bancorp will provide human resources, risk management and investor and public relation services and receive compensation for such services in an amount not in excess of the

amount which would be charged by a third party. Additionally, BankAtlantic Bancorp entered into an employment matters agreement providing for the allocation of responsibility and liability between BankAtlantic Bancorp and Levitt with respect to the welfare and benefit plans for Levitt employees after the spin-off.

Also in connection with the spin-off of Levitt, BankAtlantic Bancorp converted a currently outstanding \$30.0 million demand note owed by Levitt to BankAtlantic Bancorp to a five year term note with interest only payable monthly initially at a prime rate and thereafter at the prime rate plus increments of an additional 0.25% every six months. Prior to the spin-off, BankAtlantic Bancorp transferred its 1.2 million shares in Bluegreen to Levitt in exchange for a \$5.5 million note and additional shares of Levitt common stock (which additional shares were distributed as part of the spin-off transaction). This note, which had a term of one year and an interest rate equal to the prime rate, was repaid in April 2004. Additionally, prior to the spin-off, Levitt declared an \$8.0 million dividend to BankAtlantic Bancorp payable in the form of a five-year note with the same payment terms as the \$30.0 million note described above. The above transactions were eliminated in the Company's consolidated financial statements.

The Company paid BankAtlantic approximately \$67,000 during 2003 for office space used by the Company in BankAtlantic's headquarters and for miscellaneous administrative and other related expenses. BankAtlantic provided certain administrative services to Bluegreen in 2003 without receipt of payment for such services.

Table of Contents

During the year ended December 31, 2003, BankAtlantic paid a subsidiary of Levitt a \$540,000 management fee to operate and sell a residential construction property acquired by BankAtlantic through foreclosure. The property was sold to an unrelated developer during the fourth quarter of 2003.

In 1994, the Company agreed to participate in certain real estate opportunities with John E. Abdo and certain of his affiliates (the Abdo Group). Pursuant to this arrangement, in December 1994, an entity controlled by the Company acquired from an unaffiliated seller approximately 70 acres of unimproved land known as the Center Port property in Pompano Beach, Florida. Through December 31, 2001, all of the project except for land under two pylon signs, a cell tower site and the lake had been sold to unaffiliated third parties for approximately \$21.4 million and the Company recognized net gains from the sales of real estate of approximately \$4.8 million.

During 1999 and 2000, the Company (without consideration of BankAtlantic Bancorp) acquired interests in unaffiliated technology entities. During 2000 and 2001, the Company's interests in the technology entities were transferred at the Company's cost to specified asset limited partnerships. Subsidiaries of the Company are the controlling general partners of these venture partnerships, and therefore, they are consolidated in the Company's financial statements. Interests in such partnerships were sold in 2000 and 2001 to accredited investors in private offerings. During 2000, approximately \$5.1 million of capital was raised by these partnerships from unaffiliated third parties, as well as officers, directors and affiliates of the Company who invested approximately \$4.4 million in the partnerships. The Company and the general partners retained ownership interests of approximately \$1.8 million. Additionally, during 2001, approximately \$895,000 of capital was raised from unaffiliated third parties by one of these partnerships and officers, directors and affiliates of the Company invested approximately \$1.3 million in the partnership. The Company and the general partners retained ownership interests of approximately \$3.8 million increasing the Company's total investment in these partnerships to an aggregate of \$5.6 million. After the limited partners receive a specified return from the partnerships, the general partners are entitled to receive 20% of all cash distributions from the partnerships. The general partners are limited liability companies of which the members are: The Company 57.5%, John E. Abdo 13.75%; Alan B. Levan 9.25%; Glen R. Gilbert 2.0% and John E. Abdo, Jr. 17.5%. Losses net of minority interests for the year ended December 31, 2003 were \$1.8 million. At December 31, 2003, the Company's net investment in these partnerships was \$626,000.

An affiliated limited partnership, BankAtlantic Bancorp and affiliates of the Company are investors in a privately held technology company located in Boca Raton, Florida. In October 2000, the affiliated limited partnership invested \$2 million in 219,300 shares of the technology company's common stock at a price per share of \$9.12. At December 31, 2001, the carrying value of this investment by the limited partnership had been written down to \$4.95 per share and, in 2002, based on several factors/considerations, the technology company was written off entirely by the Company and Bancorp. BankAtlantic Bancorp invested \$15 million in 3,033,386 shares of the technology company's common stock in cash and by issuance to the technology company of 748,000 shares of BankAtlantic Bancorp Class A Common Stock. BankAtlantic Bancorp's shares in the technology company were acquired in October 1999 at an average price per share of \$4.95. Both Alan B. Levan and John E. Abdo became directors of the technology company in connection with the investment. In addition, Alan B. Levan owns or controls direct and indirect interests in an aggregate of 286,709 shares of the technology company common stock, purchased at an average price per share of \$8.14 and Mr. John E. Abdo owns or controls direct and indirect interests in an aggregate of 368,408 shares of the technology company common stock purchased at an average price per share of \$7.69. Glen Gilbert, Jarett Levan, a director of BankAtlantic Bancorp and Executive Vice President of BankAtlantic, and Bruno DiGiulian, a director of BankAtlantic Bancorp have a 0.9%, 0.15% and 0.7% ownership interest, respectively, in the limited partnership. The Company and its affiliates collectively owned approximately 7% of the technology company's outstanding common stock at December 31, 2003. During 2001, Mr. Levan and Mr. Abdo resigned from the Board of Directors of the technology company and initiated a lawsuit on behalf of the Company and others against the founder of the technology company, personally, regarding his role. In early 2003, the technology company initiated a lawsuit against BankAtlantic Bancorp seeking to have a restrictive legend on its BankAtlantic Bancorp's Class A Common

Stock removed. On March 24, 2004, the parties settled the pending litigation. Pursuant to the terms of the settlement, the affiliated limited partnership, BankAtlantic Bancorp and the other affiliates of the Company were given the opportunity to sell their respective investments in the technology company to a third party investor group for the amount of their initial investment. The investor group and the technology company also agreed to pay an additional amount equal to the legal expenses incurred and damages. The amounts paid by the technology company were paid by delivery of shares of BankAtlantic Bancorp Class A Common Stock owned by the technology company. BankAtlantic Bancorp sold its shares in the technology company for \$15 million in cash, its original cost, and received compensation for legal expenses and damages consisting of \$1.7 million in cash and return of 378,000 shares of BankAtlantic Bancorp Class A Common Stock. The affiliated limited partnership and other affiliates of the Company chose not to sell their shares in the technology company but recovered legal fees and damages. The affiliated limited partnership received \$309,845 in cash and 50,422 shares of BankAtlantic Bancorp Class A Common Stock in connection with the settlement and the Company's other affiliates, without regard to their interests in the affiliated partnership, received in the aggregate \$132,747 in cash and 29,413 shares of BankAtlantic Bancorp

Table of Contents

Class A Common Stock. The parties also exchanged releases and the pending litigation between the parties was dismissed in connection with the settlement.

BankAtlantic Bancorp and its subsidiaries utilized certain services of Ruden, McClosky, Smith, Schuster & Russell, P.A. (Ruden, McClosky), a law firm to which Bruno DiGiulian is of counsel. Fees aggregating \$110,000 were paid by BankAtlantic and \$30,000 was paid by Ryan Beck & Co. to Ruden, McClosky in 2003. In addition, fees aggregating approximately \$1.1 million were paid to Ruden, McClosky by Levitt and Bluegreen in 2003. Ruden, McClosky also represents Alan B. Levan and John E. Abdo with respect to certain other business interests.

Since 2002, Levitt has utilized certain services of Conrad & Scherer, a law firm in which William R. Scherer, a member of Levitt's Board of Directors, is a member. Levitt paid fees aggregating \$79,000 to this firm during the year ended December 31, 2003.

Alan B. Levan, Jarett Levan and John E. Abdo have investments or are partners in real estate joint ventures with developers, which, in connection with other ventures, have outstanding loans from BankAtlantic or are joint venture partners with Levitt.

Certain of the Company's affiliates, including its executive officers, have independently made investments with their own funds in both public and private entities in which the Company holds investments.

The Company has a 49.5% interest and affiliates and third parties have a 50.5% interest in a limited partnership formed in 1979, for which the Company's Chairman serves as the individual General Partner. The partnership's primary asset is real estate subject to net lease agreements. The Company's cost for this investment, approximately \$441,000, was written off in 1990 due to the bankruptcy of the entity leasing the real estate. During both 2003 and 2002, the Company received distributions of approximately \$25,000 from the partnership.

Florida Partners Corporation owns 133,314 shares of the Company's Class B Stock and 764,995 shares of the Company's Class A Stock. Alan B. Levan may be deemed to beneficially be the principal shareholder and is a member of the Board of Florida Partners Corporation. Glen R. Gilbert, Executive Vice President and Secretary of the Company, holds similar positions at Florida Partners Corporation.

The BankAtlantic Foundation is a non-profit foundation established by BankAtlantic. During 2003, the Foundation made donations aggregating \$364,530, including \$25,000 to the Broward Community College Foundation (as the first installment of a 4-year commitment of \$100,000 to the Will and Jo Holcombe Institute for Teaching and Learning), \$15,000 to the Florida Grand Opera, \$7,500 to the Leadership Broward Foundation, \$7,500 to Nova Southeastern University (including \$5,000 as the first installment of a 5-year, \$25,000 commitment to the Wayne Huizenga School of Business and \$2,500 to Nova Southeastern University Libraries), \$4,250 to ArtServe, \$3,000 to the Broward Performing Arts Foundation and \$2,000 to the Museum of Art of Ft. Lauderdale. In addition to the contributions made by the BankAtlantic Foundation, BankAtlantic made certain direct contributions. In 2003 BankAtlantic made donations of \$11,500 to the Broward Community College Foundation, \$10,963 to the Urban League of Broward County, \$6,000 to ArtServe, \$1,160 to United Way of Broward County and \$900 to the Leadership Broward Foundation. Alan B. Levan sits on the Boards of the Broward Community College Foundation, the Florida Grand Opera and Nova Southeastern University, Jarett Levan sits on the Boards of the Leadership Broward Foundation and ArtServe and the Board of Governors of the Museum of Art of Ft. Lauderdale, John E. Abdo is President of the Broward Performing Arts Foundation, Dr. Willis Holcombe, a member of BankAtlantic's Board, sits on the Boards of the Broward Community College Foundation and the Urban League of Broward County. In addition both D. Keith Cobb and Lloyd Devaux, Executive Vice President and chief Operating Officer of BankAtlantic, sits on the Board of the United Way of Broward County which may further provide funds to these entities.

During fiscal 2003, Jarett Levan, a director and son of director, President and CEO Alan B. Levan, was employed by BankAtlantic as Chief Marketing Officer and was paid approximately \$211,000 for his services. Alan B. Levan's daughter, Rachelle Levan Margolis, served as executive director of the BankAtlantic Foundation and received approximately \$43,000 for the year.

Included in the Company's other assets at December 31, 2003 and 2002 were approximately \$138,000 and \$391,000, respectively due from affiliates.

Table of Contents**Summary Compensation Table**

The following table sets forth information with respect to the annual compensation paid or accrued by the Company, BankAtlantic and Levitt Corporation, for services rendered in all capacities during the three years ended December 31, 2003 to each of the executive officers of the Company.

Name and Principal Position	Source	Year	Annual Compensation		Long-Term Compensation			All Other Compensation	
			Salary	Bonus	Other Annual Compensation	Restricted Stock Award(s)	Option Award(s)		LTIP Payouts
	(a)		(\$)	(\$)	(\$)	(\$)	(#)	(\$)	(\$)
Alan B. Levan	BFC	2003	581,849	415,064			134,770	6,267	109,321(b)
Chairman of the Board,	BankAtlantic	2003	445,923	435,488			78,377		110,282(c)
President and Chief Executive Officer	Levitt	2003	103,231	62,400					
	BFC	2002	570,560	399,100				6,288	105,116(b)
	BankAtlantic	2002	438,887	443,800	9,600(f)		60,000		121,707(c)
	Levitt	2002	83,791	62,500					
	BFC	2001	538,510	255,833				4,480	101,073(b)
	BankAtlantic	2001	383,405	345,500	7,385(f)		40,000		134,030(c)
	Levitt	2001		50,000					
John E. Abdo	BFC	2003	310,600	187,200			134,770	6,267	
Vice Chairman of the Board	BankAtlantic	2003	221,487	221,227	18,600(d)		52,251		8,040(c)
	Levitt	2003	365,000	390,000					291,240(h)
	BFC	2002	264,879	156,000				6,288	
	BankAtlantic	2002	211,368	118,004	18,600(d)		40,000		8,040(e)
	Levitt	2002	263,187	425,000					291,240(h)
	BFC	2001	250,000	150,000				4,880	
	BankAtlantic	2001	181,700	92,836	18,600(d)		30,000		6,840(e)
	Levitt	2001	250,000	250,000					291,240(h)
Glen R. Gilbert	BFC	2003	154,642	93,288			35,941	6,267	
Executive Vice President, Chief	BankAtlantic	2003					13,494		
	Levitt	2003	149,500	93,288					8,000(g)

Edgar Filing: BFC FINANCIAL CORP - Form DEF 14A

Financial Officer and Secretary	BFC	2002	126,718	84,754		6,288	
	BankAtlantic	2002			15,000		
	Levitt	2002	123,938	97,192			6,135-(g)
	BFC	2001	119,600	29,900		4,880	
	BankAtlantic	2001			10,000		
	Levitt	2001	119,600	29,900			

- (a) Amounts identified as BankAtlantic represent payments or grants by BankAtlantic and amounts identified as Levitt represent payments or grants by Levitt Corporation, both of which for 2001, 2002 and 2003 were wholly-owned subsidiaries of BankAtlantic Bancorp, Inc.
- (b) Represents reimbursements or payments for life and disability insurance.
- (c) Includes BankAtlantic contributions of \$8,000 in 2003 and 2002 and \$6,800 in 2001 to its 401(k) savings plan on behalf of Mr. Alan B. Levan, a \$40 dividend payment for a Real Estate Investment Trust (REIT) controlled by BankAtlantic for 2003, 2002 and 2001 and \$102,242 in 2003, \$113,667 in 2002 and \$127,190 in 2001 representing the value of the benefit received by Mr. Alan B. Levan in connection with premiums paid by BankAtlantic for a split-dollar life insurance policy.
- (d) Includes \$9,000 per year for service as trustee of BankAtlantic s pension plan, which amount is paid by the pension plan, and \$9,600 per year as an auto allowance. Payments were also made to the Abdo Companies, Inc., a company controlled by Mr. Abdo. See Certain Relationships and Related Transactions.

Table of Contents

- (e) Includes BankAtlantic contributions of \$8,000 in 2003 and 2002 and \$6,800 in 2001 to its 401(k) savings plan on behalf of Mr. Abdo and a \$40 dividend payment for the REIT for 2003, 2002 and 2001.
- (f) Reflects amount paid as auto allowance.
- (g) Includes Levitt Corporation contributions of \$8,000 in 2003 and \$6,135 in 2002 to its 401(k) savings plan on behalf of Mr. Gilbert.
- (h) The Abdo Companies, a company in which John E. Abdo is the principal shareholder and Chief Executive Officer, receives from Levitt monthly management fees and reimbursement for expenses associated with use of office space. The amounts paid may not be representative of the amounts that would be paid in an arms-length transaction.

Option Grants in 2003

The following table sets forth information concerning individual grants of stock options to the named executives in the Summary Compensation Table pursuant to the Company's stock option plans during the fiscal year ended December 31, 2003. The Company has not granted and does not currently grant stock appreciation rights.

Name	Number of Securities Granted (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)	
					5% (\$)	10% (\$)
Alan B. Levan	134,770	38.0	\$2.87	2/7/2013	\$243,013	\$615,842
John E. Abdo	134,770	38.0	\$2.87	2/7/2013	243,013	615,842
Glen R. Gilbert	35,941	10.1	\$2.87	2/7/2013	64,808	164,235

- (1) All option grants are to acquire shares of BFC Financial Corporation Class B Stock. All options granted in 2003 vest in 2008. The number of options granted has been adjusted to reflect stock dividends and stock splits which occurred in 2003 and March 1, 2004.
- (2) Amounts for the named executive have been calculated by multiplying the exercise price by the annual appreciation rate shown (compounded for the remaining term of the options), subtracting the exercise price per share and multiplying the gain per share by the number of shares covered by the options. The dollar amounts under these columns are the result of calculations based upon assumed rates of annual compounded stock price appreciation specified by regulation and are not intended to forecast actual future appreciation rates of the Company's stock price.

The following table sets forth information concerning individual grants of stock options for shares of BankAtlantic Bancorp, Inc.'s Class A Stock by BankAtlantic Bancorp, Inc. to the named executives in the Summary Compensation

Edgar Filing: BFC FINANCIAL CORP - Form DEF 14A

Table pursuant to the stock option plans of BankAtlantic Bancorp, Inc. during the year ended December 31, 2003. BankAtlantic Bancorp, Inc. has not granted and does not currently grant stock appreciation rights.

Name	Number of Securities Underlying Options Granted (1) (2)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (3)	
					5% (\$)	10% (\$)
Alan B. Levan	78,377	7.7	\$7.41			